INCREASING YOUR PROFITS

Every business manager is interested in improving his operation's net profits; after all, that's why you're in business. But in order to attain significant improvements in net profit, your store must first be producing the right gross profit. Therefore, it is crucial that every store manager understands exactly what his store's sales are producing in terms of gross profit.

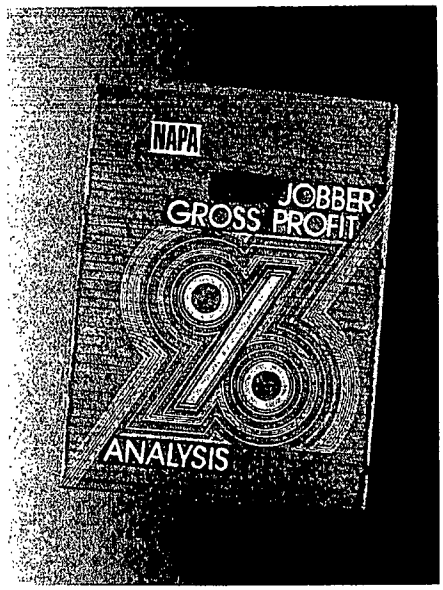
To determine your operation's gross profit figure, subtract the cost of sales from actual sales. This resulting amount of gross profit, and the percent of gross profit to sales, is vital information to be familiar with in order to direct your employees' selling efforts toward producing improved profits.

Keeping track of gross profit is important, for it's easy to be deceived by watching sales volume alone. For example, let's say you've had a day where your store has enjoyed quite a good sales volume. But when you go over the figures for that day, you realize that the gross profit realized on those sales just didn't meet your expectations. In such a case, by using gross profit information for further analysis, you could readily determine the cause of the problem, and then take the necessary corrective action.

Say, for example, that you found the low gross profit was due to sales of low gross profit items. To remedy the situation, you could redirect your personnel's sales efforts toward those lines which give you a better gross profit return. A solid knowledge of gross profit data lets you train your salespeople to put their selling efforts in the direction which produces the most profit.

This is why NAPA provides you with the NAPA Jobber Gross Profit Analysis, which shows you where to put your real sales efforts for greater gross profits.

The NAPA Jobber Gross Profit Analysis is a summary of the percentage of gross profit for all NAPA and certain non-NAPA manufacturers. The information is compiled directly from the manufacturers involved. The percentages of gross profit appearing in this gross profit analysis are drawn from the most currently available manufacturer's suggested price lists, and in most cases, represent a weighted average percentage.



The NAPA Jobber Gross Profit Analysis shows the profit levels that can be realized by selling at each of the suggest price schedules.

The NAPA Jobber Gross Profit Analysis shows profit levels that you as an NAPA Jobber can realize when selling at each of the suggested price schedules. This information is of real value, as it allows you to determine which product lines have the greatest profit potential.

The information contained in the NAPA Jobber Gross Profit Analysis should be passed on to your counterpeople as well. This will help them determine the emphasis that should be placed in over-the-counter sales. It can also assist in educating your store personnel against giving away gross profit by the indiscriminate use of the various suggested resale schedules. Additionally, as you also need to be interested in the gross profit produced by your outside selling efforts, this gross profit analysis information should also be utilized by your outside sales people to better direct them in their work.

The NAPA Jobber Gross Profit Analysis is available through your NAPA Distribution Center. Put this valuable information to use in your business operation to make sure that your selling efforts are on the right path to greater profits.

PROCEDURES AND CIRCUMSTANCES THAT LOWER JOBBER GROSS PROFITS

1. Incorrect physical inventory counts.
2. Confusion in the billing of new and rebuilt items where part numbers are alike.
3. Error in billing items with prefix or suffix such as:

Heavy Duty—H.D.	Federal—F
Victor—FS—HS	FF
Weatherhead—	R
A suffix	RR
B suffix	

4. Failure to charge for bolts, nuts, washers, and bulbs, where invoice amount would be small.
5. Free shop jobs (small jobs done as a favor).
6. Out-of-date shop prices.
7. Distributing premiums, display racks, advertising material, etc. on a no-charge basis without proper charge to expense.
8. Illegibility of prices or part numbers on invoices.
9. Improperly accounting for all invoices.
10. Failure to properly charge out expenses such as: advertising material, shop supplies and equipment, repair parts for delivery equipment, etc.
11. Unrestricted use of salesperson's samples.
12. Errors in machine shop operations — pistons, bearings, camshafts, etc.
13. Inaccuracy in mixing paints.
14. Failure to report broken parts or shortages in packages.
15. Failure to account for freight shortages.
16. Mishandling stock — dropping, throwing, and loss under bins.
17. Failure to keep current suggested resale schedules in counter and sales binders.
18. Theft.
19. Failure to double check deliveries for all items billed.
20. Failure to double check items billed on shop jobs.
21. Incorrect core credit to customer.
22. Lack of follow-up with factory or D.C. for credit on defective returns and other claims for credit.
23. Failure to return cores on a current basis.
24. Improper billing or failure to bill core charges.
25. Indiscriminate allowance of 2% discount to cash customers.
26. Salespersons pricing their own sales invoices at improper prices.
27. Extending discounts to persons not entitled.
28. Concentration of sales efforts on low gross profit lines.