NADA ACADEMY

Fixed Oper

Financial Calculations a

Dealership _____

Student _____

Class # _____

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	$ 179,276	$ 114,975	64.13%	26.56%
Customer	$ 85,675	$ (14,080)	-16.43%	12.69%
Customer Other	$ 78,699	$ 58,571	74.42%	11.66%
Warranty	$ 104,134	$ 83,145	79.84%	15.43%
Warranty Other			0%	0.00%
Internal	$ 185,145	$ 111,564	60.26%	27.43%
NVI/PDI/Road Ready	$ 42,156	$ 37,399	88.72%	6.24%
Unapplied Time/Adj. Cost Of Labor		$ 4,925	0%	0.00%
Total	$ 675,085	$ 396,499	58.73%	100.00%

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Customer Pay Gross Profit %	46.40%
Total Service Dept. G.P. %	58.73%

Parts To Labor Ratios

Category	Parts Sales	Labor Sales	P/L Ratio
Customer Pay	$ 199,484	$ 179,276	1.11
Customer	$ 47,924	$ 85,675	0.56
Customer Other	$ 4,255,111	$ 78,699	54.07
Warranty	$ 110,551	$ 104,134	1.06
Warranty Other		$ - 0	$0.00
Internal	$ 91,151	$ 185,145	0.49
Total	$ 4,704,221	$ 632,929	7.43

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Customer Pay Gross Profit %	46.40%
Total Service Dept. G.P. %	58.73%
Parts / Labor Ratio (Cust. Pay Only)	13.10

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	$ 396,499		
Variable Expense	N/A	0.00%	
Selling Expense	N/A	0.00%	
Personnel Expense	$ 205,260	51.77%	
Semi-Fixed Expense	$ 38,085	9.61%	
Fixed Expense	$ 46,287	11.67%	
Unallocated Expense	N/A	0.00%	
Dealer's Salary	N/A	0.00%	
Total Expenses	$ 289,632	73.05%	
Net Profit	$ 106,867	26.95%	

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Customer Pay Gross Profit %	46.40%
Total Service Dept. G.P. %	58.73%
Parts / Labor Ratio (Cust. Pay Only)	13.10
Total Service Dept. Expenses	$ 289,632

		% Adj Ovhd Exp
Parts Department Total Gross	$ 804,616	61.13%
Service Department Total Gross	$ 396,499	30.13%
Body Shop Department Total Gross	$ 163,315	12.41%
Total Fixed Gross Profit	$ 1,364,430	
Total Dealership Expense	$ 1,316,170	

Overhead Expense	$ 1,316,170
Total Fixed Gross Profit	$ 1,364,430
Total Dealership Expense	$ 1,316,170
Fixed Absorption Percentage	103.67%

Guideline 60% Clear Form

The Picture	
Customer Pay Gross Profit %	46.40%
Total Service Dept. G.P. %	58.73%
Parts / Labor Ratio (Cust. Pay Only)	13.10
Total Service Dept. Expenses	$ 289,632

SERVICE INVENTORY ANALYSIS

	Labor Sales / Month		Effective Labor Rates		Hours Billed
Customer Pay	$ 179,276	÷	174.84	=	1025.4
Customer	$ 85,675	÷	174.84	=	490.0
Customer Other	$ 78,699	÷	174.84	=	450.1
Warranty	$ 104,134	÷	221.75	=	469.6
Internal	$ 185,145	÷	164.84	=	1123.2
New Vehicle Prep	$ 42,156	÷	221.75	=	190.1
Total	$ 675,085				3748.4

POTENTIAL

$ 675,085	÷	3748.40	=	$ 180.10	
Total labor sales for month		Total hours billed		Effective Labor Rate	
31.00	x	8	x	22.0	= 5,456.0
# Service mechanical technicians		# Hours/Day		Working Days/Month	Hours Available to Sell
5,456.0	x	$ 180.10	=	$ 982,623	$ 1,228,279.22
Hours Available to Sell		Effective Labor Rate		Labor sales potential @100%	Labor sales potential @ 125%

How proficient are your technicians ?

3,748.4	÷	5,456.00	=	68.70%
Total Hours Billed		Hours Available to Sell		Tech Proficiency

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Hours Per RO (RO Analysis)	1.5
Percent of One Item R.O.'s (RO Analysis)	20.00%
Customer Pay Effective Labor Rate (DMS Report)	$ 174.84
Warranty Labor Rate (DMS Report)	$ 221.75
Total Overall Effective Labor Rate	$ 180.10
Overall Technician Proficiency	68.70%

FACILITY POTENTIAL

Number of Bays		
	x	
Number of Days		
	x	
Number of Hours		
	x	
Effective Labor Rate	$ 180.10	
	equals	
FACILITY POTENTIAL		$ - 0

FACILITY UTILIZATION

Total Labor Sales	$ 675,085	
	÷	
Facility Potential	$ - 0	
	equals	
FACILITY UTILIZATION		0.00%

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Calcu

$ 675,085
Labor Sales

Divided by Hours Billed

0.00
= OELR

Real Cost ÷

lating Real Cost of Labor

$ 675,085
Labor Sales

-Labor Gross

$ 675,085
=Labor Cost

$ 675,085
Labor Cost

0.00
/ Hours Billed

$0.00
=Real Cost

24.00% = $0.00
E.L.R. Needed to earn
76%

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OWNER BASE POTENTIA

5 Year Owner Base x 8 Annual Hours Purchased

0.0 Market Potentail/ Hours x 0.00 Effective Labor Rate

Avg. Mos. Labor Sales (excluding internal, PDI and NVI) x 12 Annualized

$ - 0 Labor Sales Trend ÷ $ - 0 5 Yr. O.B. Sales Potential

**Note: The industry average of 35% is very poor performance*

AL

= 0.0
Market Potential / Hours

= $ - 0
5 Yr. O.B Sales Potential

= $ - 0
Current Labor Sales Trend

= 0.00%
Ouch

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PROFIT ON LABOR SALES

Service Expenses

divided by 58.73%
Current Labor Gross Profit %

$ - 0
Sales to Breakeven

divided by 48.73%
Current Labor Gross Profit % Minus 10

$ - 0
Sales To Net 10%

divided by 38.73%
Current Labor Gross Profit % Minus 20

$ - 0
Sales To Net 20%

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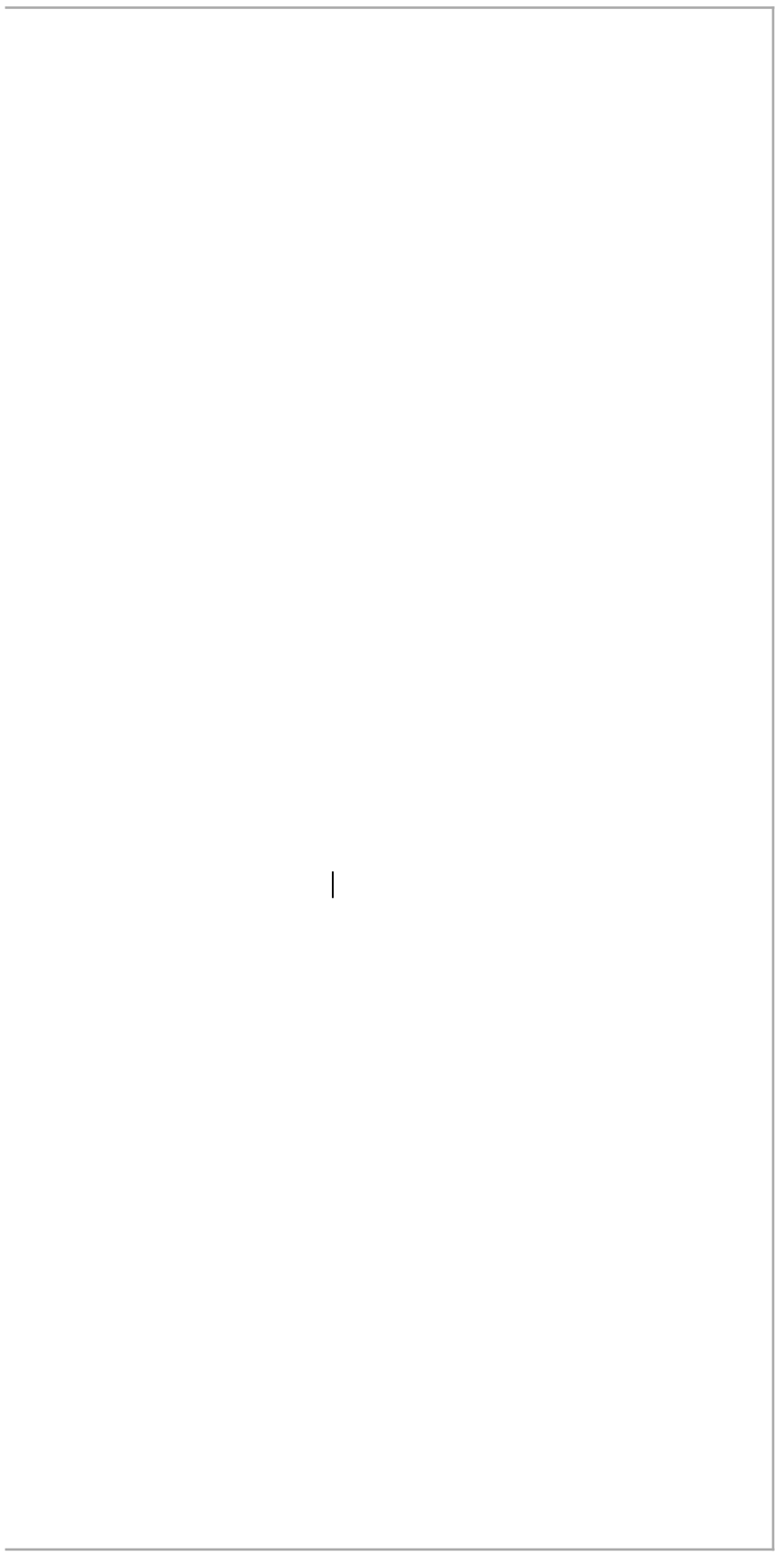
Customer Pay Gross Profit %	46.40%	Customer Pay E.L.R.
Total Service Dept. G.P.%	58.73%	Total (overall) E.L.R.
Parts / Labor Ratio (Cust Pay Only)	13.10	Warranty Labor Rate
Total Service Dept Expense	$ 289,632	Overall Tech Proficiency
Hours Per R.O (recap)	1.49	
Percent Of One Item R.O.'s	20.00%	

	$ 174.84
	$ 180.10
	$ 221.75
	68.70%



Technician Value

Calculate using daily available hours per technician

Hours		Days		Labor Rate		Sales Value
	x		x	$ 180.10	=	$ - 0

Sales Value		Gross Margin		Profit Value
$ - 0	x	58.73%	=	$ - 0

$ - 0	x	70%	$ - 0
$ - 0	x	80%	$ - 0
$ - 0	x	90%	$ - 0
$ - 0	x	100%	$ - 0
$ - 0	x	110%	$ - 0
$ - 0	x	120%	$ - 0
$ - 0	x	0.0%	= $ - 0

proficiency

Your Proficiency #

Profit Value — Adjusted Profit Value

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STAFFING REQUIREMENTS

A. Sales To Break Even

Service Expenses for One Month	÷	Current Gross Profit Percent	=	Sales To Break Even
	÷	58.73%	=	$ - 0

B. Sales To Generate 20% Net

Service Expenses for One Month	÷	Current Gross Profit Percent (Minus 20)	=	Sales To Generate 20% Net
$ - 0	÷	38.73%	=	$ - 0

C. Technician Value

Daily Work Hours	X	Average Proficiency Rate	X	Overall Effective Labor Rate	X	Work Days Per Month	=
0		80%		$ 180.10		0	
0		90%		$ 180.10		0	
0		100%		$ 180.10		0	
0		120%		$ 180.10		0	

D. Staffing To Break Even

Sales To Break Even	÷	Technician Value	=
$ - 0	÷	0 @ 80%	=
$ - 0	÷	0 @ 90%	=
$ - 0	÷	0 @ 100%	=
$ - 0	÷	0 @ 120%	=

E. Staffing To Generate 20% Net

Sales To Generate 20% Net	÷	Technician Value	=
$ - 0	÷	$ - 0 @ 80%	=
$ - 0	÷	$ - 0 @ 90%	=
$ - 0	÷	$ - 0 @ 100%	=
$ - 0	÷	$ - 0 @ 120%	=

Technician Value

$0

$0

$0

$0

$0

Staffing

0.0

0.0

0.0

0.0

Staffing

0.0

0.0

0.0

0.0

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Service Advisor Performance

How To Set Advisor Sales Objectives To: Beak Even, Net 10%, & Net 20%

Break Even

1	Service Department's Monthly Expenses		
		÷	
2	Divide by current labor gross profit % to break even		58.73%
		=	
3	Equals New Sales Objective		$ - 0
		÷	
4	Number of Advisors		
		=	
5	Equals Sales Objective per Advisor		$0.00
		÷	
6	Number of work days per month		
		=	
7	Equals daily sales objective per advisor		$0.00
		÷	
8	Current overall effective labor rate		$ 180.10
		=	
9	Equals daily sales objective per advisor (FRH's)		0.0

Net 10 %

1	Service Department's Monthly Expenses		$0
		÷	
2	Divide by current labor gross profit % minus 10 to net 10%		48.73%
		=	
3	Equals New Sales Objective		$ - 0
		÷	
4	Number of Advisors		0.0
		=	
5	Equals Sales Objective per Advisor		$0.00
		÷	
6	Number of work days per month		0
		=	
7	Equals daily sales objective per advisor		$0.00
		÷	
8	Current overall effective labor rate		$ 180.10
		=	
9	Equals daily sales objective per advisor (FRH's)		0.0

Net 20 %

Service Department's Monthly Expenses		$0
	÷	
Divide by current labor gross profit % minus 20 to net 20%		38.73%
	=	
Equals New Sales Objective		$ - 0
	÷	
Number of Advisors		0.0
	=	
Equals Sales Objective per Advisor		$0.00
	÷	
Number of work days per month		0
	=	
Equals daily sales objective per advisor		$0.00
	÷	
Current overall effective labor rate		$ 180.10
	=	
Equals daily sales objective per advisor (FRH's)		0.0

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Exercise to See What Happens When You Increase Your Hours Per Repair Order

Number of customer R.O.'s for the month			
	x		
Multiply by .3 hours			0.3 hours
Additional customer labor hours generated	=		0.00
	x		
Multiply by Customer Labor Rate			$ 174.84
Equals additional Customer Labor Sales Generated	=		$ - 0
	x		
Multiply by customer Labor Gross Profit %			46.40%
Equals additional Labor Gross Profit $ generated	=	(A)	$ - 0
Divide Parts Sales R.O. by Labor Sales R.O. to calculate $ parts sales per 1$ of Labor Sales	=		13.10
	x		
Multiply by Customer Labor Sales			$ - 0
	=		
Equals additional Customer Parts Sales generated			$ - 0
	x		
Multiply by Customer Parts Sales Gross Profit %			
Equals additional Parts Gross Profit $ Generated	=	(B)	$ - 0
Add Gross Profit from Labor (A) and Parts (B)	=		$ - 0

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Labor Rate Calculations

1 Calculate the **Labor Rate** for the following operation.

A/C Charge and Check

Labor Price: $144.00
Hours: 1.2

Price	÷	Hours	=	$0.00 Labor Rate

2 Calculate the **Effective Labor Rate** for the following "Repair" operations.

Labor Operations	Labor Price		Labor Hours		Labor Rate
Clean Fuel Injectors	$ 117.60	÷	1.20	=	
R&R Rear Hub Bearing.	$ 96.00	÷	0.80	=	
Replace Trans. Pan gasket	$ 107.80	÷	1.10	=	
R&R Headlight unit (1)	$ 108.00	÷	0.90	=	
	Total Price	÷	Total Hours	=	$0.00 Effective Labor Rate

(For This R.O.)

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Calculating Mark-Up

3 Using the following formula, mark-up a part costing $6.72 to attain a 35% gross profit (round to the nearest cent)

100% / 100%		Desired Gross Profit percent	=	0.00 Mark-Up Factor
Part Cost	X	0.00 Mark-Up Factor	=	$0.00 Retail Price

4 Calculate the "Weighted Average" price at a 40% Gross Profit for the following parts (round to the nearest cent)

Item	Cost		Annual Turnover		Total Cost
Filter #1	$4.36	X	112	=	
Filter #2	$4.01	X	56	=	
Filter #3	$3.56	X	85	=	
Filter #4	$3.86	X	202	=	
Filter #5	$3.51	X	36	=	
		Total Items	491	Total Cost	$0.00

$ - Total Cost	÷	491 Total Items	=	$ - Weighted Average **Cost**
$ - Weighted Average Cost	X	Mark-Up Factor	=	$ - Weighted Average **Price**

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Cost Of A Come-Back

Lost Customer Opportunity		
Average Hours per R.O.	X	
	=	0.0
Effective Labor Rate	X	$ 180.10
Lost Labor Sales	=	$ - 0 (A)
Service Department Gross Profit % (Excluding Sublet)	X	58.73%
Lost Labor Gross	=	$ - 0 (B)
Lost Labor Sales		$ - 0 (A)
Parts / Labor Ratio	X	1.11
	=	$ - 0
Parts Dept Gross Profit % R.O.Sales	X	
Lost Parts Gross	=	$ - 0 (C)
Lost Labor Gross		$ - 0 (B)
Lost Parts Gross	+	$ - 0 (C)
Total Lost Gross	=	$ - 0

Clear Form