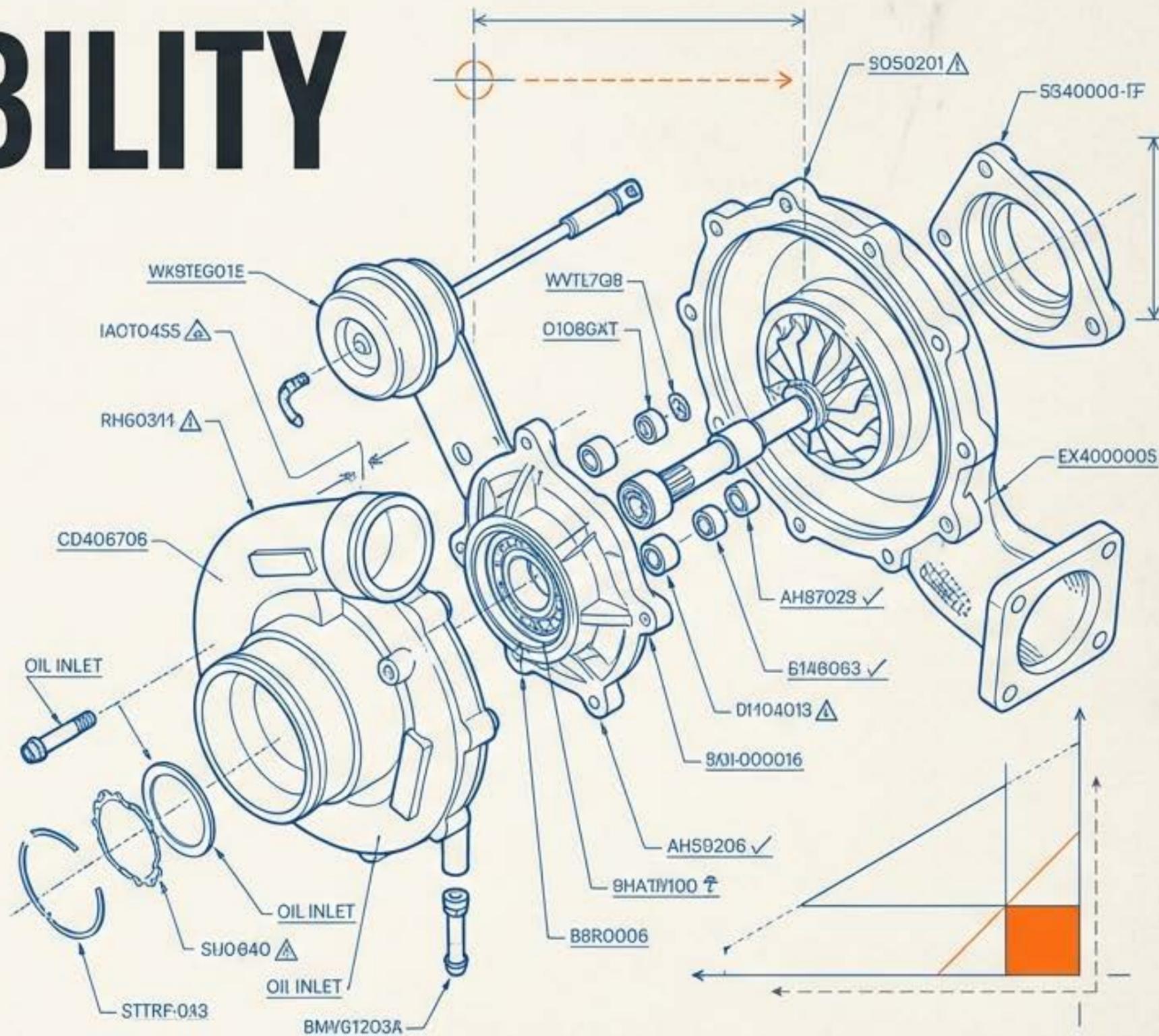


THE PROFITABILITY ENGINE

OPERATIONAL SCALING FOR AUTO PARTS STORES

From 80% Conversion to Sustainable 15-20% EBITDA

A Diagnostic & Optimization Framework



THE EXECUTIVE DIAGNOSTIC



THE COST REALITY

True COGS is 2.4x Invoice Price. Perceived margin is overstated by 140%.



THE MIX STRATEGY

Shift volume to Accessories & Special Orders. Target a \$7,500+ Average Order Value.



THE EFFICIENCY GAP

Target 100% Visitor-to-Buyer Conversion. Growth must come from efficiency, not headcount.



THE FINANCIAL HORIZON

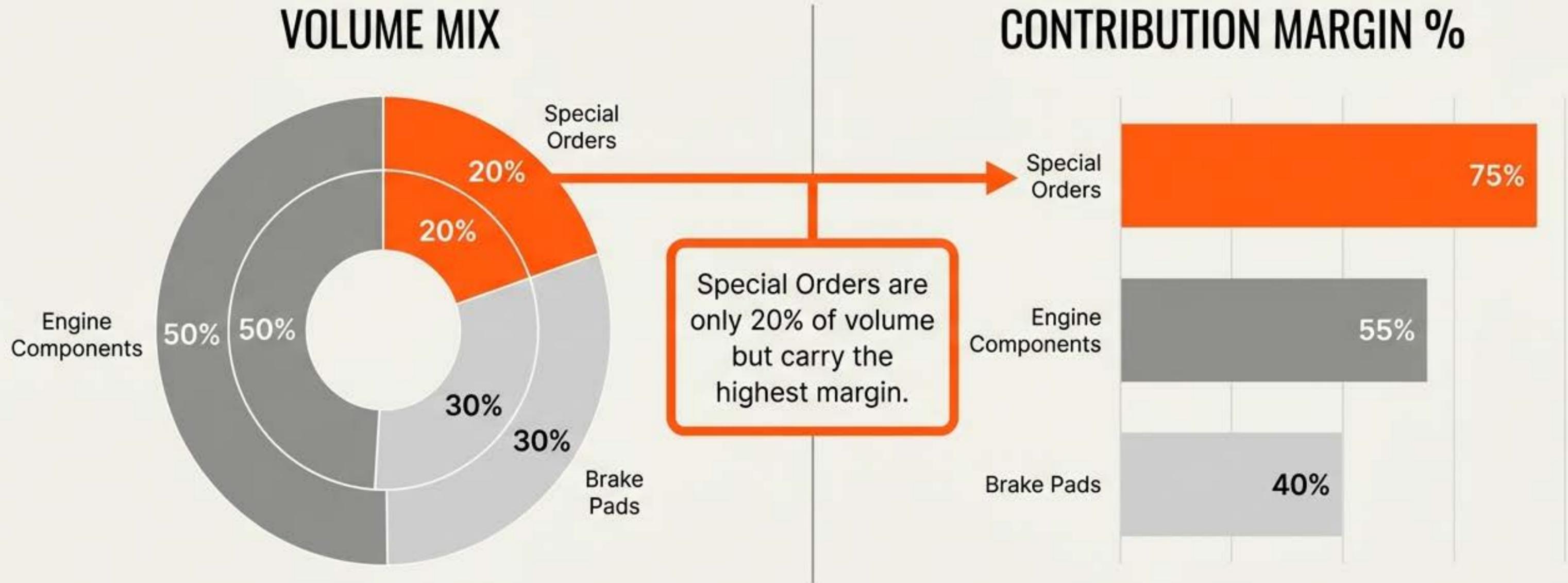
Goal: Breakeven in 15 Months. Target 15–20% EBITDA by controlling carrying costs.

DIAGNOSTIC 1: THE TRUE FULLY-BURDENED COGS

Your perceived gross margin is overstated by 140% before labor is even touched.



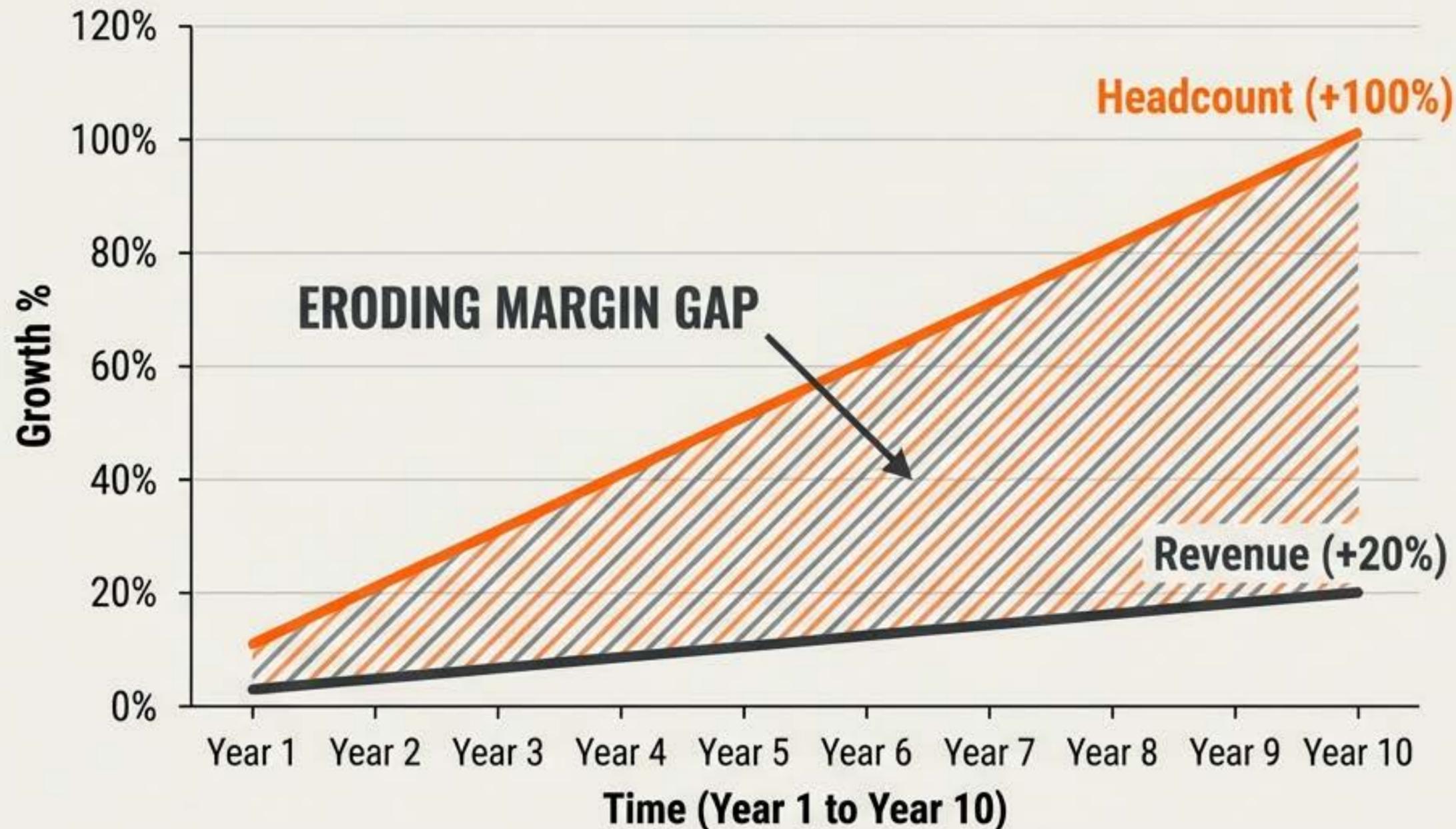
DIAGNOSTIC 2: THE CONTRIBUTION MARGIN MATRIX



Weighted Average Contribution Margin: 54.5%

DIAGNOSTIC 3: THE DANGER OF LINEAR LABOR SCALING

Scaling headcount from 20 to 40 creates massive overhead risk if efficiency stagnates.



CRITICAL METRIC:
RPE (Revenue Per Employee)

Warning: If RPE drops 15% YoY, efficiency is bleeding.

DIAGNOSTIC 4: INVENTORY TURNOVER & THE COST OF DUST

HIGH-VOLUME STAPLES



- **Target:** 6x to 8x turns annually
- **In-Stock Goal:** 98%
- **Logic:** Lost margin > Holding cost

SPECIAL ORDERS



- **Target:** 1.5x turns
- **Lead Time:** Max 4 days
- **Logic:** Holding cost is high

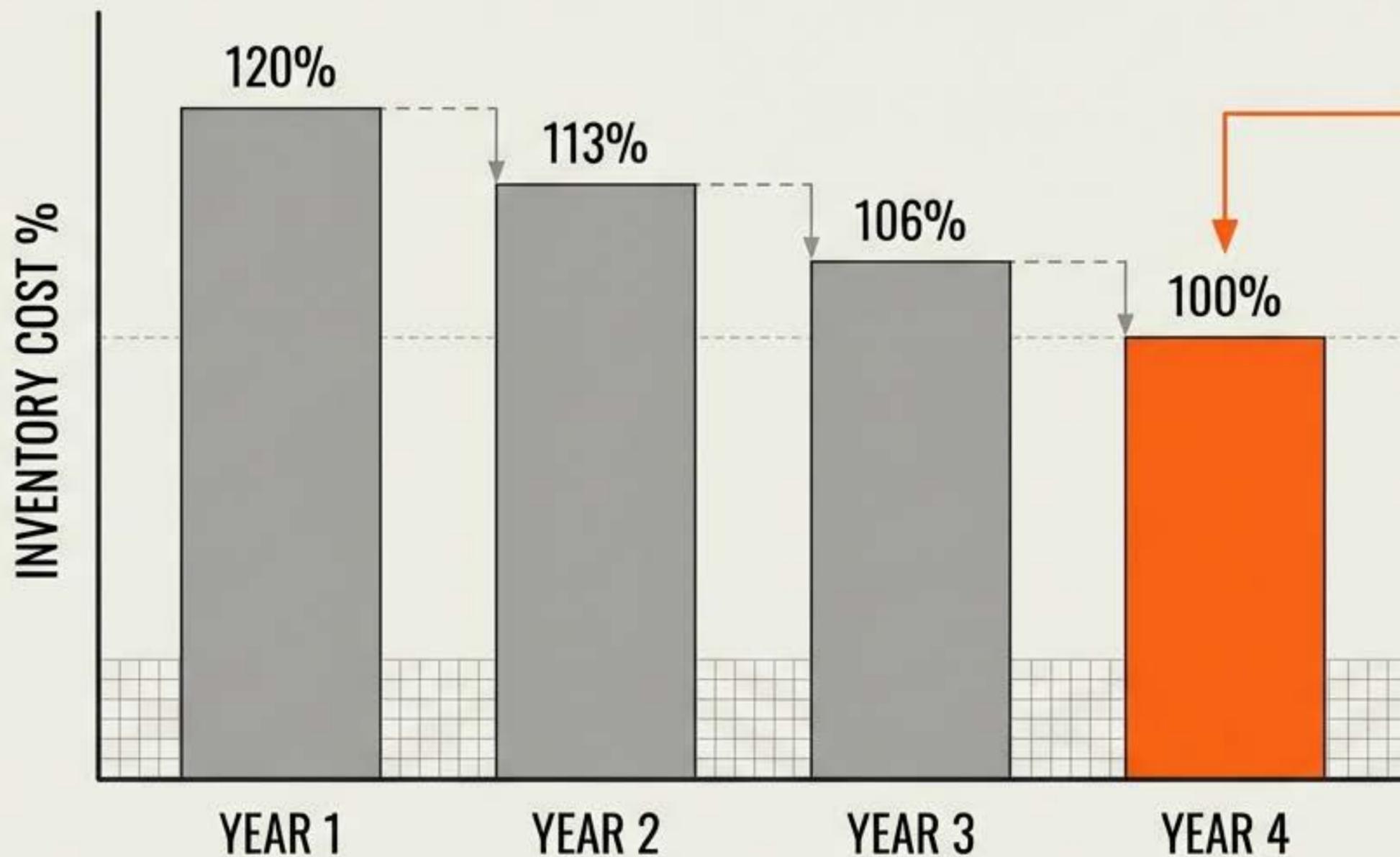
THE COST OF DUST: Holding a special order for 90 days = 6% loss in holding costs.

STRATEGY 1: SHIFT THE MIX TO BREACH \$7,500 AOV



Implementation: Stop pushing volume.
Align staff incentives to Margin Dollars.

STRATEGY 2: AGGRESSIVE COGS NEGOTIATION



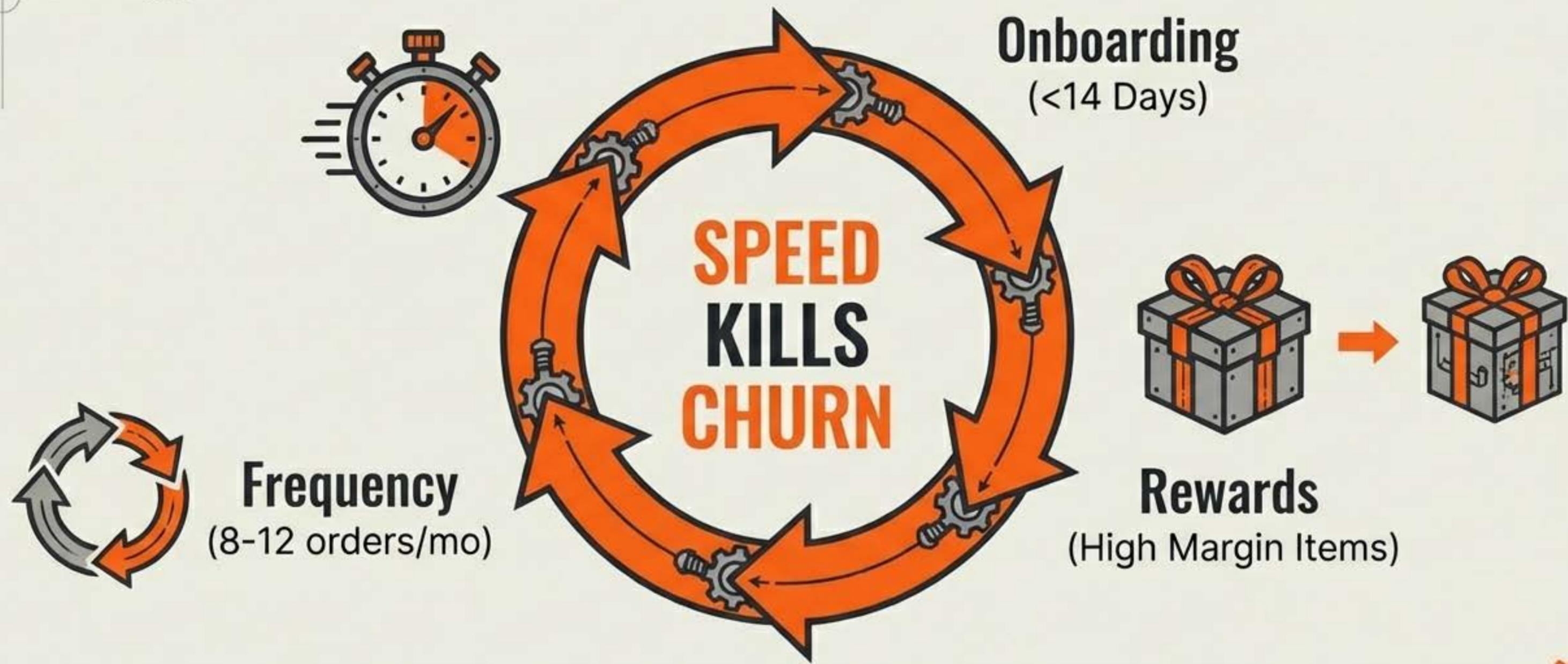
TARGET: 100% PRIMARY INVENTORY COST

IMPACT:

A 20-point reduction in inventory cost = 2-point lift in Contribution Margin.



STRATEGY 3: THE LOYALTY MULTIPLIER



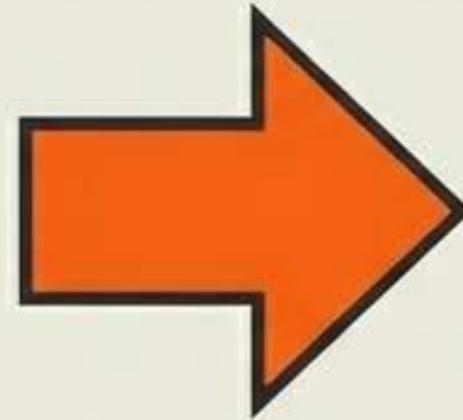
Goal: Increase Repeat Buyer Rate from 300% to 400%.



STRATEGY 4: MAXIMIZING SALES FLOOR CONVERSION

CURRENT STATE

114 Daily Orders
@ 80% Conversion
Fixed Labor: \$16k



TARGET STATE

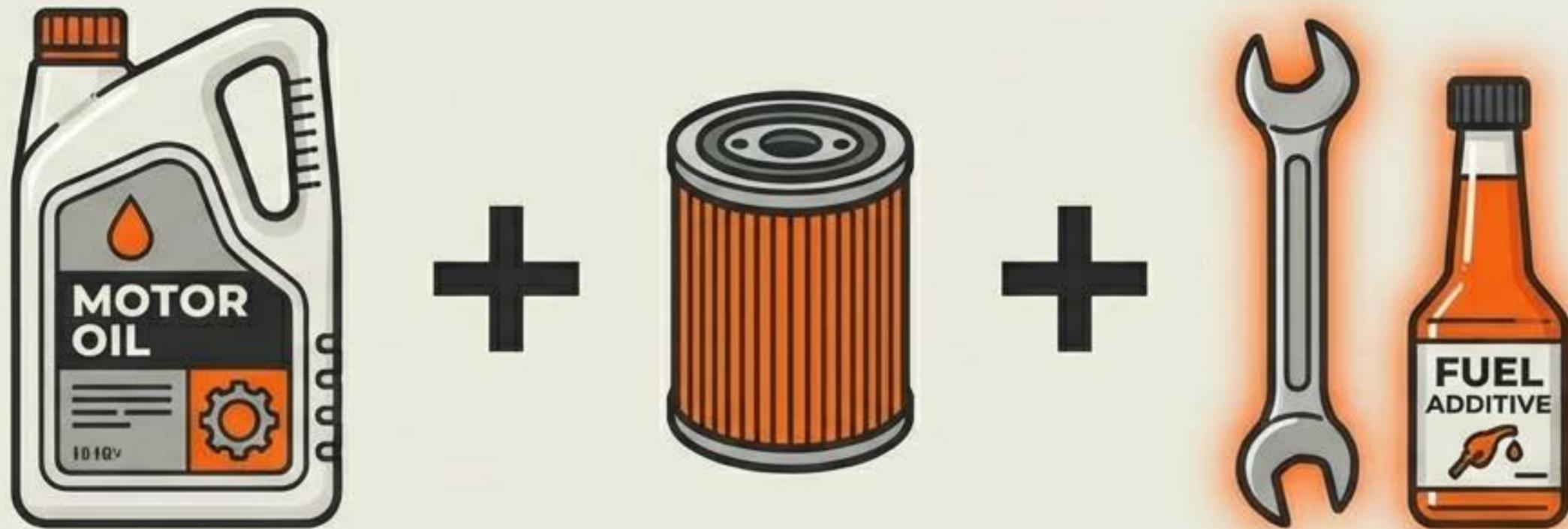
142 Daily Orders
@ 100% Conversion
Fixed Labor: \$16k



RESULT: +28 Daily Orders with \$0 added labor cost.



STRATEGY 5: THE 'LOGICAL BUNDLE' (UNITS PER ORDER)



The +1 Accessory

Goal: Increase Units Per Order (UPO) from 15 to 17. **Benchmark:** Target a **13.3% lift** in units sold per visit through logical attachment.



STRATEGY 6: DYNAMIC STAFF SCHEDULING



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
				High Staff (Red) - 250 Visitors	High Staff (Red) - 250 Visitors	Low Staff (Blue) - 90 Visitors

Metric: Labor Cost Per Visitor.

Action: Match labor spend to foot traffic. Don't pay \$25/visitor on Sundays when Fridays are \$10/visitor.



STRATEGY 7: PLUGGING THE PAYMENT FEE LEAK



15% Processing Fee

Scenario: \$500k
Monthly Volume

Loss at 15%:
\$75,000 in fees

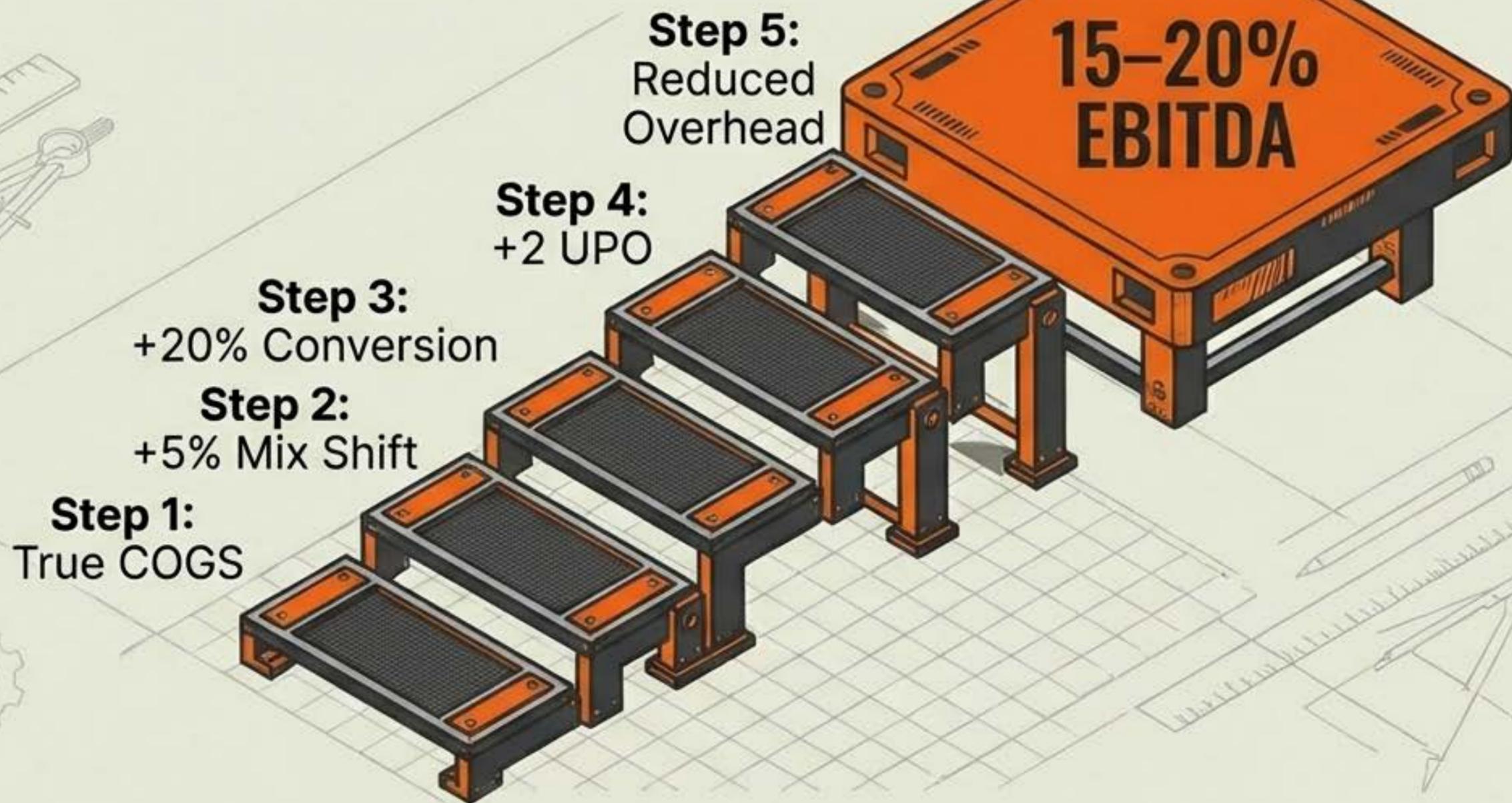
Savings at 10%:
\$25,000 monthly
savings

Action Plan

1. Push Commercial accounts to ACH.
2. Renegotiate Retail rates below 15%.



THE CUMULATIVE IMPACT



Timeline: Target Breakeven within 15 months.



IMPLEMENTATION CHECKLIST

Section 1: AUDIT

- Audit Supplier Invoices for 2.4x calculation
- Calculate 'True COGS' for top 5 SKUs

Section 2: METRICS

- Calculate current RPE (Revenue Per Employee)
- Measure Labor Cost Per Visitor (Peak vs. Off-Peak)

Section 3: ACTION

- Shift Commercial Accounts to ACH
- Retrain staff on 'Logical Bundling' (Target UPO 17)
- Negotiate Processor Fees below 15%

