



Every Day is a Giveaway



**GIVE AWAY
MOTORS**

The logo features the words "GIVE AWAY" on the top line and "MOTORS" on the bottom line, both in a bold, black, stylized font with a white outline and a drop shadow. A green key icon is positioned above the letter 'A' in "AWAY".

WHAT A MESSSSSSSS?

Activity	Value \$	% of Inven	%
0-3 Months	238,281.00		39%
4-6 Months	71,863.00		12%
7-12 Months	22,693.00		4%
Over 12 Months	204,648.00		33%
New parts no sales	76,401.00		12%
Total Inventory	613,886.00		100%

Obs Over 12	204,648.00	
New parts no sales	76,401.00	
OBS Total	281,049.00	41.00%

The Plan

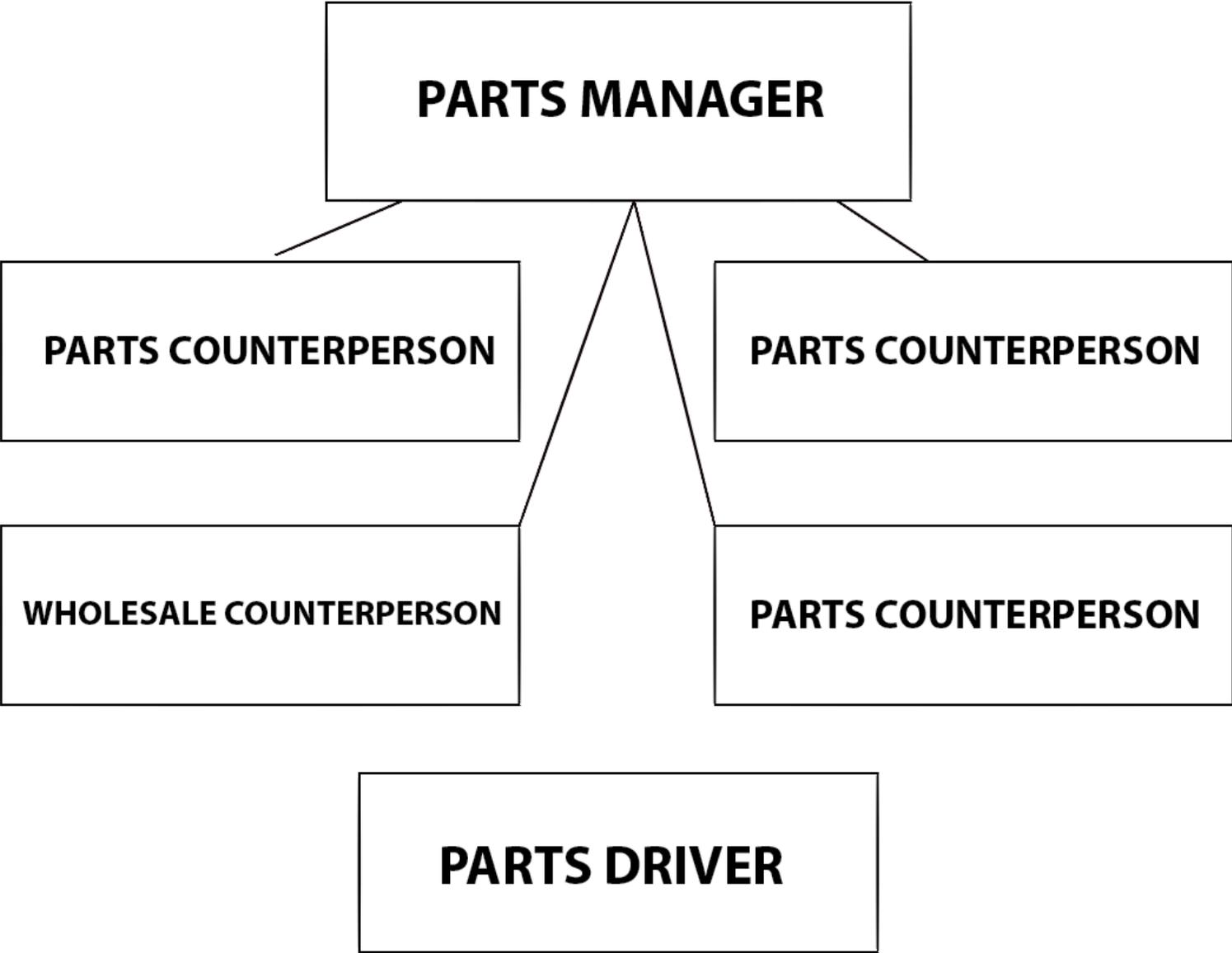
Take One Time

Sell 25% to 3rd party .50 on \$	31,473.00	
Stock Order Discount	22,345.00	
Obs Credit	21,551.00	
Total	205,680.00	30.00%

Take Monthly

Gross Reserve Per Month From GP Increase	6%	18,883.00	
Stock Order/ OBS Credit		5,484.00	
Monthly Ded		24,367.00	
Total Deductions Rest Of Year		97,468.00	
Net Obsolescence Amount EOY		108,212.00	16.00%

OBSO POSITION	
.75 TIMES \$	17019.75
PLUS	204,648
PLUS	76,401
EQUALS	44% 298068.75



Monthly Reconciliation Of Parts To General Ledger

Dollar value of parts on dealership management report	\$	584,621
Minus		
Dollar value of packing lists for parts received, but not invoiced	\$	339
Dollar Value of bulk oil, gear lube, trans fluid in stock	\$	6,658
Plus		
Credits due for parts returned	\$	5,856
Inventory Core Value - clean	\$	15,031
Cores to be returned for credit - dirty	\$	7,550
Work in Process - Repair Orders & Invoices	\$	33,610
Dollar Value of NPN parts	\$	4,766
Dollar value of parts with no cost record	\$	29,265
Plus / Minus		
Other Adjustments (shortage claims, damage, etc.)	\$	5,076
Total Inventory		\$ 678,778
Inventory Per Financial Statement		\$ 627,903
Difference		\$ 50,875

8.10%

NADA guide: Parts employees should generate \$40k/Month. Currently our 9 Employees are generating \$23k/month.

Dilemma:

Our countermen are not generating enough revenue because WE ARE OVERSTAFFED!

Solution:

We cut 3 parts employees.

Effect:

Salespeople generate: \$41,653(MTD) \$333,223(YTD)
 Expenses decrease: \$4,965(MTD) \$39,721(YTD).
 Net profit increases: \$4,965(MTD) \$39,721(YTD).

Gross Profit – Department net =

Total Expenses: \$377,007 - \$902 = \$376,105

Total Expense – Personnel Expense =

Fixed Expense: 376,105 – 119,065 = \$257,040

Fixed Expense + Employee Expense for 6 employees =

Total Expense w/ 5 employees: \$257,040 + \$(1,653 * 6 =9918 x 8 =)=323,160

Parts Employee Productivity MTD					
Category	Dollar Amount	+	# Employees	=	Per Employee
Sales (Total)	\$ 208,264	+	9.00	=	\$ 23,140
Gross Profit	\$ 47,125	+	9.00	=	\$ 5,236
Expenses (Total)	\$ 47,013	+	9.00	=	\$ 5,224
Department Net Profit	\$ 112	+	9.00	=	\$ 12

Parts Employee Productivity YTD					
Category	Dollar Amount	+	# Employees	=	Per Employee
Sales (Total)	\$ 1,666,114	+	9.00	=	\$ 185,124
Gross Profit	\$ 377,007	+	9.00	=	\$ 41,890
Expenses (Total)	\$ 376,105	+	9.00	=	\$ 41,789
Department Net Profit	\$ 902	+	9.00	=	\$ 100

Parts Employee Productivity MTD					
Category	Dollar Amount	+	# Employees	=	Per Employee
Sales (Total)	\$ 208,264	+	6.00	=	\$ 34,711
Gross Profit	\$ 47,125	+	6.00	=	\$ 7,854
Expenses (Total)	\$ 42,048	+	6.00	=	\$ 7,008
Department Net Profit	\$ 5,077	+	6.00	=	\$ 846

Parts Employee Productivity YTD					
Category	Dollar Amount	+	# Employees	=	Per Employee
Sales (Total)	\$ 1,666,114	+	6.00	=	\$ 277,686
Gross Profit	\$ 377,007	+	6.00	=	\$ 62,835
Expenses (Total)	\$ 336,384	+	6.00	=	\$ 56,064
Department Net Profit	\$ 40,623	+	6.00	=	\$ 6,771

\$61000.00 sold at cost ???????



REASONS:

- High % of Obsolescent parts
- Discounting
- Poor Inventory control
 - Incorrect Mix of parts
 - Failure to report lost sales
 - Poor SOP process
 - Excessive Returns

Benefits:

- Free frozen capital
- Increase customer base

Negatives:

- No return on investment
- Missed opportunity



PARTS DEPARTMENT - PERFORMA CALCULATION

Gross Profile increases our gross profit
In all areas except Wholesale where we
exceeded profile.

	Repair Order Mechanical	Body Shop	Counter Retail	Internal (new/used)	Wholesale	Warranty	TOTAL
YTD Sales	\$345,555.00	\$289,252.00	\$105,808.00	\$346,007.00	\$356,715.00	\$222,777.00	\$1,666,114.00
YTD Gross Profit	\$110,507.00	\$33,801.00	\$30,041.00	\$50,996.00	\$100,001.00	\$51,661.00	\$377,007.00
YTD Cost of Sales	\$235,048.00	\$255,451.00	\$75,767.00	\$295,011.00	\$256,714.00	\$171,116.00	\$1,289,107.00
NEW Mark-Up Factor	1.69	1.39	1.69	1.69	1.33	1.39	1.53
Desired Gross %	41.00	28.00	41.00	41.00	25.00	28.00	34.00
NEW YTD Sales	\$398,386.44	\$354,793.06	\$128,418.64	\$500,018.64	\$342,285.33	\$237,661.11	\$1,961,563.23
OLD YTD Sales	\$345,555.00	\$289,252.00	\$105,808.00	\$346,007.00	\$356,715.00	\$222,777.00	\$1,666,114.00
Additional Gross Profit	\$52,831.44	\$65,541.06	\$22,610.64	\$154,011.64	(\$14,429.67)	\$14,884.11	\$295,449.23

DESIRED GROSSSSSSSSSSSSSSSS

100 – DGP = X

100/X = Markup Factor

PARTS DEPARTMENT - PERFORMA CALCULATION

	Repair Order Mechanical	Tires	Counter Retail	Internal (new/used)	Wholesale	Warranty	TOTAL
YTD Sales	\$345,555.00	\$289,252.00	\$105,808.00	\$346,007.00	\$356,715.00	\$222,777.00	\$1,666,114.00
YTD Gross Profit	\$110,507.00	\$33,801.00	\$30,041.00	\$50,996.00	\$100,001.00	\$51,661.00	\$377,007.00
YTD Cost of Sales	\$235,048.00	\$255,451.00	\$75,767.00	\$295,011.00	\$256,714.00	\$171,116.00	\$1,289,107.00
NEW Mark-Up Factor	1.69	1.39	1.69	1.69	1.39	1.39	1.55
Desired Gross %	41.00	28.00	41.00	41.00	28.00	28.00	34.50
NEW YTD Sales	\$398,386.44	\$354,793.06	\$128,418.64	\$500,018.64	\$356,547.22	\$237,661.11	\$1,975,825.12
OLD YTD Sales	\$345,555.00	\$289,252.00	\$105,808.00	\$346,007.00	\$356,715.00	\$222,777.00	\$1,666,114.00
Additional Gross Profit	\$52,831.44	\$65,541.06	\$22,610.64	\$154,011.64	(\$167.78)	\$14,884.11	\$309,711.12

We bump our Wholesale
desired Gross up so we don't take
as huge of a loss.

