



El Salvador, January 2018

To whom it may concern:

Distribuidora Paredes Vela was founded in 1992 and since then we have managed to consolidate the El Salvadorian market. We currently have 11 automotive service centers, a sales team which focuses on distributors, and a rethreading factory. Our experience and the robustness of our company has made Diparvel a highly recognized brand in the national market. We have earned our client's confidence and that of highly recognized brands such as Bridgestone, Record and Repsol with whom we have built a strategic commercial relationship.

Between June 2017 and January 2018 we carried out a project, with **London Consulting Group's** guidance and backing, with the objective of analyzing and improving our Business Model, specifically in 5 areas: **Service Centers Operations, Supply Chain, Sales, Invoicing, and Human Development**. This collaborative process has allowed us to develop a real change in our personnel's work culture and it has modified the manner in which they manage their departments. They are now much more focused on achieving their objectives through the utilization of indicators, support tools, and a solid meetings scheme.

The objectives of the project were satisfactorily met, and we wish to mention some of the results that were attained:

Quantitative Improvements:

- 16% increase in sales to Distributors and Fleets 2017 vs 2016.
- 3% increase in sales due to new clients.
- 85% improvement in Repeat Sales in Service Centers due to an adequate follow up of price quotes.
- 300% improvement in Cross Sales in the Service Centers.
- 12% improvement in the Automotive Service Center's Gross Margin. 2017 vs 2016.
- Optimizing the discounts offered by the Service Centers by 38%.
- 70% reduction in Lost Sales in the Automotive Service Centers by optimizing the inventory.
- 27% release of the productivity level.
- 8% reduction in inventory's cost.
- 45% reduction in the value of obsolete inventory.
- Through negotiations we achieved a 6% reduction in the cost of spare parts.
- A 6.5% reduction in our Overdue Portfolio was achieved in the last two months of 2017.

Qualitative Improvements:

- Moderating the strategic plan definition.
- Increased focus on results through the implementation of thorough analysis and action plans.
- Strengthening the change management, communications, leadership and team work.
- Generating information for the managers in an on time and accurate manner.
- Increasing the control over expenses and costs.
- Redesigning the organizational structure in order to make our business processes more efficient.

At the end of the project we achieved a return on investment of **1.6 to 1** with a forecasted of **5.2 to 1** after a year's time. Finally, we would like to highlight the work carried out by each member of the LCG team; the manner in which they formed a team with our personnel, the way they applied the methodology, their commitment and high degree of professionalism, and their focus on achieving results, was very commendable and due to this we highly recommend them.



Jacqueline Paredes Vela
General Manager