

# Automotive Parts Recycler



## Challenges

- ❑ Division revenue was growing with no improvement in profitability rate
- ❑ Gross margins were not sufficient to drive consistent profitability
- ❑ Limited progress at the division level in achieving required ROI threshold
- ❑ Strategic decision required regarding the future of the division
- ❑ Critical evaluation of strategic options and related implementation plan required

## Executive Summary

- ❑ A division of a New York stock exchange company
- ❑ One of the largest suppliers of recycled, remanufactured, and reconditioned OEM auto parts for the collision, mechanical repair, and insurance industries

## Results

- ❑ MarginMax™, an integrated gross margin management methodology, utilized to develop plan to achieve required ROI threshold for division
- ❑ Strategic plan targeted a 25% increase in gross margin rate from 20% to 25%
- ❑ Pricing optimization and operational performance were the key drivers of the 5% increase in gross margin percentage
- ❑ Sale effectiveness accounted for a 9.5% increase in gross margin dollars

*“Thomas Group’s Integrated Gross Margin Management process introduced a new strategic approach of focusing on gross margin as the leverage point and incorporating all the key drivers of gross margin into an integrated improvement program.” –CFO*