

Action Plan Profit Centering

Overview:

This will be similar to my last action plan in that it focuses Our Net profit is hovering somewhere around 15.6 percent in parts. An immediate area of opportunity is to reduce some of the overtime/hours of employees and the costs associated with our wholesale business.

A review last week of the operation indicated we were actually losing money by servicing some of our wholesale customers.

For example, on one day two weeks ago - the margins were so thin that the net was just under \$2000 - sales were c.\$32,000 and COGS were \$30,000. The team worked from 6am till 6:30pm to fulfill the order. When taking into account the hours dedicated to this - the manpower and payroll allocated, the vehicle use, cost of delivery, etc, this was a break even proposition at very best. But based on my conversations with the parts manager, this one day seemed to be the straw that broke the camel's back and exemplified the ultimate futility of continuing to service many of our accounts.. So based on my previous action plan, this is really more of an immediate, already underway plan to reduce our wholesale business.

Effective immediately, we are drafting letters to many of our wholesale clients letting them know that at the end of January 2022 we will no longer be servicing their accounts. We will be hand delivering the letters to many of them next week, but all of them before Christmas. On a few others we will be raising prices and they will have the option to stay with us (we anticipate that many will not). Finally, we will be keeping some of the more local, easy to service shops that we have great relations with and pay better margins. Other than that we are actively anticipating disengaging from much of our wholesale clientele.