



MANAGEMENT
Research & Solutions
INCORPORATED

PAPCO

PAPCO is one of the pre-eminent auto parts distributors in Northern California. The company purchases, warehouses and delivers over 50,000 different Ford and General Motors part numbers to auto dealers and after-market independent repair shops.

PAPCO

Benchmarking

PAPCO's current ownership acquired the company in 1997. At the time of purchase, PAPCO was struggling, given the narrow margins associated with the industry and heavy competition with their trading area. The lack of management best practices, a relatively inexperienced management team and tight cash flow placed the business in a difficult situation.

Implementation

- Employed a new organizational structure with clarified responsibilities and authorities
- Introduced financial controls and cash flow forecasting tools
- Developed a hiring process to support growth
- Designed a more formal route scheduling system
- Designed well-structured financial statements to give "management information"
- Introduced specific productivity measurements to track improvements and control costs
- Developed management team through financial training and supervisory skill development
- Acted as an interim CFO for 24 months helping negotiate a competitive operating line (despite unfavorable financial ratios)
- Continued participation in strategic planning and business valuation

Results

- PAPCO grew from 5 million in sales in 2001 (when MRSI became involved) to a run rate of over 20 million in 2006
- A financially-trained and informed management team is in place
- Prominent auto part OEMs awarded 2 new territories to PAPCO
- Net profit % has doubled over the period of 1998 – 2005
- Company recently acquired a small local affiliate in a Southern market to secure a new geographic area

"One of my realizations about improving my business was that change starts with me. MRSI provided the structural tools and, perhaps more importantly, the coaching required to develop and implement strategies which have allowed PAPCO to grow by over 400% in the last 5 years."

Peter Frank
President
PAPCO

