

### CASH DAYS' SUPPLY

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Cash			309,864	1	Asset	3
Contracts in Transit	+		946,720	1	Asset	4
Vehicle Receivables	+		58,150	1	Asset	8
Market Securities	+		0	1	Asset	
Net Cash Available	=		<u>1,314,734</u> A			

YTD Total Expenses			3,210,178	2	YTD	63
YTD <u>Service Sales</u>	+	940,212		3	YTD	1
YTD <u>Service Gross</u>	-	629,184		3	YTD	2
YTD Total Cost of Labor	=	+	<u>311,028</u>			
YTD Total Expense & Cost Of Labor	=		<u>3,521,206</u>			
Statement Month	÷		<u>4</u>			
Average YTD Total Expense and Cost of Labor			<u>880,302</u> B			

Net Cash Available			1,314,734 A			
Average YTD Total Expense and Cost of Labor	÷		<u>880,302</u> B			
Cash Months' Supply	=		1.49			
Number of Days in a Month	×		<u>30</u>			
Cash Days Supply	=		<u>45</u>			Guide = 90



**INVENTORY FLOORPLAN GAP (Trust Position)**

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New Vehicle Inventory		6,392,181	1	Asset	28
Holdback Receivable	+	22,354	1	Asset	13/14
Total Inventory Value	=	6,414,535			
Notes Payable: New Vehicle	-	6,730,002	1	Liab	3
Inventory Floorplan Gap	=	<u>-315,467</u>			

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**

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Contracts-in-transit			946,720
Current Month New Retail Sales Dollars		3,185,112	
Current Month Pre-Owned Retail Sales Dollars	+	1,895,277	
Sub total Current Month New & Pre-Owned Retail Sales	=	÷	5,080,389
Months' Supply of Contracts-in-Transit		=	0.186
Number of Days in Month		×	30
Days Supply of Contracts-in-Transit		=	<u>6</u>

1	Asset	4
2	Month	1
2	Month	1

Guide = 3



**WORKING CAPITAL**

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MOST MANUFACTURERS

Total Current Assets		11,591,100	1	Asset	53
LIFO Reserve (if listed as a deduct from current assets)	+	0	1	Asset	-
Current Liabilities	-	9,983,093	1	Liab	30
Current Portion of Long-Term Debt (if memo)	-	0	1	Liab	
Working Capital	=	1,608,007			

Working Capital Guide (OEM Provides)		1,350,000	1	Memo	
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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

Total Current Assets and Working Assets		0	1	Asset	
LIFO Reserve	+	0	1	Asset	
Current Liabilities and Deferred Taxes	-	0	1	Liab	
Working Capital	=	0	1	Memo	

Working Capital Guide (OEM Provides)		0	1	Memo	
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### FIXED ABSORPTION

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YTD Service Gross Profit		629,184	0	YTD	0
YTD Parts Gross Profit	+	260,475	3	YTD	3
YTD Body Shop Gross Profit	+	0		YTD	
YTD Total Fixed Operations Gross Profit	=	889,659			
YTD Total Expense	÷	3,210,178	0	YTD	0
Fixed Absorption Percentage	=	<u>27.7%</u>			Guide = 60%

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

### TOTAL APSORPTION

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YTD Gross Profit Total Fixed Operations		889,659			
YTD Pre-Owned Gross Profit	+	678,097		YTD	
YTD Gross Profit Total	=	1,567,756			
YTD Total Expenses	÷	3,210,178	0	YTD	0
Total Absorption Percentage	=	<u>48.8%</u>			Guide = 100%

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

Fixed Absorption	27.7%	Guide = 60%
Pre-Owned Absorption	21.1%	Guide = 40%
New Vehicle Dependency	51.2%	



**PARTS, SERVICE AND BODY SHOP ACCOUNTS RECEIVABLE**

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Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note					
Service Customer Pay	+	76,879	5	Month	1/7/14
Parts Repair Orders (ROs)	+	45,788	5	Month	29/35
Parts Wholesale	+	62,801	5	Month	54
Parts Counter Retail	+	13,807	5	Month	53
	+	0		Month	
	+	0		Month	
	+	0		Month	
	+	0		Month	
<i>Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales</i>	=	<u>199,275</u>			A

Parts, Service and Body Shop Accounts Receivable		113,815	1	Asset	9
<i>Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales</i>	÷	<u>199,275</u>			A
Months' Supply of Parts, Service, and Body Shop Accounts Receivable	=	0.57			
Number of Days in the Month	×	<u>30</u>			
Days' Supply of Parts, Service, and Body Shop Accounts Receivable	=	<u>17</u>			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**

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Current Month Parts, Service, and Body Shop Warranty Sales. See Note			
Service Warranty Sales	+	22,032	5   Month   3
Parts Warranty Sales	+	31,482	5   Month   31
Body Shop Parts Warranty Sales	+	0	Month
Body Shop Service Warranty Sales	+	0	Month
	+	0	Month
<i>Total Current Month Parts, Service, and Body Shop Warranty Sales</i>	=	53,514 A	

Warranty Claims Receivable		19543	1   Asset   10
<i>Total Current Month Parts, Service, and Body Shop Warranty Sales</i>	÷	53,514 A	
Months' Supply of Warranty Claims Receivable	=	0.37	
Number of Days in the Month	×	30	
Days' Supply of Warranty Claims Receivable	=	<u>10.955824644</u>	

Guide

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 service plan, this should be part of your customer receivables.

7.5 Days or 25% of Month  
 15 Days or 50% of Month  
 30 Days or 100% of Month



This calculation 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	9,665,436	4	YTD	29
YTD Pre-Owned Vehicle Sales Dollars	+ 7,770,355	4	YTD	50
YTD New and Pre-Owned Vehicle Sales Dollars	= 17,435,791			
Statement Month	÷ 4			
Avg YTD New and Pre-Owned Vehicle Sales Dollars	= 4,358,948 A			
 Vehicle Receivable	 58,150	 1	 Asset	 8
Avg YTD New and Pre-Owned Vehicle Sales Dollars	÷ 4,358,948 A			
Months' Supply of Vehicle Receivable	= 0.013			
Number of Days in the Month	× 30			
Days' Supply of Vehicle Receivable	= 0.40			

Guide = 3

**VEHICLE RECEIVABLES SHOULD NOT AGE !**

## NEW VEHICLE DAYS' SUPPLY & INVENTORY TURNS

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

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New Vehicle Average YTD Cost of Sales

YTD New Vehicle Retail Sales Dollars ( <i>without F&amp;I</i> )	8,961,453		4	21
YTD New Vehicle Retail Gross Profit Dollars ( <i>without F&amp;I</i> )	± 737,991	a	4	21
YTD New Vehicle Retail Cost of Sales Dollars	= 8,223,462			
Statement Month	÷ 4			
Average YTD New Vehicle Cost of Sales	= 2,055,866	A		

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

New Vehicle Inventory Days' Supply

New Vehicle Inventory Dollars	6,392,181		1	Asset	28
Average YTD New Vehicle Cost of Sales	÷ 2,055,866	A			
Months' Supply of New Vehicle Inventory	= 3.11	B			
Number of Days in the Month	× 30				
Days' Supply of New Vehicle Inventory	= 93				Guide = 45

New Vehicle Calendar-Year Inventory Turns

12 Months in a Year	12				
Months' Supply of New Vehicle Inventory	÷ 3.11	B			
New Vehicle Inventory Turns	= 3.9				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 ( <i>without F&amp;I</i> )		6,475,076
YTD Pre-Owned Vehicle Retail Gross Profit Dollars ( <i>without F&amp;I</i> )	±	182,219
YTD Pre-Owned Vehicle Retail Cost of Sales Dollars	=	6,292,857
Statement Month	÷	4
Average YTD Pre-Owned Vehicle Cost of Sales	=	1,573,214

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

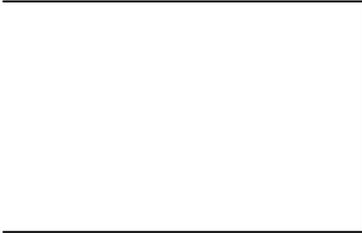
Pre-Owned Vehicle Inventory Days' Supply

Pre-Owned Vehicle Inventory Dollars		2,833,705
Average YTD Pre-Owned Vehicle Cost of Sales	÷	1,573,214
Months' Supply of Pre-Owned Vehicle Inventory	=	1.80
Number of Days in the Month	×	30
Days' Supply of Pre-Owned Vehicle Inventory	=	54

Pre-Owned Vehicle Calendar-Year Inventory Turns

12 Months in a Year		12
Months' Supply of Pre-Owned Vehicle Inventory	÷	1.80
Pre-Owned Vehicle Inventory Turns	=	6.7

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	4		40
a	4		40

A

ive number + .

1	Asset	34
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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		889,858	5		64-61-55
YTD Parts & Accessories Gross Profit Dollars	±	247,582	5		64-61-55
YTD Discounts & Adjustments (use +/- sign on statement)	±	0			
YTD Parts & Accessories Cost of Sales Dollars	=	642,276			
Statement Month	÷	4			
Average YTD Parts & Accessories Cost of Sales	=	160,569			

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		479,324	1	Asset	41
Average YTD Parts and Accessories Cost of Sales	÷	160,569			A
Months' Supply of Parts and Accessories Inventory	=	2.99			B
Number of Days in the Month	×	30			
Days' Supply of Parts and Accessories Inventory	=	90			Guide = 45

Parts and Accessories Calendar-Year Inventory Turns

12 Months in a Year		12			
Months' Supply of Parts and Accessories Inventory	÷	2.99			B
Parts and Accessories Inventory Turns	=	4.0			Guide = 8

**FROZEN CAPITAL: WARRANTY CLAIMS RECEIVABLE**

**YTD Warranty Sales**

Service Warranty Sales	+	70,727	5	YTD	3
Parts Warranty Sales	+	113,712	5	YTD	31
Body Shop Parts Warranty Sales	+	0		YTD	
Body Shop Service Warranty Sales	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
<b>Total YTD Warranty Sales</b>	=	<b>184,439</b>			
Statement Month	÷	4			
<b>Average YTD Warranty Sales</b>	=	<b>46,110</b>			
Factor	×	25.0%			
<b>Your Guide</b>	=	<b>11,527</b>			<b>A</b>

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	19,543
Your Guide	11,527 <b>A</b>
Frozen Capital	<u>8,016</u>

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**FROZEN CAPITAL: PRE-OWNED INVENTORY**

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YTD Pre-Owned Sales ( <i>without F&amp;I</i> )	+	6,475,076	1	YTD	40
YTD Pre-Owned Gross Profit ( <i>without F&amp;I</i> )	-	182,219	1	YTD	40
YTD Inventory Adjustments ( <i>+/- as on statement</i> )	±	0		YTD	
YTD Pre-Owned Cost of Sales	=	6,292,857			
Statement Month	÷	4			
Average Month Pre-Owned Cost of Sales	=	1,573,214			
Factor	×	1.0			Guide = 1.0
Your Guide	=	1,573,214			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.

Pre-Owned Vehicle Inventory		2,833,705	1	Asset	34
Your Guide	-	1,573,214			A
Frozen Capital		<u>1,260,491</u>			



**FROZEN CAPITAL: PARTS & ACCESSORIES INVENTORY**

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YTD Parts & Accessories Sales <i>(exclude gas, oil, grease and tire sales)</i>	+	889,858	5.0	YTD	64-61	-55
YTD Parts & Accessories Gross Profit <i>(exclude gas, oil, grease and tire gross profit)</i>	-	247,582	5	YTD	64-61	-55
YTD Inventory Adjustments (+/- as on statement)	±	0		YTD		
YTD Parts & Accessories Cost of Sales	=	642,276				
Statement Month	÷	4				
Average Month Parts & Accessories Cost of Sales	=	160,569				
Factor	×	1.5				Guide = 1.5
Your Guide	=	240,854				A

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

Parts & Accessories Inventory		479,324	1	Asset	41
Your Guide	-	240,854			A
Frozen Capital		<u>238,471</u>			



**FROZEN CAPITAL: SERVICE, PARTS AND BODY SHOP ACCOUNTS RECEIVABLE**

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YTD Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note			
Service Customer Pay	+	247,966	5 YTD 1+7+14
Parts Repair Orders (ROs)	+	181,763	5 YTD 9+35+42
Parts Wholesale	+	205,530	5 YTD 54
Parts Counter Retail	+	70,237	5 YTD 53
	+	0	YTD
<i>Total YTD Parts, Service, and Body Shop Customer Labor and Parts Sales</i>		=	705,496
Statement Month	÷	4	
Average Month Parts & Accessories Sales	=	176,374	
Factor	×	50.0%	Guide = 50%
Your Guide	=	88,187	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		113,815	1 Asset 9
Your Guide	-	88,187	A
Frozen Capital		<u>25,628</u>	

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 line below. If you have a red (negative) number, place a zero (0) on the line.

Warranty Claims Receivable	+	\$8,016
Pre-Owned Vehicle Inventory	+	\$1,260,491
Parts & Accessories Inventory	+	\$238,471
Service, Parts, Body Shop A/R	+	\$25,628
Total Frozen Capital	=	<u>\$1,532,605</u>

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**IMPACT OF AGED NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES**

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New Vehicle Inventory over 90 days old		2,854,121
Current Floorplan Interest Rate	×	5.70%
Annual Floor Plan Interest on Aged Inventory	=	162,685
12 Months in a Year	÷	12
Average Month Floor Plan Interest on Aged Inventory	=	<u>13,557</u>

Schedule
Ask Controller



## IMPACT OF EXCESS NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

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YTD New Vehicle Sales (without F&I)	=	8,961,453		YTD	
YTD New Vehicle Gross Profit (without F&I)	-	737,991		YTD	
YTD New Vehicle Cost of Sales	=	8,223,462			
Statement Month	÷	4			
Average Month New Vehicle Cost of Sales	=	2,055,866			
NADA Guide for New - Months' Supply	×	1.5		Guide = 1.5	
New Vehicle Inventory Dollars at Guide	=	<u>3,083,798</u>	A		

New Vehicle Inventory Dollars - Actual	=	6,392,181		1	Asset
New Vehicle Inventory Dollars at Guide	-	<u>3,083,798</u>	A		
EXCESS New Vehicle Inventory Dollars	=	3,308,383			
Current Floorplan Rate	×	5.70%		Ask Controller	
Annual Floorplan Interest on Excess Inventory	=	188,578			
12 Months in a Year	÷	12			
Monthly Floorplan Interest on Excess Inventory	=	<u>15,715</u>			



**INVENTORY OPTIMIZATION**

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

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Pre-Owned Vehicle Inventory Dollars		2,833,705	1	Asset	
Number of Pre-Owned Vehicles in Stock	÷	87	1	Memo	
Average Cost of a Pre-Owned Vehicle in Inventory	=	32,571			<b>A</b>

YTD Pre-Owned Vehicle Sales Dollars [without F&I]	+	6,475,076			
YTD Pre-Owned Vehicle Gross Profit Dollars [without F&I]	-	182,219			
YTD Reconditioning Cost [if not a memo]	-	0			
YTD Pre-Owned Vehicle Cost of Sales Dollars	=	6,292,857			
YTD Number of Pre-Owned Vehicles Sold	÷	193			
Average Cost of a Pre-Owned Vehicle Sold	=	32,605			<b>B</b>

Average Cost of a Pre-Owned Vehicle in Inventory	+	32,571	<b>A</b>
Average Cost of a Pre-Owned Vehicle Sold	-	32,605	<b>B</b>
Variance	=	(34)	

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%

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**New Vehicle Department Gross Profit Return on Sales**

	<u>Front End Gross</u>	
YTD New Vehicle Retail Gross Profit	1,156,729	YTD
YTD New Vehicle Retail Sales Dollars	÷ 9,665,436	YTD
YTD Gross Profit Return on Sales	= <u>12.0%</u>	

	<u>Front End Gross</u> <u>+ F&amp;I</u>	
YTD New Vehicle Retail Gross Profit	678,097	YTD
YTD New Vehicle Retail Sales Dollars	÷ 7,770,355	YTD
YTD Gross Profit Return on Sales	= <u>8.7%</u>	

	<u>Front End Gross</u> <u>+ F&amp;I</u> <u>+ Below the Line</u>	
YTD New Vehicle Retail Gross Profit	737,991	YTD
YTD New Vehicle Retail Sales Dollars	÷ 8,961,453	YTD
YTD Gross Profit Return on Sales	= <u>8.2%</u>	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 conveniently summarized on your statement. Use the area below to summarize and carry the totals to the calculations above.

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**Pre-Owned Vehicle Department Gross Profit Return on Sales**

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	Front End Gross		
	+ F&I		
YTD Pre-Owned Vehicle Retail Gross Profit	678,097		
YTD Pre-Owned Vehicle Retail Sales Dollars	÷ 7,770,355		
YTD Gross Profit Return on Sales	= 8.7%	A	Guide = 12%

**Gross Profit Opportunity Related to Pre-Owned Frozen Capital**

Pre-Owned Frozen Capital	1,250,491	Workbook Page 29
Pre-Owned Vehicle Inventory Turns	× 6.7	Workbook Page 42
Subtotal	= 8,378,290	
YTD Gross Profit Return on Sales Percentage	× 8.7%	A
YTD Gross Profit Opportunity	= 731,150	



**SERVICE DEPARTMENT GROSS PROFIT RETURN ON SALES**

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YTD Customer Pay Gross Profit		182,572			
YTD Customer Pay Sales Dollars	÷	247,966			
YTD Gross Profit Return on Sales	=		73.6%		Guide = 76%

YTD Internal Gross Profit		205,235			
YTD Internal Sales Dollars	÷	249,104			
YTD Gross Profit Return on Sales	=		82.4%		Guide = 76%

YTD Warranty Gross Profit		59,667			
YTD Warranty Sales Dollars	÷	70,727			
YTD Gross Profit Return on Sales	=		84.4%		Guide = 76%

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## PARTS DEPARTMENT GROSS PROFIT RETURN ON SALES

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YTD Customer RO Gross Profit		69,774		YTD
YTD Customer RO Sales Dollars	÷	181,763		YTD
YTD Gross Profit Return on Sales	=	<u>38.4%</u>		Guide = 4
YTD Internal Gross Profit		50,994		YTD
YTD Internal Sales Dollars	÷	185,682		YTD
YTD Gross Profit Return on Sales	=	<u>27.5%</u>		Guide = 4
YTD Warranty Gross Profit		26,641		YTD
YTD Warranty Sales Dollars	÷	113,712		YTD
YTD Gross Profit Return on Sales	=	<u>23.4%</u>		Guide = 28%
YTD Counter Retail Gross Profit		12,009		YTD
YTD Counter Retail Sales Dollars	÷	70,237		YTD
YTD Gross Profit Return on Sales	=	<u>17.1%</u>		Guide = 4
YTD Wholesale Gross Profit		53,954		YTD
YTD Wholesale Sales Dollars	÷	205,530		YTD
YTD Gross Profit Return on Sales	=	<u>26.3%</u>		Guide = 20%
YTD Body Shop Gross Profit		0		YTD
YTD Body Shop Sales Dollars	÷	0		YTD
YTD Gross Profit Return on Sales	=	<u>#DIV/0!</u>		Guide = 25%

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**Line**



1%



1%



5-41%



1%



5-25%



5-30%



**OPERATING PROFIT RETURN ON GROSS**

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Service Department Operating Profit Return on Gross Profit

Service Department Operating Profit		-2,134
Service Department Gross Profit	+	189,147
Operating Profit Return on Gross Profit Percentage		<u>-1.1%</u>

	YTD	
	YTD	

Guide = 20%

Parts Department Operating Profit Return on Gross Profit

Parts Department Operating Profit		329
Parts Department Gross Profit	+	76,412
Operating Profit Return on Gross Profit Percentage		<u>0.4%</u>

	YTD	
	YTD	

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**

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Total Dealership Net Profit % of Sales

Net Profit Before Taxes		62,953
Total Sales	÷	5,627,602
Net Profit Return on Sales %		1.1%

	MTD	
	MTD	

Waste \$100

Wasted Dollars		\$100
Net Profit Return on Sales %	÷	1.1%
Additional Sales Required to Recover \$100		\$8,939

Spend a \$1.25

Wasted Dollars		\$1.25
Net Profit Return on Sales %	÷	1.1%
Additional Sales Required to Recover \$1.25		\$112

Current Month Policy Expense

Wasted Dollars		\$500
Net Profit Return on Sales %	÷	1.1%
Additional Sales Required to Recover "Policy"		\$44,697

	MTD	
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**Note:** Policy can go by different names. Examples are, Audi calls it "Comebacks", Jaguar says "Goodwill Adjustments", and VW is labeled "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]

1,156,729

	YTD	

YTD Number of New Retail/Lease Units

÷ 185

Average Gross Profit PNVR

= 6,253 <sup>A</sup>

YTD New Vehicle Department Expense

1,355,035

	YTD	
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Statement Month

÷ 4

Average New Vehicle Department Expense

= 338,759

Average Gross Profit PNVR

÷ 6,253 <sup>A</sup>

Number of New Vehicles to Break Even

= 54

Compare to:

Average Number New Vehicles Sold per Month

46



**PRE-OWNED VEHICLE DEPARTMENT BREAKEVEN POINT with F&I**

Page Colm Line

YTD Pre-Owned Vehicle Retail Gross Profit <i>[with F&amp;I]</i>	678,097		YTD	
YTD Number of Pre-Owned Retail/Lease Units	÷ 193			
Average Gross Profit PNVR	= 3,513	A		

YTD Pre-Owned Vehicle Department Expense	834,240		YTD	
Statement Month	÷ 4			
Average Pre-Owned Vehicle Department Expense	= 208,560			
Average Gross Profit PNVR	÷ 3,513	A		
Number of Pre-Owned Vehicles to Break Even	= 59			

Compare to:

Average Number Pre-Owned Vehicles Sold per Month	48
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**PRE-OWNED VEHICLE DEPARTMENT DAYS IN STOCK TO BREAKEVEN**

YTD Total Pre-Owned Vehicle Department Expenses		\$834,240
YTD Number of Pre-Owned Retail Vehicles Sold	÷	193
Average Pre-Owned Vehicle Holding Cost per Retailed Unit Sold	=	\$4,322
Number of Days in Month	÷	30
Average Daily Pre-Owned Vehicle Holding Cost	=	\$144
Average Gross Profit PUVR with F&I		\$3,513
Average Daily Pre-Owned Vehicle Holding Cost	÷	\$144
Pre-Owned Vehicle Days in Stock to Break Even	=	<u>24 Days</u>





**SERVICE DEPARTMENT BREAKEVEN POINT**

Page Colm Line

YTD Total Service Department Expenses		728,345		YTD	
Statement Month	÷	4			
Average YTD Service Department Expenses	=	182,086			
YTD Total Service Department Gross Profit Retention	÷	66.9%	See Note		
Service Sales Needed per Month to Break Even	=	272,098			

Compare to:

YTD Total Service Department Sales		940,212		YTD	
Statement Month	÷	4			
Actual Service Sales (Average-Month)	=	235,053			

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**

YTD Total Parts Department Expenses		292,558		YTD	
Statement Month	÷	4			
Average YTD Parts Department Expenses	=	73,140			
YTD Total Parts Department Gross Profit Retention	÷	28.7%	See Note		
Parts Sales Needed per Month to Break Even	=	254,737			

Compare to:

YTD Total Parts Department Sales		976,866		YTD	
Statement Month	÷	4			
Actual Parts Sales (Average-Month)	=	244,217			

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.



**NEW VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY**

Page	Colm	Line
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New Vehicle Department YTD Gross Profit Return on Sales		15.1
New Vehicle Inventory Turns	×	3.9
New Vehicle Department GROI		59

Page 50
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Guide 40%

**PRE-OWNED VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY**

Pre-Owned Vehicle YTD Gross Profit Return on Sales		8.7
Pre-Owned Vehicle Inventory Turns	×	6.7
Pre-Owned Vehicle Department GROI		58

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Guide 144%

**PARTS DEPARTMENT GROSS RETURN ON INVENTORY**

Parts YTD Gross Profit Return on Sales		26.7
Parts Inventory Turns	×	4.0
Parts Department GROI		107

Page 64 Retention
Page 44
Guide 304%



**WORK IN PROCESS INVENTORY DAYS' SUPPLY**

Page	Colm	Line
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YTD Labor Sales		940,212			
YTD Labor Gross Profit	-	629,184		YTD	
YTD Cost of Labor	=	311,028		YTD	
Statement Month	÷	4			
Average YTD Cost of Labor	=	77,757	A		

WIP Inventory		1,843		1	Asset	
Average YTD Cost of Labor	÷	77,757	A			
Months' Supply of WIP Inventory	=	0.024				
Number of Days in the Month	×	30				
Days' Supply of WIP Inventory	=	1				Guide = 1.5

Power of Turns: Pre-Owned

<u>Gross R Us</u>		<u>Turns R Us</u>		<u>Increase</u>
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
<b>ADDITIONAL GROSS PROFIT</b>				<b>\$1,055,200</b>