

SMART GOAL WHOLESALER BUSINESS

My goal is to push gross profit from our wholesaler operations from its current level of about 12.9% to 15% within the first quarter of calendar 2022; EOM March 2022. After that we will try to continuously increase the margins going forward to the NADA acceptable levels.

It is critical to our parts director to begin making more gross through wholesaler. As I have been learning, (and as has been said in class) the wholesaler side of the operation takes up the majority of our department's time and resources on a given day. It is probably the greatest form of stress on the individual employees and the director. The volume is great and the revenue is nice and looks good on balance sheets and to our investors, but the reality is that the margins are too thin and the headaches are increasing especially with the deliveries and returns. It has also gotten worse with a number of insurance companies requiring their customers to use various portals to purchase parts at decreasing margins.

In order to accomplish an increase in gross profit, we will raise the prices on some of our small and midsize accounts. Some of the larger accounts that are extra heavy on returns will also see immediate price increases due to the amount of time required to service their accounts. Initial discussions will likely have us delay the price increases on a couple clients where increased diplomacy is necessary, but for the most part the beginning of the year will provide a good time to do this.

This will take some time to work out the exact numbers with the parts and fixed ops directors but our parts director seems willing to break some eggs with our existing clients to alleviate some of the departmental stress generated by thankless customers. We are aware that some of the clients will be unhappy with the route we are taking but we do feel that the majority of the better clients will stay with us.