

Business Analysis

2019 Lariat Revenue Growth Strategies

Presentation by: Ivy Chang

OBJECTIVE



**Review
Lariat's business
performance in
2018**



**Develop
strategies for the
company to increase
revenue and cut costs
for 2019**



**Provide
recommendations to
assist business
decision making
process**

2018 AT A GLANCE



Branches:	50
Vehicle:	4000
Make/Model:	1839
Days rented:	372,123
Gross Revenue:	\$60.4 M
Cost:	\$33.1 M
Net Profit:	\$27.2 M

STRATEGY OVERVIEW



Strategy 1
Car Replacement



Strategy 2
Special Promotion



Strategy 3
Combination

STRATEGY 1

CAR REPLACEMENT

Replace underperforming cars with top performing cars

73

Cars in the fleet created negative annual net profit in 2018

10

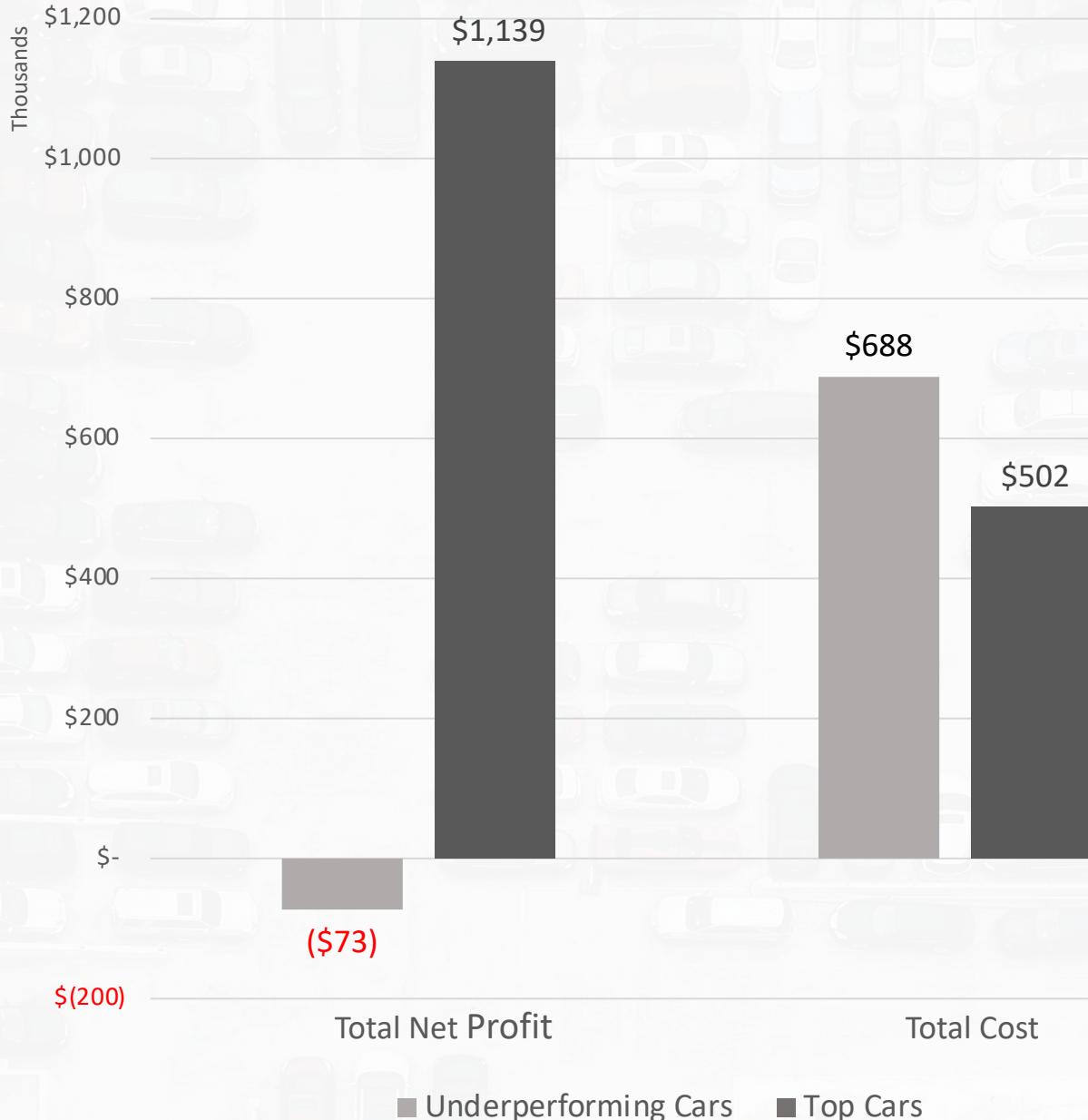
Make/Model had the highest per day profit in 2018

Per Day Profit:

Profit Per Day of Rental = Total Profit / Days of Rental

Profit Per Day of the Year = Total Profit / 365

Underperforming Cars vs. Top Performing Cars



STRATEGY 1 CAR REPLACEMENT

Gross Revenue

\$61.4 M

↑ \$1 M

Cost

\$32.9 M

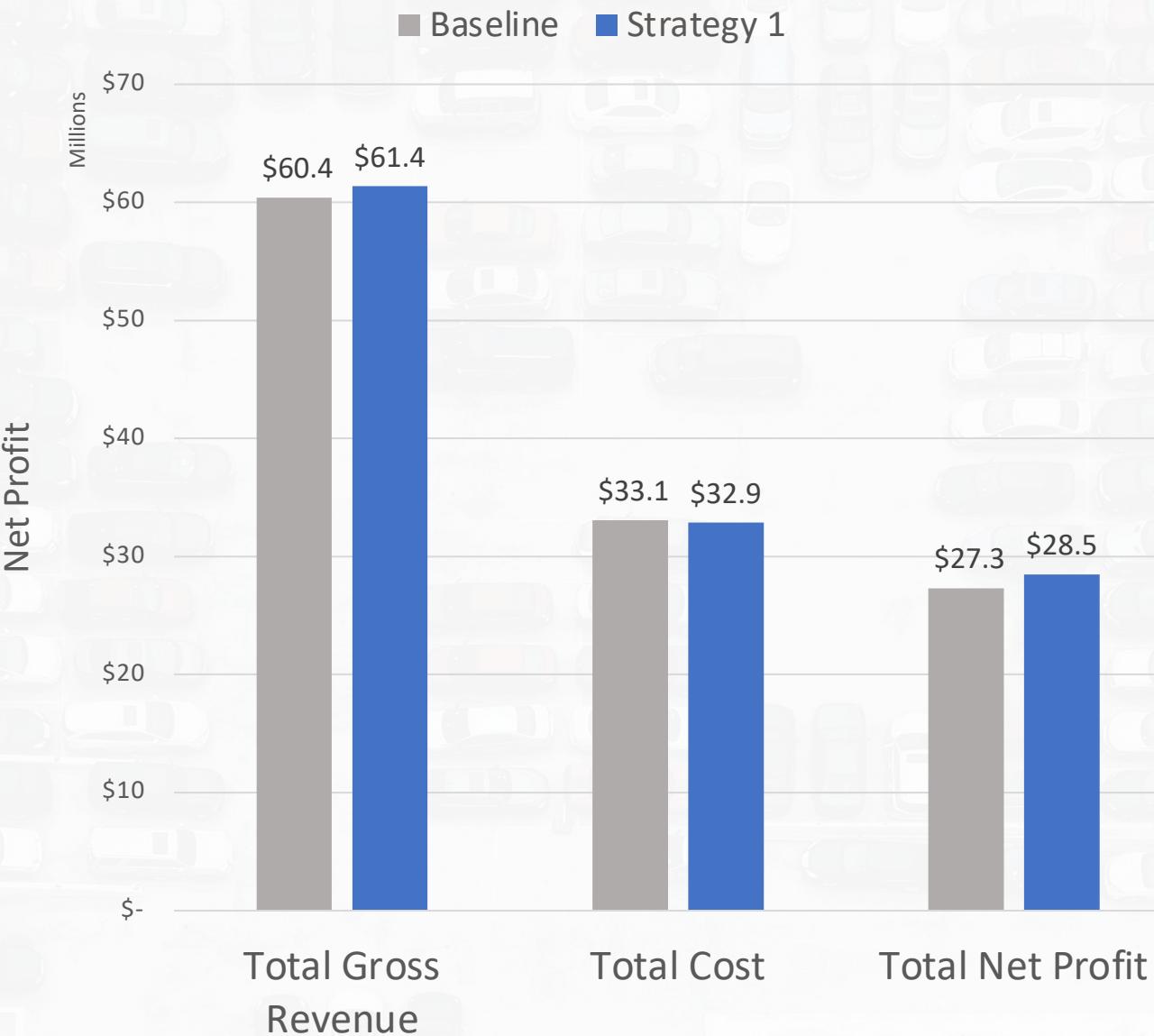
↓ \$0.2 M

Net Profit

\$28.5 M

↑ \$1.2 M

Lariat Total Net Profit
2019 Projections vs. 2018 Baseline



STRATEGY 2

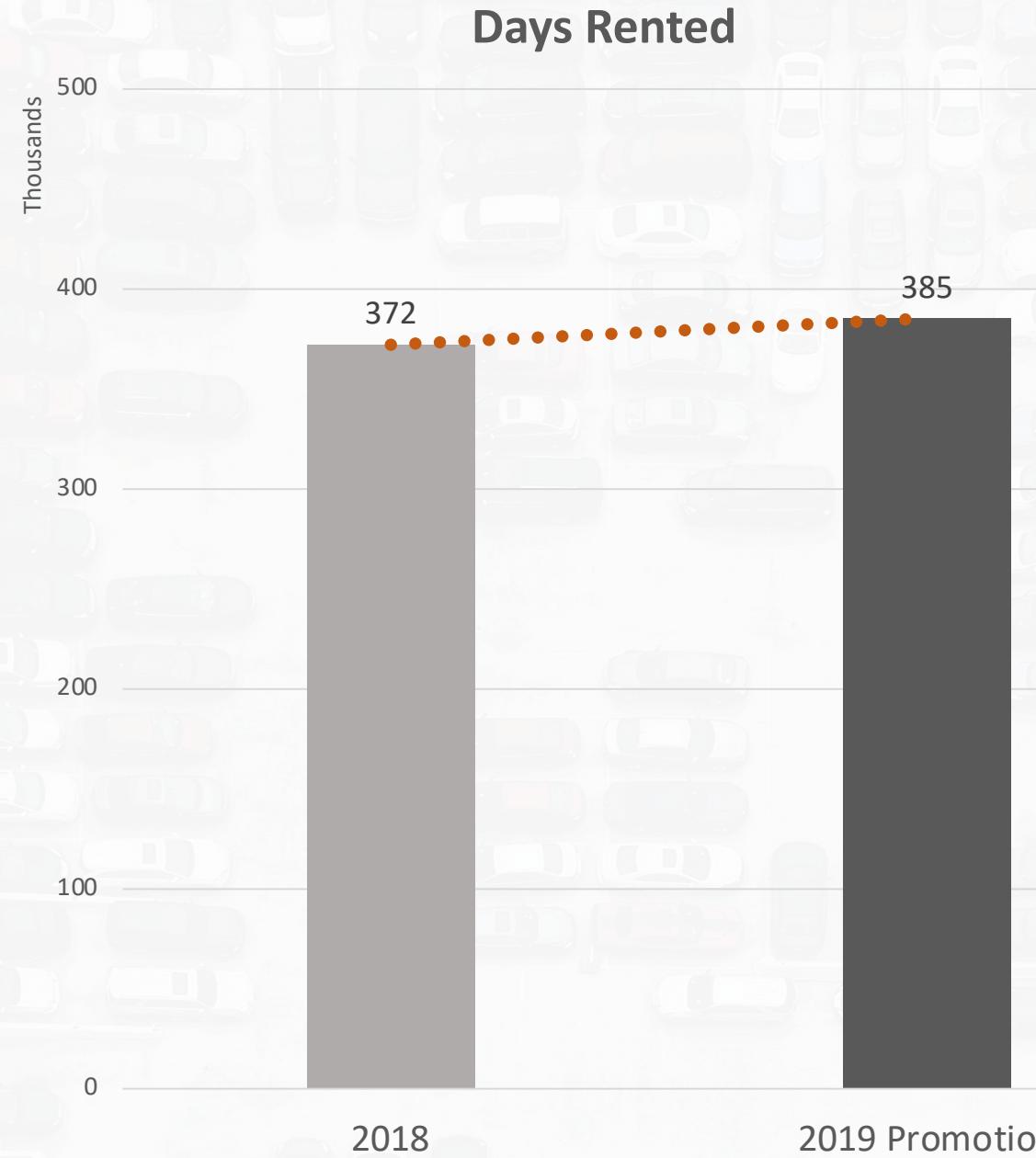
SPECIAL PROMOTION

Rent for 7 Days and Get the 8th Day
50% off

Rental length ranged between
1 to 7 days in 2018

Total days rented was 372,127
in 2018

Total days rented projected to
grow 13,210 in 2019 with
promotion



STRATEGY 2 SPECIAL PROMOTION

Gross Revenue

\$70.23 M

↑ \$9.8 M

Cost

\$33.8 M

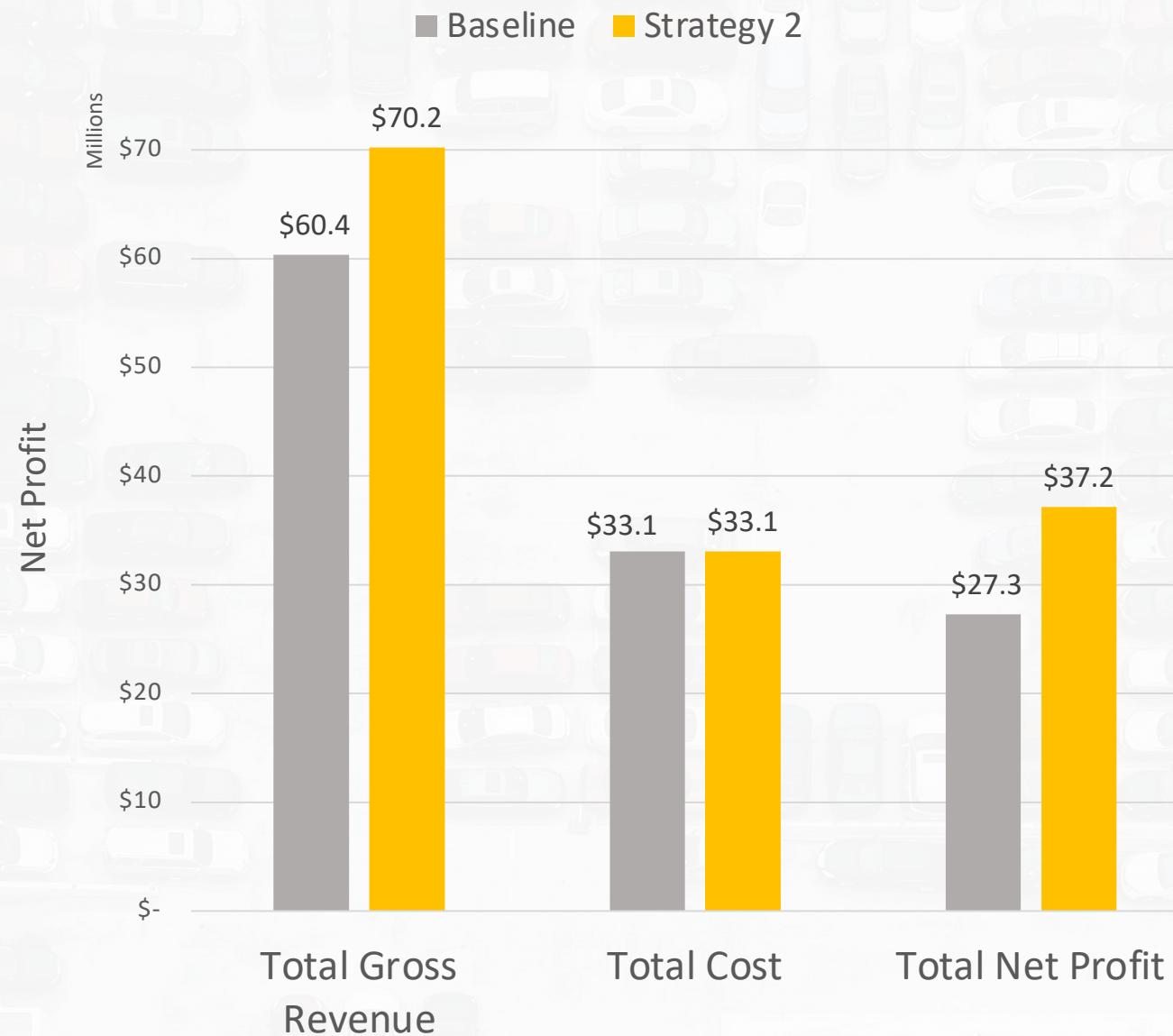
— \$0

Net Profit

\$37.15 M

↑ \$9.9M

Lariat Total Net Profit
2019 Projections vs. 2018 Baseline



STRATEGY 3 COMBINATION

Combination of Strategy 1 and
Strategy 2

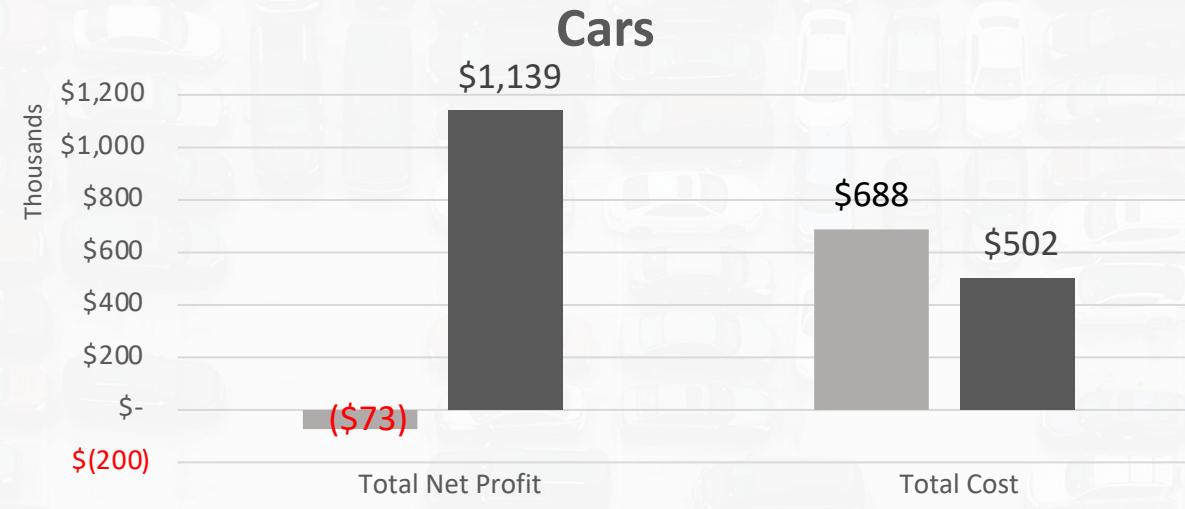
Replace underperforming cars
with top performing cars



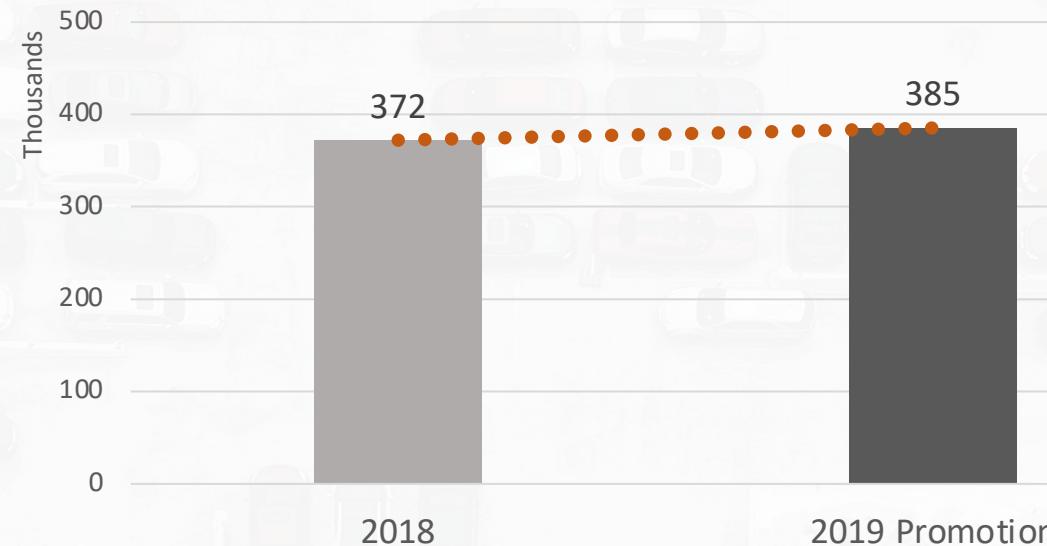
Push the “Rent 7 Days and
Get the 8th Day 50% off”
promotion

Optimize Growth

Underperforming Cars vs. Top Performing



Days Rented



STRATEGY 3 COMBINATION

Gross Revenue

\$70.23 M

↑ \$9.8 M

Cost

\$33.8 M

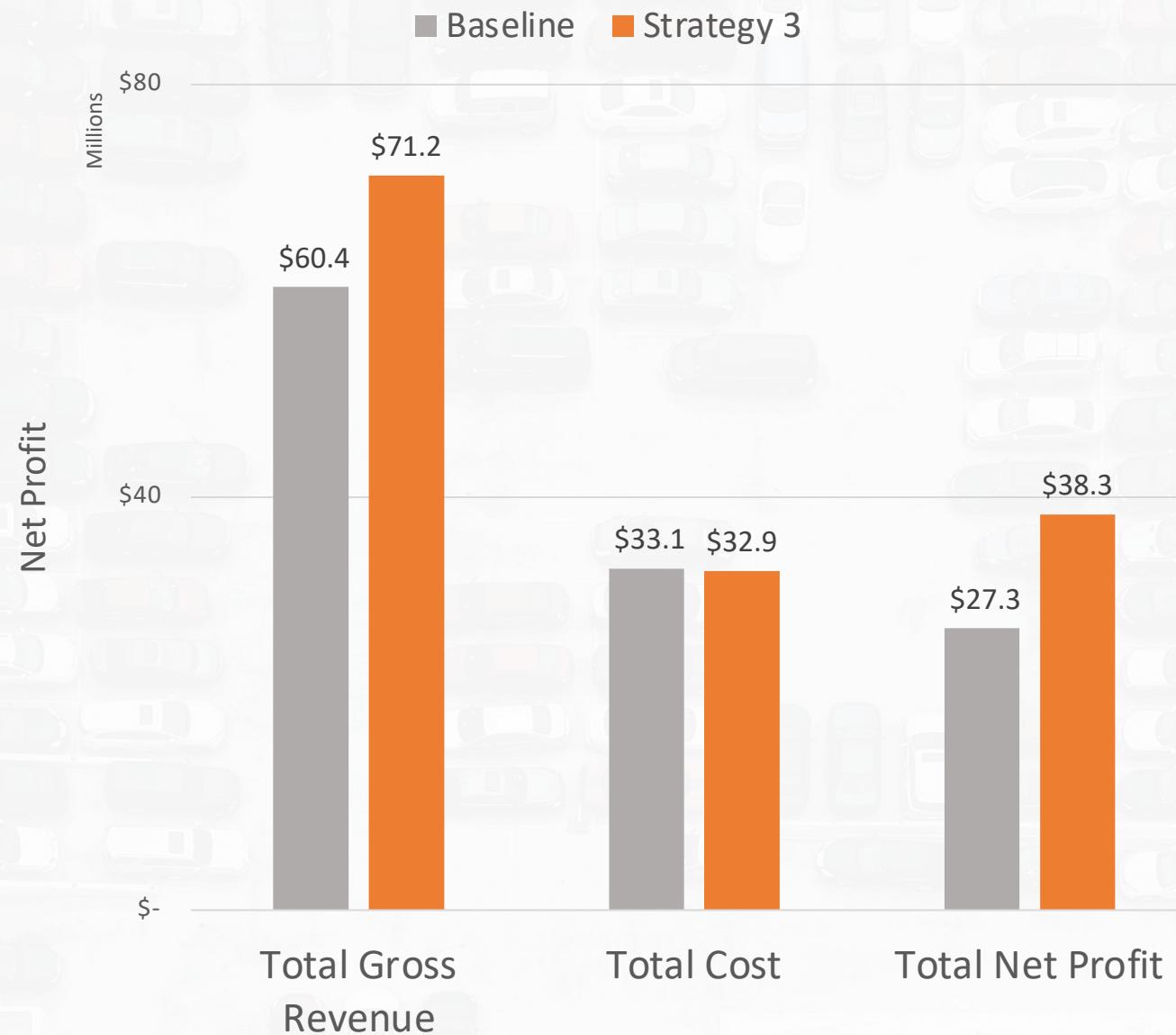
↓ \$0.2 M

Net Profit

\$37.15 M

↑ \$11 M

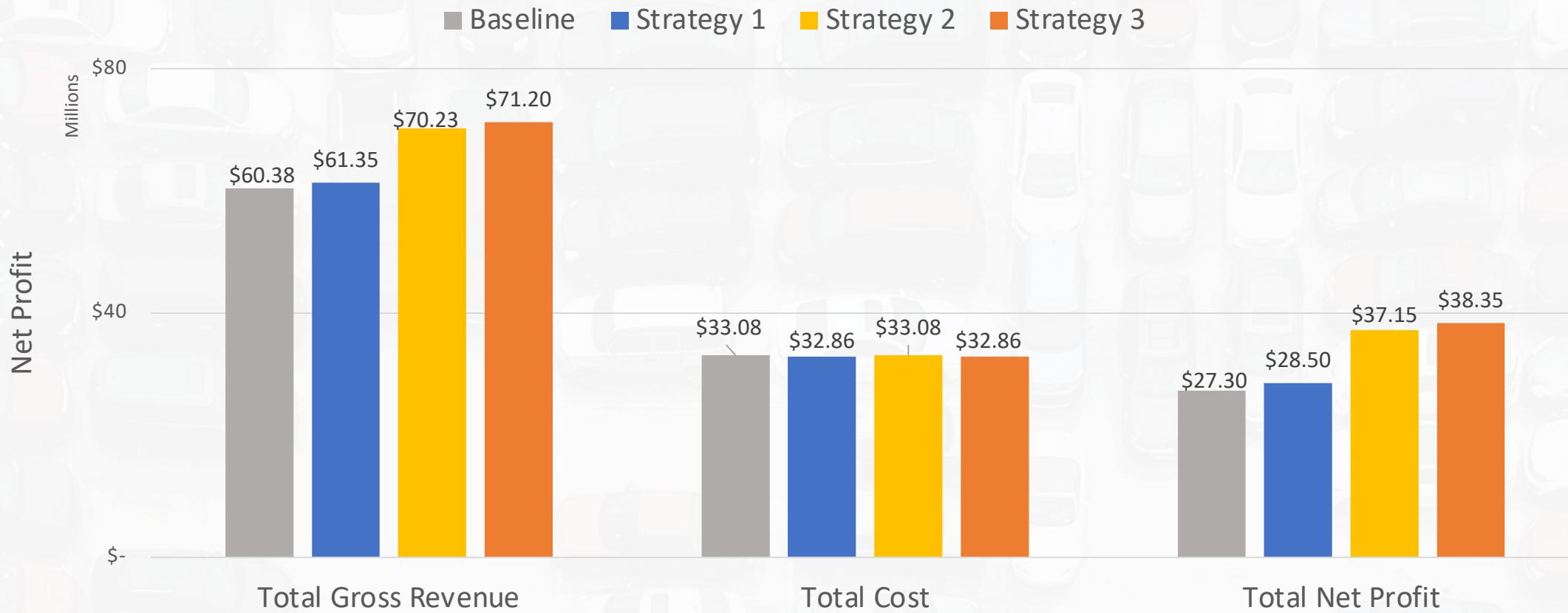
Lariat Total Net Profit
2019 Projections vs. 2018 Baseline



STRATEGY SUMMARY



Lariat Total Net Profit
2019 Projections vs. 2018 Baseline



RECOMMENDATIONS



- ❖ **Adopt Strategy 3 for 2019**

Strategy 3 is the optimization of Strategy 1 and Strategy 2, it will effectively increase revenue and reduce cost

- ❖ **Study Holiday Patterns**

Data from late November and December 2018 will be helpful for a more in-depth look of the holiday patterns

- ❖ **Look into Branch Profits**

Branches profitability is not covered in this analysis. More strategies can be developed base on branch profitability

A photograph of a group of people in a car, viewed from the back seat. They are all raising their hands in the air, suggesting they are cheering or waving. The car is moving, as indicated by the blurred background which shows palm trees and a coastal landscape. The overall atmosphere is celebratory and suggests a vacation or a special trip.

Thank You!