NADA ACADEMY

CASH DAYS' SUPPLY

				Page	Colm	Line
Cash			850,259	1	Asset	
Contracts in Transit		+	527,200	1	Asset	
Vehicle Receivables		+	132,972	1	Asset	
Market Securities		+	0	1	Asset	
Net Cash Available		=	1,510,431 A			

YTD Total Expenses				385,007		YTD	
YTD Service Sales	+	673,198				YTD	
YTD Service Gross	-	406,812				YTD	
YTD Total Cost of Labor	=		+	266,386			
YTD Total Expense & Cost Of Labor			=	651,393			
Statement Month			÷	1			
Average YTD Total Expense and Cost of Labor				651,393 B			

Net Cash Available		1,510,431 A	
Average YTD Total Expense and Cost of Labor	÷	651,393 B	
Cash Months' Supply	=	2.32	
Number of Days in a Month	×	30	
Cash Days Supply	=	70	Guide = 90

INVENTORY FLOORPLAN GAP (Trust Position)

			Page	Colm	Line
New Vehicle Inventory		5,852,872	1	Asset	
Holdback Receivable	+	26,867		Asset	
Total Inventory Value	=	5,879,739			
Notes Payable: New Vehicle	-	1,397,328	1	Liab	
Inventory Floorplan Gap	=	4,482,411			

Note:
Most of you will have a negative number which may indicate an Out Of Trust position. Do not be alarmed...yet. There may be a common explanation.

CONTRACTS IN TRANSIT DAYS' SUPPLY

					Page	Colm	Line
Contracts-in-transit				527,200	1	Asset	
Current Month New Retail Sales Dollars		532,926				Month	
Current Month Pre-Owned Retail Sales Dollars	+	2,275,219				Month	
Sub total Current Month New & Pre-Owned Retail Sales	=		÷	2,808,145			
Months' Supply of Contracts-in-Transit			=	0.188			
Number of Days in Month			×	30			
Days Supply of Contracts-in-Transit			=	6		Guide = 3	

NADA ACADEMY

WORKING CAPITAL

MOST MANUFACTURERS

			Page	Colm	Line
Total Current Assets		7,635,590	1	Asset	
LIFO Reserve (if listed as a deduct from current assets)	+	-272,352	1	Asset	
Current Liabilities	-	3,084,943	1	Liab	
Current Portion of Long-Term Debt (if memo)	-	0	1	Liab	
Working Capital	=	4,278,295			
Working Capital Guide (OEM Provides)		2,250,000	1	Memo	

LIFO only is added back to current assets if it reduced current assets.
Current Portion of LT Debt will be 0 if included in Current Liabilities. Only deduct it if a memo adjacent to the Long Term Debt below the Total Current Liabilities.

GENERAL MOTORS STATEMENTS

			Page	Colm	Line
Total Current Assets and Working Assets			1	Asset	
LIFO Reserve	+		1	Asset	
Current Liabilities and Deferred Taxes	-		1	Liab	
Working Capital	=	0	1	Memo	
Working Capital Guide (OEM Provides)		2,250,000	1	Memo	

FIXED ABSORPTION

				Page	Colm	Line
YTD Service Gross Profit		85,497		0	YTD	0
YTD Parts Gross Profit	+	76,643		4	YTD	
YTD Body Shop Gross Profit	+	0			YTD	
YTD Total Fixed Operations Gross Profit	=	162,140	A			
YTD Total Expense	÷	385,007	B	0	YTD	0
Fixed Absorption Percentage	=	42.1%		Guide = 60%		

The reciprocal of your Fixed Absorption Percentage represents your New and Pre-Owned gross profit dependency to break even.

TOTAL APSORPTION

				Page	Colm	Line
YTD Gross Profit Total Fixed Opeations		162,140	A			
YTD Pre-Owned Gross Profit	+	567,161			YTD	
YTD Gross Profit Total	=	729,301				
YTD Total Expenses	÷	385,007	B	0	YTD	0
Total Absorption Percentage	=	189.4%		Guide = 100%		

The reciprocal of your Total Absorption Percentage represents your dependency on New Vehicle gross profit to break even.

Fixed Absorption	42.1%	Guide = 60%
Pre-Owned Absorption	147.3%	Guide = 40%
New Vehicle Dependency	-89.4%	

PARTS, SERVICE AND BODY SHOP ACCOUNTS RECEIVABLE

Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note

			Page	Colm	Line
Service Customer Pay	+	20,393		Month	
Parts Repair Orders (ROs)	+	34,891		Month	
Parts Wholesale	+	25,273		Month	
Parts Counter Retail	+	4,595		Month	
	+	0		Month	
	+	0		Month	
	+	0		Month	
	+	0		Month	
Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales	=	85,152 A			

Parts, Service and Body Shop Accounts Receivable		571		Asset	
Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales	÷	85,152 A			
Months' Supply of Parts, Service, and Body Shop Accounts Receivable	=	0.01			
Number of Days in the Month	×	30			
Days' Supply of Parts, Service, and Body Shop Accounts Receivable	=	0	Guide = 15 Days		

Note: You need to go to the gross profit analysis section of your income statement. Where the detail of HOW you made your money resides. The four customer pay items listed are the minimum. You might have a body shop (paint & metal). You might have express lanes seperated for parts and service. The extra lines allow you to customize for your operation.

WARRANTY CLAIMS RECEIVABLE DAYS' SUPPLY

			Page	Colm	Line
Current Month Parts, Service, and Body Shop Warranty Sales. See Note					
Service Warranty Sales	+	4,998		Month	
Parts Warranty Sales	+	188		Month	
Body Shop Parts Warranty Sales	+	0		Month	
Body Shop Service Warranty Sales	+	0		Month	
	+	0		Month	
	+	0		Month	
	+	0		Month	
	+	0		Month	
Total Current Month Parts, Service, and Body Shop Warranty Sales	=	5,186 A			

Warranty Claims Receivable		2454		Asset	
Total Current Month Parts, Service, and Body Shop Warranty Sales	÷	5,186 A			
Months' Supply of Warranty Claims Receivable	=	0.47			
Number of Days in the Month	×	30			
Days' Supply of Warranty Claims Receivable	=	14.195912071			

Guide

7.5 Days or 25% of Month

15 Days or 50% of Month

30 Days or 100% of Month

Note: The extra lines allow you to customize for your operation.
You need to go to the gross profit analysis section of your income statement where the detail of HOW you made your money resides.
Your OEM may have an maintenance plan that runs through warranty.
If you are selling a 3rde party extended serivce plan, this should be part of your customer receivables.

This calcualtion is in your workbook and it is below. This calculation is optional. We will discuss Vehicle Receivables during our live session but the calculation can be very misleading dependant what your operation "parks" in the account. Examples include fleet deals, dealer transfers and wholesale units at the auction not yet paid for.

VEHICLE RECEIVABLE DAYS' SUPPLY

				Page	Colm	Line
YTD New Vehicle Sales Dollars		534,426			YTD	
YTD Pre-Owned Vehicle Sales Dollars	+	2,828,350			YTD	
YTD New and Pre-Owned Vehicle Sales Dollars	=	3,362,776				
Statement Month	÷	1				
Avg YTD New and Pre-Owned Vehicle Sales Dollars	=	3,362,776	A			
Vehicle Receivable		119,010			Asset	
Avg YTD New and Pre-Owned Vehicle Sales Dollars	÷	3,362,776	A			
Months' Supply of Vehicle Receivable	=	0.035				
Number of Days in the Month	×	30				
Days' Supply of Vehicle Receivable	=	1.06			Guide = 3	

VEHICLE RECEIVABLES SHOULD NOT AGE !

NADA ACADEMY

NEW VEHICLE DAYS' SUPPLY & INVENTORY TURNS

<u>NADA Guides - New Vehicle</u>
Days' Supply 45 Days
Months' Supply 1.5 Months
Annual Inventory Turns 8 Turns (12 months ÷ 1.5 months)

				Page	Colm	Line
New Vehicle Average YTD Cost of Sales						
YTD New Vehicle Retail Sales Dollars *(without F&I)*		536,426				
YTD New Vehicle Retail Gross Profit Dollars *(without F&I)*	±	5474	a			
YTD New Vehicle Retail Cost of Sales Dollars	=	530,952				
Statement Month	÷	1				
Average YTD New Vehicle Cost of Sales	=	530,952	A			

a If GP is a loss, enter a - negative number - . If GP is a gain, enter as a + positive number + .

				Page	Colm	Line
New Vehicle Inventory Days' Supply						
New Vehicle Inventory Dollars		4,262,486		1	Asset	
Average YTD New Vehicle Cost of Sales	÷	530,952	A			
Months' Supply of New Vehicle Inventory	=	8.03	B			
Number of Days in the Month	×	30				
Days' Supply of New Vehicle Inventory	=	241		Guide = 45		

New Vehicle Calendar-Year Inventory Turns				
12 Months in a Year		12		
Months' Supply of New Vehicle Inventory	÷	8.03	B	
New Vehicle Inventory Turns	=	1.5		Guide = 8

PRE-OWNED DAYS' SUPPLY & INVENTORY TURNS

NADA Guides - Pre-Owned Vehicle
Days' Supply 30 Days
Months' Supply 1.0 Months
Annual Inventory Turns 12 Turns (12 months ÷ 1.0 months)

Pre-Owned Vehicle Average YTD Cost of Sales		
YTD Pre-Owned Vehicle Retail Sales Dollars *(without F&I)*		2,828,350
YTD Pre-Owned Vehicle Retail Gross Profit Dollars *(without F&I)*	±	567,161
YTD Pre-Owned Vehicle Retail Cost of Sales Dollars	=	2,261,189
Statement Month	÷	1
Average YTD Pre-Owned Vehicle Cost of Sales	=	2,261,189

a If GP is a loss, enter a - negative number - . If GP is a gain, enter as a + posit

Pre-Owned Vehicle Inventory Days' Supply		
Pre-Owned Vehicle Inventory Dollars		4,262,486
Average YTD Pre-Owned Vehicle Cost of Sales	÷	2,261,189
Months' Supply of Pre-Owned Vehicle Inventory	=	1.89
Number of Days in the Month	×	30
Days' Supply of Pre-Owned Vehicle Inventory	=	57

Pre=Owned Vehicle Calendar-Year Inventory Turns		
12 Months in a Year		12
Months' Supply of Pre-Owned Vehicle Inventory	÷	1.89
Pre-Owned Vehicle Inventory Turns	=	6.4

Page	Colm	Line

a

A

ive number + .

1	Asset	

A
B

Guide = 30

B

Guide = 12

PARTS & ACCESSORIES DAYS' SUPPLY & INVENTORY TURNS

NADA Guides - Parts & Accessories
Days' Supply 45 Days
Months' Supply 1.5 Months
Annual Inventory Turns 8 Turns (12 months ÷ 1.5 months)

				Page	Colm	Line
Parts Average YTD Cost of Sales						
YTD Parts & Accesories Sales Dollars		197,211				
YTD Parts & Accessories Gross Profit Dollars	±	76,643	a			
YTD Discounts & Adjustments (*use +/- sign on statement)*	±	0				
YTD Parts & Accessories Cost of Sales Dollars	=	120,568				
Statement Month	÷	1				
Average YTD Parts & Accessories Cost of Sales	=	120,568	A			

a If GP is a loss, enter a - negative number - . If GP is a gain, enter as a + positive number + .

Parts and Accessories Inventory Days' Supply						
Parts and Accessories Inventory Dollars		443,623		1	Asset	
Average YTD Parts and Accessories Cost of Sales	÷	120,568	A			
Months' Supply of Parts and Accessories Inventory	=	3.68	B			
Number of Days in the Month	×	30				
Days' Supply of Parts and Accessories Inventory	=	110		Guide = 45		

Parts and Accessories Calendar-Year Inventory Turns				
12 Months in a Year		12		
Months' Supply of Parts and Accessories Inventory	÷	3.68	B	
Parts and Accessories Inventory Turns	=	3.3		Guide = 8

NADA ACADEMY

FROZEN CAPITAL: WARRANTY CLAIMS RECEIVABLE

			Page	Colm	Line
YTD Warranty Sales					
Service Warranty Sales	+	24,662		YTD	
Parts Warranty Sales	+	58,528		YTD	
Body Shop Parts Warranty Sales	+	0		YTD	
Body Shop Service Warranty Sales	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
Total YTD Warranty Sales	=	83,190			
Statement Month	÷	1			
Average YTD Warranty Sales	=	83,190			
Factor	×	25.0%			
Your Guide	=	20,798 A			

Your Factor for Warranty Claims Receivable is : 25.0% if paid weekly
50.0% if paid semi-monthly
100.0% if paid monthly

Warranty Claims Receivable	2,454
Your Guide	20,798 A
Frozen Capital	18,344

FROZEN CAPITAL: PRE-OWNED INVENTORY

				Page	Colm	Line
YTD Pre-Owned Sales *(without F&I)*	+	2,828,350			YTD	
YTD Pre-Owned Gross Profit *(without F&I)*	-	567,161			YTD	
YTD Inventory Adjustments *(+/- as on statement)*	±				YTD	
YTD Pre-Owned Cost of Sales	=	2,261,189				
Statement Month	÷	1				
Average Month Pre-Owned Cost of Sales	=	2,261,189				
Factor	×	1.0		Guide = 1.0		
Your Guide	=	2,261,189	A			

NADA Guide for Pre-Owned Vehicle Inventory is 1 month's supply or less at cost.
A Factor of 1.0 = 1 Month supply.

				Page	Colm	Line
Pre-Owned Vehicle Inventory		4,262,486		1	Asset	
Your Guide	-	2,261,189	A			
Frozen Capital		2,001,297				

FROZEN CAPITAL: PARTS & ACCESSORIES INVENTORY

			Page	Colm	Line
YTD Parts & Accessories Sales *(exclude gas, oil, grease and tire sales)*	+	189,223	1.5	YTD	
YTD Parts & Accessories Gross Profit *(exclude gas, oil, grease and tire gross profit)*	-	74,823		YTD	
YTD Inventory Adjustments *(+/- as on statement)*	±	0		YTD	
YTD Parts & Accessories Cost of Sales	=	114,400			
Statement Month	÷	1			
Average Month Parts & Accessories Cost of Sales	=	114,400			
Factor	×	1.5	Guide = 1.5		
Your Guide	=	171,600 A			

NADA Guide for Parts & Accessories Inventory is 45 days supply or less at cost.
A Factor of 1.5 = 45 days supply.

			Page	Colm	Line
Parts & Accessories Inventory		443,623	1	Asset	
Your Guide	-	171,600 A			
Frozen Capital		272,023			

NADA ACADEMY

FROZEN CAPITAL: SERVICE, PARTS AND BODY SHOP ACCOUNTS RECEIVABLE

			Page	Colm	Line
YTD Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note					
Service Customer Pay	+	336,598		YTD	
Parts Repair Orders (ROs)	+	269,279		YTD	
Parts Wholesale	+	117,824		YTD	
Parts Counter Retail	+	15,514		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
Total YTD Parts, Service, and Body Shop Customer Labor and Parts Sales	=	739,215			
Statement Month	÷	1			
Average Month Parts & Accessories Sales	=	739,215			
Factor	×	50.0%	Guide = 50%		
Your Guide	=	369,608 A			

Days' Supply of Parts, Service and Body Shop Accounts Receivable should not exceed 50% of the Current Month's retail and wholesale parts, service and body shop customer paid sales or 15 days.
Guide of 15 days = one half of a month or 50%.

Parts, Service and Body Shop Accounts Receivable		167,483		Asset	
Your Guide	-	369,608 A			
Frozen Capital		202,125			

Note: You need to go to the gross profit analysis section of your income statement. Where the detail of HOW you made your money resides. The four customer pay items listed are the minimum. You might have a body shop (paint & metal). You might have express lanes seperated for parts and service. The extra lines allow you to customize for your operation.

TOTAL FROZEN CAPITAL

Your calculation outputs from the previous tabs will automatically fill in each l
If you have a red (negative) number, place a zero (0) on the line.

Warranty Claims Receivable	+	$0
Pre-Owned Vehicle Inventory	+	$2,001,297
Parts & Accessories Inventory	+	$272,023
Service, Parts, Body Shop A/R	+	$0
Total Frozen Capital	=	$2,273,320

ine below.

IMPACT OF AGED NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

			Page Colm Line
New Vehicle Inventory over 90 days old		2,718,343	Schedule
Current Floorplan Interest Rate	×	5.90%	Ask Controller
Annual Floor Plan Interest on Aged Inventory	=	160,382	
12 Months in a Year	÷	12	
Average Month Floor Plan Interest on Aged Inventory	=	13,365	

NADA ACADEMY

IMPACT OF EXCESS NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

			Page	Colm	Line
YTD New Vehicle Sales *(without F&I)*		16,688,000		YTD	
YTD New Vehicle Gross Profit *(without F&I)*	-	-30,464		YTD	
YTD New Vehicle Cost of Sales	=	16,718,464			
Statement Month	÷	10			
Average Month New Vehicle Cost of Sales	=	1,671,846			
NADA Guide for New - Months' Supply	×	1.5	Guide = 1.5		
New Vehicle Inventory Dollars at Guide	=	2,507,770 A			

			Page	Colm	Line
New Vehicle Inventory Dollars - Actual		8,649,274	1	Asset	
New Vehicle Inventory Dollars at Guide	-	2,507,770 A			
EXCESS New Vehicle Inventory Dollars	=	6,141,504			
Current Floorplan Rate	×	5.90%	Ask Controller		
Annual Floorplan Interest on Excess Inventory	=	362,349			
12 Months in a Year	÷	12			
Monthly Floorplan Interest on Excess Inventory	=	30,196			

INVENTORY OPTIMIZATION

Pre-Owned Vehicle Average Inventory Cost vs. Average Cost Per Unit Retailed

			Page	Colm	Line
Pre-Owned Vehicle Inventory Dollars		1,859,314	1	Asset	
Number of Pre-Owned Vehicles in Stock	÷	94	1	Memo	
Average Cost of a Pre-Owned Vehicle in Inventory	=	19,780 A			

			Page	Colm	Line
YTD Pre-Owned Vehicle Sales Dollars *[without F&I]*	+	5,007,100			
YTD Pre-Owned Vehicle Gross Profit Dollars *[without F&I]*	-	160,227			
YTD Reconditioning Cost *[if not a memo]*	-	269,281			
YTD Pre-Owned Vehicle Cost of Sales Dollars	=	4,577,592			
YTD Number of Pre-Owned Vehicles Sold	÷	311			
Average Cost of a Pre-Owned Vehicle Sold	=	14,719 B			

Average Cost of a Pre-Owned Vehicle in Inventory	+	19,780 A
Average Cost of a Pre-Owned Vehicle Sold	-	14,719 B
Variance	=	5,061

We will discuss the difference and the significance of the number being positive or negative.

NADA GUIDELINES FOR GROSS PROFIT RETURN ON SALES

New Vehicle Department	5%
Pre-Owned Vehicle Department	12%
Parts Department	38%
Body Shop	55%
Service Department	76%

New Vehicle Department Gross Profit Return on Sales

		Front End Gross	Page	Colm	Line
YTD New Vehicle Retail Gross Profit		-30,464		YTD	
YTD New Vehicle Retail Sales Dollars	÷	16,688,000		YTD	
YTD Gross Profit Return on Sales	=	-0.2%			

		Front End Gross + F&I	Page	Colm	Line
YTD New Vehicle Retail Gross Profit		226,240		YTD	
YTD New Vehicle Retail Sales Dollars	÷	16,688,000		YTD	
YTD Gross Profit Return on Sales	=	1.4%			

		Front End Gross + F&I + Below the Line	Page	Colm	Line
YTD New Vehicle Retail Gross Profit		373,081		YTD	
YTD New Vehicle Retail Sales Dollars	÷	16,688,000		YTD	
YTD Gross Profit Return on Sales	=	2.2%		Guide = 5%	

The 5% NADA Guide include front & back end gross profit plus below the line factory money tied to new vehicle sales plus DOC Fees.

Depending on your OEM; F&I, below the line and doc fees are not conviently summarized on your statement. Use the area below to sumarize and carry the totals to the calculations above.

Pre-Owned Vehicle Department Gross Profit Return on Sales

					Page	Colm	Line
		Front End Gross + F&I					
YTD Pre-Owned Vehicle Retail Gross Profit		354,291				YTD	
YTD Pre-Owned Vehicle Retail Sales Dollars	÷	5,007,100				YTD	
YTD Gross Profit Return on Sales	=	7.1%	A	Guide = 12%			

Gross Profit Opportunity Related to Pre-Owned Frozen Capital

Pre-Owned Frozen Capital		1,394,033	Workbook Page 29
Pre-Owned Vehicle Inventory Turns	×	3.1	Workbook Page 42
Subtotal	=	4,321,502	
YTD Gross Profit Return on Sales Percentage	×	7.1%	A
YTD Gross Profit Opportunity	=	305,780	

SERVICE DEPARTMENT GROSS PROFIT RETURN ON SALES

			Page	Colm	Line
YTD Customer Pay Gross Profit		211,383		YTD	
YTD Customer Pay Sales Dollars	÷	336,598		YTD	
YTD Gross Profit Return on Sales	=	62.8%	Guide = 76%		
YTD Internal Gross Profit		155,644		YTD	
YTD Internal Sales Dollars	÷	269,281		YTD	
YTD Gross Profit Return on Sales	=	57.8%	Guide = 76%		
YTD Warranty Gross Profit		39,785		YTD	
YTD Warranty Sales Dollars	÷	67,319		YTD	
YTD Gross Profit Return on Sales	=	59.1%	Guide = 76%		

PARTS DEPARTMENT GROSS PROFIT RETURN ON SALES

			Page	Colm
YTD Customer RO Gross Profit		96,939		YTD
YTD Customer RO Sales Dollars	÷	269,279		YTD
YTD Gross Profit Return on Sales	=	36.0%	Guide = 4	
YTD Internal Gross Profit		77,754		YTD
YTD Internal Sales Dollars	÷	235,619		YTD
YTD Gross Profit Return on Sales	=	33.0%	Guide = 4	
YTD Warranty Gross Profit		13,194		YTD
YTD Warranty Sales Dollars	÷	47,123		YTD
YTD Gross Profit Return on Sales	=	28.0%	Guide = 28%	
YTD Counter Retail Gross Profit		3,025		YTD
YTD Counter Retail Sales Dollars	÷	15,514		YTD
YTD Gross Profit Return on Sales	=	19.5%	Guide = 4	
YTD Wholesale Gross Profit		11,075		YTD
YTD Wholesale Sales Dollars	÷	117,824		YTD
YTD Gross Profit Return on Sales	=	9.4%	Guide = 20%	
YTD Body Shop Gross Profit		0		YTD
YTD Body Shop Sales Dollars	÷	0		YTD
YTD Gross Profit Return on Sales	=	#DIV/0!	Guide = 25%	

Line

1%

1%

-41%

1%

-25%

-30%

OPERATING PROFIT RETURN ON GROSS

			Page	Colm	Line
Service Department Operating Profit Return on Gross Profit					
Service Department Operating Profit		88,571		YTD	
Service Department Gross Profit	+	406,812		YTD	
Operating Profit Return on Gross Profit Percentage		21.8%	Guide = 20%		
Parts Department Operating Profit Return on Gross Profit					
Parts Department Operating Profit		42,108		YTD	
Parts Department Gross Profit	+	201,987		YTD	
Operating Profit Return on Gross Profit Percentage		20.8%	Guide = 20%		

Note:
Operating Profit has traditionally been a indicator of expense control.
The NADA Guide for Operating Profit in each department is 20%. In recent years, margin
We have elected not to do the calcualtion in class
but it is in your workbook and we suggest you do the calcualtion.
If you are below the guide in any department, review the department YTD expenses
because either your expenses are high or you are not doing enough volume.

ADDITIONAL Sales Dollars to RECOVER $100 WASTED DOLLARS

			Page	Colm	Line
Total Dealership Net Profit % of Sales					
Net Profit Before Taxes		317,505		MTD	
Total Sales	÷	23,053,657		MTD	
Net Profit Return on Sales %		1.4%			
Waste $100					
Wasted Dollars		$100			
Net Profit Return on Sales %	÷	1.4%			
Additional Sales Required to Recover $100		$7,261			
Spend a $1.25					
Wasted Dollars		$1.25			
Net Profit Return on Sales %	÷	1.4%			
Additional Sales Required to Recover $1.25		$91			
Current Month Policy Expense					
Wasted Dollars		$6,004		MTD	
Net Profit Return on Sales %	÷	1.4%			
Additional Sales Required to Recover "Policy"		$435,943			

Note: Policy can go by different names. Examples are, Audi calls it "Comebacks", Jaguar says "Goodwill Adjustments", and VW is labled "Customer Experience".
One some statements policy is on different lines
(separate variable from fixed)
i.e. Ford (p 4, line 45 & p 5, line 52) and GM (p 2, line 6 & 25).

NEW VEHICLE DEPARTMENT BREAKEVEN POINT with F&I

				Page	Colm	Line
YTD New Vehicle Retail Gross Profit *[with F&I]*		226,240			YTD	
YTD Number of New Retail/Lease Units	÷	448				
Average Gross Profit PNVR	=	505	A			
YTD New Vehicle Department Expense		343,467			YTD	
Statement Month	÷	10				
Average New Vehicle Department Expense	=	34,347				
Average Gross Profit PNVR	÷	505	A			
Number of New Vehicles to Break Even	=	68				
		Compare to:				
Average Number New Vehicles Sold per Month		45				

PRE-OWNED VEHICLE DEPARTMENT BREAKEVEN POINT with F&I

				Page	Colm	Line
YTD Pre-Owned Vehicle Retail Gross Profit *[with F&I]*		354,291			YTD	
YTD Number of Pre-Owned Retail/Lease Units	÷	311				
Average Gross Profit PNVR	=	1,139	A			
YTD Pre-Owned Vehicle Department Expense		335,329			YTD	
Statement Month	÷	10				
Average Pre-Owned Vehicle Department Expense	=	33,533				
Average Gross Profit PNVR	÷	1,139	A			
Number of Pre-Owned Vehicles to Break Even	=	29				
		Compare to:				
Average Number Pre-Owned Vehicles Sold per Month		31				

PRE-OWNED VEHICLE DEPARTMENT DAYS IN STOCK TO BREAKEVEN

YTD Total Pre-Owned Vehicle Department Expenses		$335,329
YTD Number of Pre-Owned Retail Vehicles Sold	÷	311
Average Pre-Owned Vehicle Holding Cost per Retailed Unit Sold	=	$1,078
Number of Days in Month	÷	30
Average Daily Pre-Owned Vehicle Holding Cost	=	$36

Average Gross Profit PUVR with F&I		$1,139
Average Daily Pre-Owned Vehicle Holding Cost	÷	$36
Pre-Owned Vehicle Days in Stock to Break Even	=	32 Days

SERVICE DEPARTMENT BREAKEVEN POINT

			Page	Colm	Line
YTD Total Service Department Expenses		318,241		YTD	
Statement Month	÷	10			
Average YTD Service Department Expenses	=	31,824			
YTD Total Service Department Gross Profit Retention	÷	60.4%		See Note	
Service Sales Needed per Month to Break Even	=	52,689			

Compare to:

			Page	Colm	Line
YTD Total Service Department Sales		673,198		YTD	
Statement Month	÷	10			
Actual Service Sales (Average-Month)	=	67,320			

Note: This percentage is printed on your financial statement in the gross profit analysis for the service department. It is the YTD total service gross profit ÷ total service sales.

PARTS DEPARTMENT BREAKEVEN POINT

			Page	Colm	Line
YTD Total Parts Department Expenses		159,879		YTD	
Statement Month	÷	10			
Average YTD Parts Department Expenses	=	15,988			
YTD Total Parts Department Gross Profit Retention	÷	29.5%		See Note	
Parts Sales Needed per Month to Break Even	=	54,196			

Compare to:

			Page	Colm	Line
YTD Total Parts Department Sales		685,359		YTD	
Statement Month	÷	10			
Actual Parts Sales (Average-Month)	=	68,536			

Note: This percentage is printed on your financial statement in the gross profit analysis for the parts department. It is the YTD total parts gross profit ÷ total parts sales.

NADA ACADEMY

NEW VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY

			Page	Colm	Line
New Vehicle Department YTD Gross Profit Return on Sales		1.4	Page 50		
New Vehicle Inventory Turns	×	2.3	Page 40		
New Vehicle Department GROI		3	Guide 40%		

PRE-OWNED VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY

Pre-Owned Vehicle YTD Gross Profit Return on Sales		7.1	Page 51
Pre-Owned Vehicle Inventory Turns	×	3.1	Page 42
Pre-Owned Vehicle Department GROI		22	Guide 144%

PARTS DEPARTMENT GROSS RETURN ON INVENTORY

Parts YTD Gross Profit Return on Sales		29.5	Page 64 Retention
Parts Inventory Turns	×	3.2	Page 44
Parts Department GROI		#REF!	Guide 304%

WORK IN PROCESS INVENTORY DAYS' SUPPLY

				Page	Colm	Line
YTD Labor Sales		673,198			YTD	
YTD Labor Gross Profit	-	406,812			YTD	
YTD Cost of Labor	=	266,386				
Statement Month	÷	10				
Average YTD Cost of Labor	=	26,639	A			

				Page	Colm	Line
WIP Inventory		8,291		1	Asset	
Average YTD Cost of Labor	÷	26,639	A			
Months' Supply of WIP Inventory	=	0.311				
Number of Days in the Month	×	30				
Days' Supply of WIP Inventory	=	9		Guide = 1.5		

Power of Turns: Pre-Owned

Gross R Us		Turns R Us		Increase
Units	100	Units	100	
Turns	8	Turns	12	
Annual Units	800	Annual Units	1200	
GP	$1,200	GP	$900	
Total GP	$960,000		$1,080,000	$120,000

Additional Sales		400	
F&I	$1,200		$480,000
Doc Fee	$500		$200,000
Recon - Total	$1,100		
Recon - Parts	$550	40.0%	$88,000
Recon - Serv	$550	76.0%	$167,200

ADDITIONAL GROSS PROFIT **$1,055,200**