



# PROFIT MODEL

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# AGENDA

- Objectives
- Company overview
- Strategy 1 Analysis
- Strategy 2 Analysis
- Review
- Recommendations

# OBJECTIVES

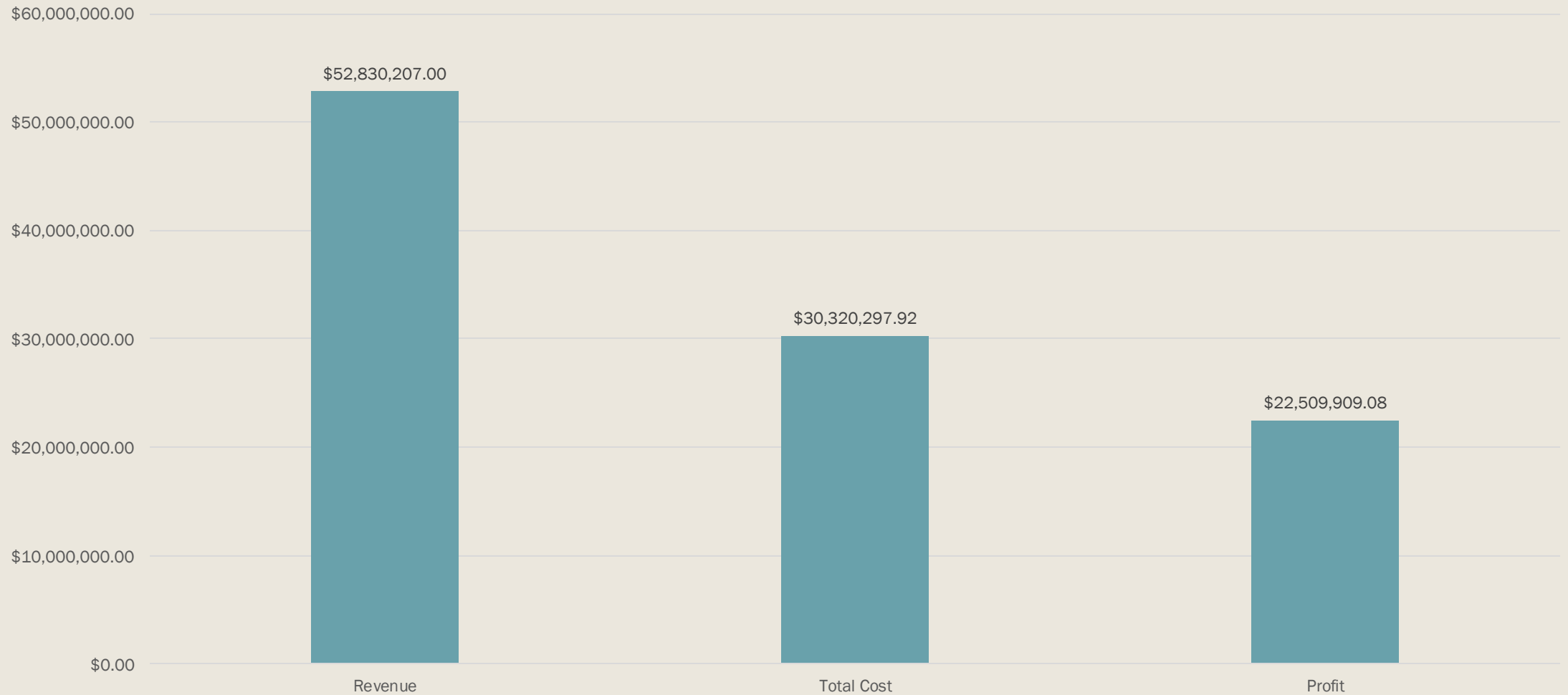
Review various strategies to minimize company cost and maximize company revenue

Compare the results of the strategies for the best method to move forward

# LARIAT IN 2018

- 4000 Cars in fleet
  - Data collected over 11 months
  - 325608 total rental days
  - Average profit was \$162.25
- 
- Total revenue - \$52, 830, 207
  - Total cost - \$30, 320, 297
  - Total profit - \$22, 509, 909

# BASELINE





# STRATEGIES

Increase the rate per  
day of each car by  
12%

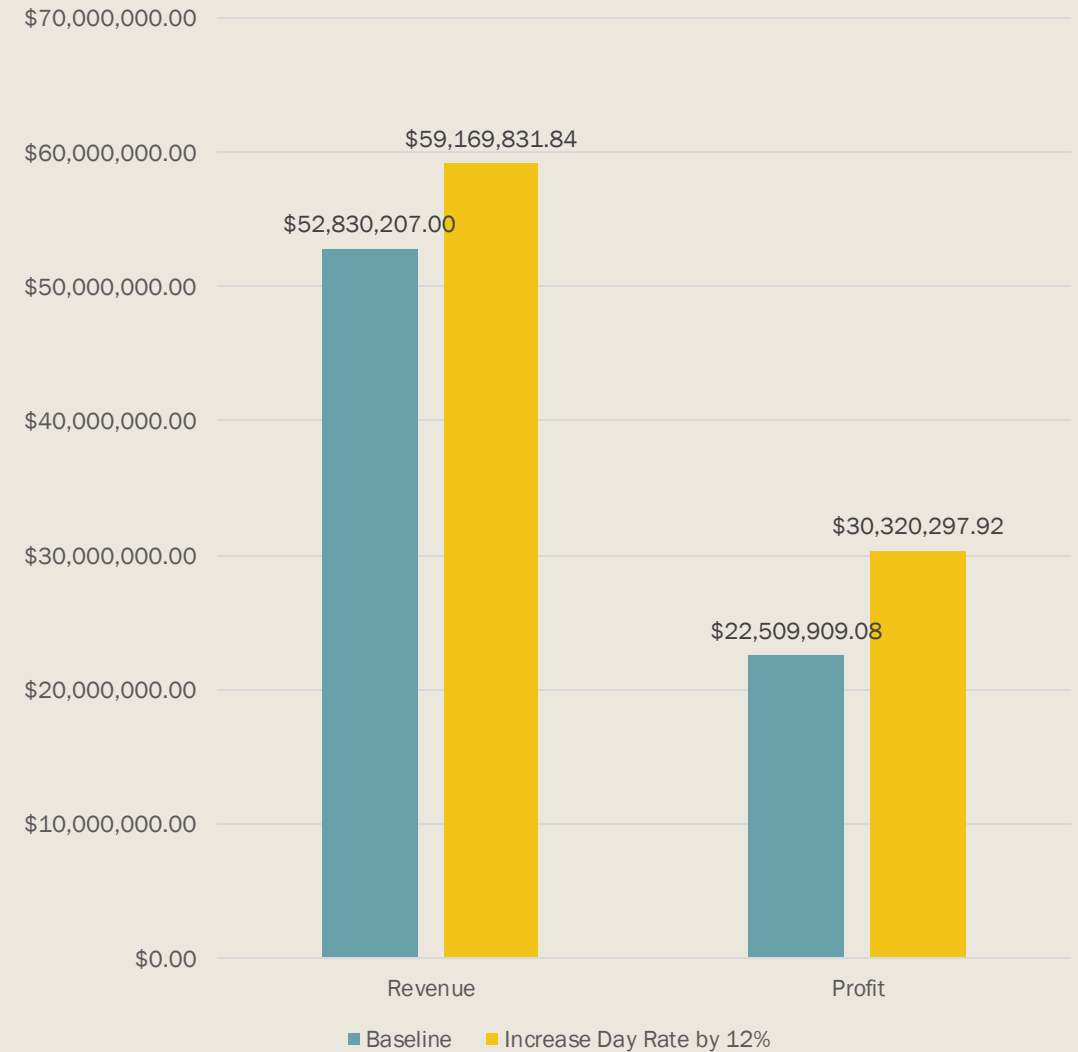
Remove low  
performing cars;  
Increase the rate per  
day of each car by  
5%

# STRATEGY 1

Maximize Revenue

# Increase Rates

- Increase the day rate charged per car by 12%
- The revenue will increase by 11%
- The overall profit will increase by 28%



# STRATEGY 2

Minimize Cost & Maximize Revenue

# TOP 10 LOW PERFORMING CARS

Car Make	Sum of Annual Cost	Sum of Revenue	Sum of Profit
Corbin	\$8,848.07	\$9,784.00	\$935.93
Hillman	\$8,491.34	\$11,305.00	\$2,813.66
Aptera	\$7,725.63	\$10,575.00	\$2,849.37
Peugeot	\$8,299.39	\$11,662.00	\$3,362.61
Smart	\$8,344.27	\$14,288.00	\$5,943.73
Fiat	\$14,888.94	\$21,608.00	\$6,719.06
Shelby	\$8,128.12	\$15,591.00	\$7,462.88
Panoz	\$8,051.34	\$15,713.00	\$7,661.66
Holden	\$14,300.99	\$22,240.00	\$7,939.01
Renault	\$11,705.87	\$27,421.00	\$15,715.13
Grand Total	\$98,783.96	\$160,187.00	\$61,403.04

# Reduce cost Increase Rates

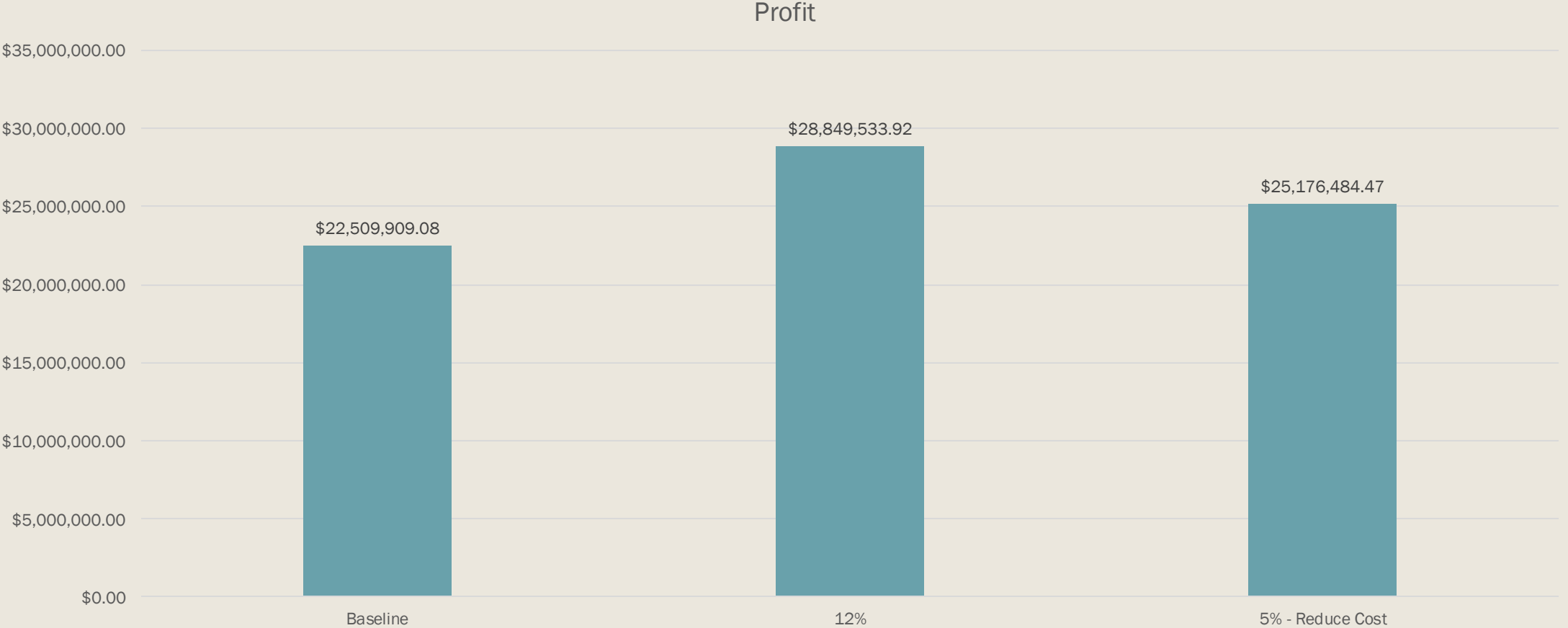
- When you remove the top 3 low performing Cars (Aptera, Corbin, & Hillman) and increase the rate per day by 5%:
  - Revenue increases by 5%
  - The overall annual cost is reduced by 8%
  - Profit increases by 11%



# REVIEW



# COMPARISON



# RECOMENDATIONS

- Increase the rate charged per day on all cars. This will allow for the most increase in profits
- Remove cars that produce a negative profit to save on cost (i.e. Aptera, Corbin, Hillman)
- Remove the cars producing a negative profit and increase the rate charged per day on each car to save on cost while also increasing profit
- Continue research on remaining factors to find additional ways to reduce cost and increase profit

For reference:  
The Excel workbook is [here](#).



THANK YOU

QUESTIONS?

