

ABC MOTORS WHOLESALE IMPROVEMENT STRATEGY

March 2022

OVERVIEW

Asses current wholesale dept. performance and propose changes to increase total revenue and GP performance to meet NADA guidelines for a healthy wholesale dept. Target 20%+ in GP.

Account Classification

- Accounts are assessed based on total GP generated net of returns and account must be in good standing.
 - Top 3
 - Vana Max, M&B Collision, H&T Ford
 - Bottom 3
 - M&D Used Cars, JD Auto Leader, Accidents Happen

| ABC Motors Wholesale Account Analysis | | | | | | |
|---------------------------------------|---------------|---------|--------------|--------------|---------------------------|--------------|
| Account Name | YTD Sales | YTD GP% | YTD Return % | YTD Returns | Total Sales after Returns | Total GP |
| VanaMax | \$ 255,103.00 | 25.0% | 10.0% | \$ 25,510.30 | \$ 229,592.70 | \$ 57,398.18 |
| M&B Collision | \$ 192,762.00 | 18.6% | 9.8% | \$ 18,890.68 | \$ 173,871.32 | \$ 32,340.07 |
| H&T Ford | \$ 188,829.00 | 11.4% | 9.1% | \$ 17,183.44 | \$ 171,645.56 | \$ 19,567.59 |
| MFD Car Dr | \$ 87,321.00 | 19.5% | 14.0% | \$ 12,224.94 | \$ 75,096.06 | \$ 14,643.73 |
| BP Customoms | \$ 82,625.00 | 18.3% | 5.9% | \$ 4,874.88 | \$ 77,750.13 | \$ 14,228.27 |
| B&L All Makes | \$ 108,734.00 | 12.7% | 10.6% | \$ 11,525.80 | \$ 97,208.20 | \$ 12,345.44 |
| M&M Auto | \$ 105,208.00 | 7.0% | 8.8% | \$ 9,258.30 | \$ 95,949.70 | \$ 6,716.48 |
| M&D Used Cars | \$ 94,439.00 | 7.6% | 7.4% | \$ 6,988.49 | \$ 87,450.51 | \$ 6,646.24 |
| Import Specialist | \$ 22,147.00 | 20.3% | 5.0% | \$ 1,107.35 | \$ 21,039.65 | \$ 4,271.05 |
| AAAAAuto | \$ 13,447.00 | 17.1% | 10.0% | \$ 1,344.70 | \$ 12,102.30 | \$ 2,069.49 |
| Accidents Happen | \$ 7,755.00 | 11.8% | 8.2% | \$ 635.91 | \$ 7,119.09 | \$ 840.05 |
| JD Auto | \$ 1,155.00 | 20.0% | 1.0% | \$ 11.55 | \$ 1,143.45 | \$ 228.69 |

Improvement Plan (internal review)

- Parts Manager to review price matrix for accuracy
 - Increase if needed to be in line with NADA retail guide
 - Wholesale to be restructured to 25% GP where possible (don't want to lose accounts)
- Evaluate pay plans and incentivize for performance
 - Pay counter person for hitting objectives such as Total GP or Total Sales targets
- Hire additional counter person to better meet needs of new accounts and growing performance.

Improvement Plan (account review)

- Parts Manager to meet with top 3-4 accounts and review GP% paid. Sell the increase in GP% paid.
 - H&T Ford GP% is too low but they are a valuable asset and cannot be lost due to increase.
- Consider mile/km (hi Canada) radius from dealer and determine if accounts are profitable based on resources needed to serve them. Consider a delivery fee for some accounts or a discount for counter pickup.
- Incentivize accounts with tiered discounts in hopes of increasing their buy rate:
 - Below tiers are reviewed quarterly
 - **TIER ONE**
 - \$0-\$50,000 in sales net of returns
 - COD or get purchase commitments to remove this hurdle
 - Restocking fee for returns in excess of 5%
 - Priced at 25% GP
 - **TIER TWO**
 - \$50,000-\$99,999.99 net of returns
 - Net 15
 - No restocking fee
 - Priced at 24% GP
 - **TIER 3**
 - \$100,000+ in sales net of returns
 - Net 30
 - No restocking fee
 - Priced at 22% GP
- Incentivize accounts who have return rates 7%
- Get a handle on overdue accounts
 - COD and % of overdue balance due
- Cut accounts who do not provide a “value-added” relationship
 - Some juice is not worth the squeeze

Improvement Plan (growth)

- Wholesale team (manager, counter person, and drivers) will work to land new accounts.
 - Body shops should be a target for growth
 - Spiff drivers and counter person for landing new accounts
- Marketing review may be in order depending on market competition.

- o Use manufacturer's material and warranty terms as benefits

CONCLUSION

With full attention on these areas of opportunity ABC Motors will increase GP and Total sales to meet NADA guides by end of 2022. Will review performance and adjust process quarterly.