

## N381 - WHOLESALE CUSTOMER CASE STUDY

## TEAM

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## CASE STUDY DATA

CUSTOMER	YTD SALES	RETAINED GP	GROSS PROFIT	% OF BODYSHOP GP	YOY SALES
VanaMax	\$ 255,103	25.0%	\$63,776	34%	-13%
M&B Collision	\$ 192,762	18.6%	\$35,854	19%	-4%
H&T Ford	\$ 188,829	11.4%	\$21,527	11%	44%
MFD Car Doctor	\$ 87,321	19.5%	\$17,028	9%	-27%
BP Customs	\$ 82,625	18.3%	\$15,120	8%	-9%
B&L All Makes Repair	\$ 108,734	12.7%	\$13,809	7%	-10%
M&M Auto Sales	\$ 105,208	7.0%	\$7,365	4%	-19%
M&D Used Cars*	\$ 94,439	7.6%	\$7,177	4%	25%
Import Specialists	\$ 22,147	20.3%	\$4,496	2%	18%
AAAAAuto Collision	\$ 13,447	17.1%	\$2,299	1%	-41%
Accidents Happen	\$ 7,755	11.8%	\$915	0%	-66%
JD Auto Leader*	\$ 1,155	20.0%	\$231	0%	-97%
	<b>\$ 1,159,525</b>	<b>16.4%</b>	<b>\$189,596</b>		

\*indicates overdue account

## TOP LINE OBJECTIVES

- Improve bodyshop parts sales gross profit retention; ultimately to 22% (based on NADA guideline & 20 Group avg)
  - At 22% our gross profit would be \$255,096
  - We are currently short \$65,500 of gross profit
- Increase overall wholesale parts sales
- Create a Customer classification system to sort top Customers from less valuable

## CLASSIFICATION SYSTEM

- 1) Gross profit retention range: 17% and above

- 17% is our floor; ultimate target is 22% and above (NADA guidelines & 20 group avg)
  - Wholesale parts business is operating below NADA break-even guide; NOP is estimated at (\$7,523)
- 2) Prioritize Customers that contribute most to our overall gross profit (\$)
- 3) Ensure that we hold Customers accountable to making payments
- Overdue Customers eventually will be removed from our business
  - Payments within 30 days is acceptable

*note: industry avg on returned parts is 15%, we do not have any concerns worth noting - returned parts is excluded from classification system*

**Top 3 Customers:**

- VanaMax
- M&B Collision
- MFD Car Doctor

**Bottom 3 Customers:**

- H&T Ford
- B&L All Makes Repair
- M&D Used Cars\*

**ADJUSTMENTS POST-CLASSIFICATION SYSTEM**

- Approached bottom 5 accounts to present lift in price that equals 20% retained GP; if they decline walk from the account
  - Possibility that all accounts walk, potential of \$50,792 loss of gross
- Offered a reduced price in trade that VanaMax commits to \$310K in sales (\$15K more than pr year)
  - As gesture of goodwill, pull VanaMax off COD and provide Net30 credit term
- Put in writing to JD Auto Leader that we request they pay their account immediately
  - Did not charge extra interest; reiterated that they are a valued Customer and we want their business
  - Need to manage relationship with this account; loss of \$7,485 in gross profit YOY

CUSTOMER	YTD SALES	RETAINED GP	GROSS PROFIT	% OF BODYSHOP GP	YOY SALES
VanaMax	\$ 310,000	23.0%	\$71,300	38%	-
M&B Collision	\$ 192,762	18.6%	\$35,854	19%	-4%
MFD Car Doctor	\$ 87,321	19.5%	\$17,028	9%	-27%
BP Customs	\$ 82,625	18.3%	\$15,120	8%	-9%
Import Specialists	\$ 22,147	20.3%	\$4,496	2%	18%
AAAAAuto Collision	\$ 13,447	17.1%	\$2,299	1%	-41%
JD Auto Leader*	\$ 1,155	20.0%	\$231	0%	-97%
B&L All Makes Repair	\$ -	12.7%	\$0	0%	-10%

Accidents Happen	\$ -	11.8%	\$0	0%	-66%
H&T Ford	\$ -	11.4%	\$0	0%	44%
M&D Used Cars*	\$ -	7.6%	\$0	0%	25%
M&M Auto Sales	\$ -	7.0%	\$0	0%	-19%
	<b>\$ 709,457</b>	<b>20.6%</b>	<b>\$146,328</b>		

\*indicates overdue account

**PLAN MOVING FORWARD**

- Plan to regain lost sales of \$450,068; represents a decline of 39% in business
- Eliminate one (1) Delivery Driver
- Re-invest salary of Delivery Driver into a website improvement (online parts sales)
- Parts Consultant to visit local body shops, repair facilities, municipalities, schools, churches; look to grow sales
- Implement pricing grid for future business

Sales	Retained GP	Share of Sales**
\$1 - \$19,999	35%	2%
\$20,000 - \$69,999	33%	2%
\$70,000 - \$99,999	27%	23%
\$100,000 - \$149,999	25%	18%
\$150,000 - \$199,999	22%	33%
\$200,000 +	20%	22%

\*\*base on current sales