



## 2020 Jobber Asset Management Outline

Print store owners their personal annual & monthly budget

Class Introduction

State of the Industry

Compare your results to average and top 25% most profitable stores

Cash Survival Index

Breakeven Points 1 & 2

Project Net Profit or Loss to the dollar on a daily basis

**Vin to work 1 on 1 with customers**

### **STORE INVENTORY MANAGEMENT**

The importance of taking a physical Inventory

Embezzlement

How to calculate inventory turns, mo's inv supply etc.

Minimum & Max to stock based on turns & market place

**Class exercise** analyze a sample store

Class to compare and analyze their own store to benchmarks

The importance of inventory maintenance;

Financial impact of passing along a discount

Counter Selling of premium line products vs. value lines

Methods of pricing parts open for class discussion

### **ACCOUNTS RECEIVABLE & COLLECTIONS**

Number of month's net profit tied up in A/R

Cash Survival Index

Importance of taking 2% prompt payment discount

Short-term borrowing to finance a 2 % discount

The daily cost of carrying receivables

A Sale is an expense until you collect the money

A/R benchmarks 30, 60, 90, etc.

**Class exercise:**

Attendees compare results to benchmarks

Vin will work 1 on 1 with customers

- Credit Application & what you can learn from it
- Personal Guarantee
- Formulas for tracking cash, collection days & ROA
- Reading collection trends and cash flow

**Class exercise:**

Stores calculate their collection days & compare to benchmarks

Vin will work 1 on 1 with customers

New credit policy announcement letter

Accounts receivable collection record, when to call what to say

C.O.D. Announcement letter

Engagement Letter

You Broke the Engagement Letter

Attorney Letter and collection practices

File UCC1 (Mechanics Lien)

## **MINI INCOME STATEMENT & BALANCE SHEET**

Mini Income Statement

Why your checkbook never matches the income statement

Balance Sheet Definitions

Balance Sheet Ratios

### **Class Exercise:**

Storeowners calculate their own balance sheet ratios

Owners compare their ratios to benchmarks

What the benchmarks mean

**Vin will work 1 on 1 with customers**

## **APPLYING OUR KNOWLEDGE**

Slim Chance Auto Parts

Analyzing a store income statement

Dollars vs. Percents

Calculating variable Assets: (Inventory & Receivables)

Critical information not shown on an income statement

Slim Chance Auto Parts Balance Sheet

Slim Chance Auto Parts Balance Sheet ratios

Fat Chance Auto Parts Income Statement

Same calculations as for Slim Chance

Critical information not seen on income statement

Critical information to look for in a balance sheet

### **Outside Sales:**

Reading & Understanding an AutoCare Financial Profile

Determine annual / monthly parts purchases per shop & per technician

Determine your market share & potential with each customer

Reasons shops don't buy

The cost per mile to deliver parts

Breakeven when hiring an outside sales person

A "Wow" Sheet

OSS becoming a valued business partner

What an OSS should say and when to say it. When to service & when to sell.

**The Labor Factory:** Why a repair shop needs to stock inventory!

The average cost per minute of shop down time is \$3.33

Prove that 5% increases in Factory Efficiency improves profit per tech by \$1,000 or more per month and they buy more NAPA parts

How to calculate Factory Efficiency

A 5% increase in Factory Efficiency is recovering 3 minutes an hour and #1 reason for losing 3 minutes an hour is waiting for parts

The minimum and maximum inventory ea shop should stock

Tailoring store & shop inventory to save the shop 3 minutes an hour RPT 056 & 127

Three minutes on a vehicle is more profitable to a shop than a 25% discount on parts

1 hour of labor is 6-8 times more profitable than buying parts 25% cheaper

### **STORE DELIVERY EXPENSE**

The Cost per mile to operate a vehicle

Breakeven point for truck & driver

Delivery methods: priority, route, zone & hotshot

Financial savings by getting dealers to stock (free driver)

### **THREE WAYS TO INCREASE STORE PROFIT**

Increasing Sales and affect on inventory & receivables

Growth potential Index

Formula for knowing in advance when a store will have to borrow money to fund growth

Improving Gross Profit

Reducing Expenses

**Class Exercise:**

Store owners assigned to separate sales, gross profit and expense teams for group discussions and then reporting back to the class.

**WORKING ON YOUR STORE OPERATIONS ONE HOUR A DAY**

25 Steps to implementation done 1 hour a day in chronological order

5 Key operational procedures to implement

**Jobber Asset Management WHAT TO BRING LIST!****A Calculator you are comfortable with...You will use it often.**

1. Prior 3 months aged Accounts Receivable balance. Tams ARS - 210
2. Prior 3 months charge sales ex, May, June, July Tams Rpt. 004
3. Prior 2 months Received on Account (ROA) ex May, June. Rpt.087
4. Last years income statement & balance sheet (if available) or most recent 12 months.
5. Top to bottom list: A ranking in order of all wholesale customers serviced by your store by sales in descending order from best to worst. (sales by customer report?) You will need a sales by customer report for your entire store and not by sales person.
6. The number of customers that purchase a minimum of \$75,000 per year.
7. The average number of parts deliveries a driver makes on an average eight-hour day. (Another option is to take the average total deliveries made per day divided by the number of equivalent full time drivers.) Ex. A part timer working 10 hours a week =  $\frac{1}{4}$  driver. 20 hours a week =  $\frac{1}{2}$  driver, 30 hours a week =  $\frac{3}{4}$  driver and 40 hours a week equals one driver.
8. The cost of delivery; Choose a vehicle and bring the following; a) Monthly payment b) the insurance on the vehicle c) the cost of any and all repairs on that vehicle d) cost of registration of the vehicle e) gas & oil spent on the vehicle f) the drivers wages and benefits

g) the amount of miles driven on the vehicle for a year... (or month) Annualize the expenses and divide by 12 for average monthly expenses.

Thank you in advance for bringing this information. The more prepared you are the better your class experience will be. We will provide samples in class but it is more effective if you can apply our ratios and benchmarks to your own business.

Best regards,  
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