

# Financial Management Action Plan Topics

	RED TEAM
	YELLOW TEAM
	ORANGE TEAM
	GREEN TEAM
	BLUE TEAM
	PINK TEAM
	OPTIONAL TOPICS

TOPIC #	TAB #	
1	2	Service Department Gross Profit Return on Sales:
2	6	Work in Process Labor Inventory Days' Supply:
3	8 & 9	Reconciling Work in Process Labor Inventory (Tab 8
4	15 & 16	Comparison of Internal ELR and Customer Pay ELR (
5	32	Parts Inventory Days' Supply:
6	34	Parts Inventory Gross Turns, True Turns and Stock O
7	37	Parts Calendar Year Inventory Turns:
8	99	Working Capital:
9	42 & 43	Gas, Oil & Grease Inventory Reconciliation and Tire I
10	46	Increasing Hours per RO by an Additonal .3 Hours:
11	49	Parts, Service & Body Shop Accounts Receivable Da
12	50	Warranty Claims Receivable Days' Supply:
13	60	Vehicle Receivable Days' Supply:
14	66	New Vehicle Inventory Days' Supply:

15	67	New Vehicle Calendar Year Inventory Turns:
16	68 & 69	Impact of Aged New Vehicle Inventory (Tab 68) and In
17	72	Used Vehicle Gross Profit Return on Sales:
18	77	Used Vehicle Inventory Days' Supply:
19	78	Used Vehicle Calendar Year Inventory Turns:
20	91	New and Used Vehicle Inventory Ageing Analysis:
21	2	Service Department Gross Profit Return on Sales:
22	29	Parts Department Gross Profit Return on Sales:
23	47	Fixed Absorption:
24	63	Contracts in Transit Days' Supply:

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**ACTION PLAN TOPICS**

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**If Not Scheduled) (Tab 9 If Scheduled):**

**(Tab 15) and Comparison of Warranty ELR and Customer Pay ELR (Tab 16):**

**Order Performance:**

**Inventory Reconciliation:**

**Days' Supply:**

**Impact of Excess New Vehicle Inventory on Total Dealership Net Profit:**

# Financial

	RED TEAM
	YELLOW TEAM
	ORANGE TEAM
	GREEN TEAM
	BLUE TEAM
	PINK TEAM
	OPTIONAL TOPICS

TOPIC #	TAB #	REFERENCE - B/S, COMPOSITE, ETC.	
1	4	P31 P31B	Service De
2	8	PB-C8 PB-C9 P29-C1	Work in Pr
3	10 & 11	OPEN R.O. REPORT	Reconcilin
4	16 & 17	P32	Comparisc
5	24	PC-C2 PC-C3 P6-C11 P39-C1	Parts Inven
6	26	PARTS SUMMARY REPORT OR MGR	Parts Inven
7	30	NONE	Parts Depa
8	76	P5-C10, BALANCE SHEET	Working C
9	32 & 33	BALANCE SHEET, PHYSICAL INV.	Gas, Oil &
10	35	NONE	Increasing
11	40	P5-C4	Parts, Serv
12	41	P5-C7	Warranty C
13	50	P3-C3 P27-C1	Vehicle Re
14	52	PA-C9 PA-C10 PB-C3 PB-C4 P6-C6	New Vehic

15	54 & 55	PA-C9 PA-C10	New Vehicle
16	56 & 57	BALANCE SHEET, SCHEDULE, VAUTO, ETC.	Impact of /
		1	
17	58	PB-C3 PB-C4	Used Vehicle
18	63	P6-C8	Used Vehicle
19	65 & 66	PB-C3 PB-C4	Used Vehicle
20	72	ACCOUNTING SCHEDULES, VAUTO, ETC.	New and U
21	75	P5-C2	Cash Days
22	77	BALANCE SHEET	Inventory T
23	2	P4-C1	Turning Me
24	36	P39-C2 PB-C7	Sales Dolla

# Financial Management Action Plan Topics

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## ACTION PLAN TOPICS

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Department Gross Profit Return on Sales:

Process Labor Inventory Days' Supply:

WIP Work in Process Labor Inventory:

Comparison of Internal ELR and Customer Pay ELR and Comparison of Warranty ELR and Customer Pay ELR:

Inventory Days' Supply:

Inventory Gross Turns, True Turns and Stock Order Performance:

Department Gross Return on Investment (GROI):

Capital:

Grease Inventory Reconciliation and Tire Inventory Reconciliation:

Hours per RO by an Additional .3 Hours:

Service & Body Shop Accounts Receivable Days' Supply:

Claims Receivable Days' Supply:

Accounts Receivable Days' Supply:

Inventory Days' Supply:

**le Department Gross & Net Return on Investment - (GROI & NROI)**

**Aged New Vehicle Inventory and Impact of Excess New Vehicle Inventory on Total De**

**cle Gross Profit Return on Sales:**

**cle Inventory Days' Supply:**

**cle Gross & Net Return on Investment - (GROI & NROI)**

**Used Vehicle Inventory Analysis:**

**s' Supply**

**Trust Position**

**etrics Into Money**

**ars per Customer Pay Repair Order**

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Customer Pay ELR:

**Partnership Net Profit:**

# Financial Management Action

Dealership

Student Name

Academy Week

Class & Student Number

Opportunity:

What is the opportunity you have selected?

Overall Objective:

What is the objective of your action plan?

Proposed Timeline

How long will it take to achieve your objective?

Action Plan

Describe necessary actions to reach desired result:

Requirements

Meeting with Dealer:

Action Proposed:

Meeting with stakeholder(s) (dealership personnel):

Describe what is in place to support desired goal:

Training / Coaching / ±Consequences related to results / Pain & Gain

Accountability: Monitoring progress:

Who:

What:

By When:

How:

Describe how the progress will be monitored and measured:  
Daily / Weekly / Semi-Monthly / Monthly

Estimated cost for implementation:

Projected Date of  
Completion:

Sponsor's Name: \_\_\_\_\_  
Sponsor's Signature: \_\_\_\_\_

Evaluation of Results: Include measured results.

Impact Areas:

Sales / Gross / Expenses / Net Profit / CSI /

# n Plan

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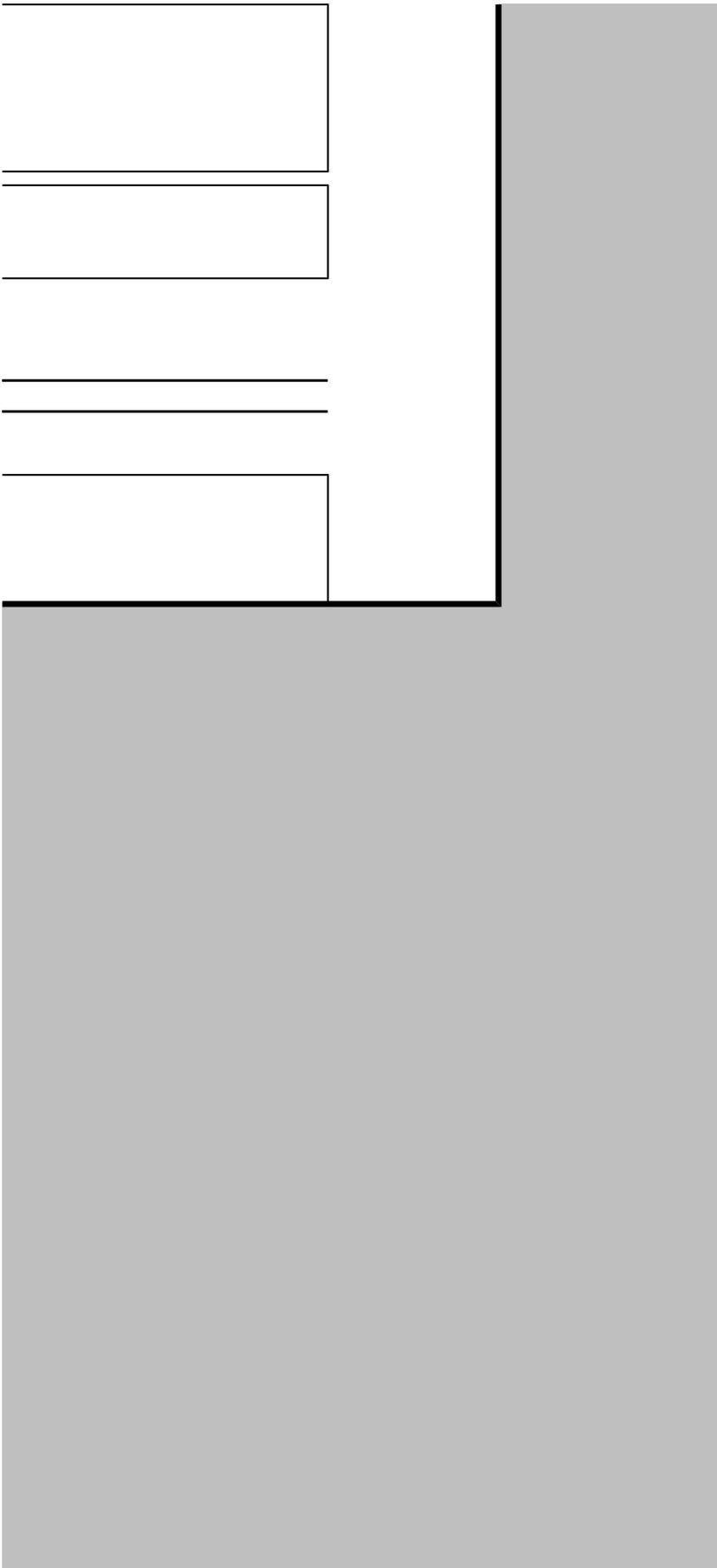
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**Penske  
Financial  
Accounting  
Table**

	Service Department
	Parts Department
	Total Fixed Operations
	New Vehicle Department
	Used Vehicle Department
	Total Variable Operations
	Total Dealership Operations
	Summary of Profit & Cash Flow Opportunities - Vari

Tab Number	Select Templ
1	<a href="#">Additional Sales Dollars to Recover \$100 "Lost Dollars"</a>
2	<a href="#">Turning Metrics into Money</a>
3	<a href="#">Accounting Office Staffing</a>
4	<a href="#">Service Department Gross Profit Return on Sales</a>
5	<a href="#">Service Department Operating Profit Return on Gross</a>
6	<a href="#">Service Department Break-Even Point</a>
7	<a href="#">Hours per Day per Tech Needed to Achieve a 20% Operating Pro</a>
8	<a href="#">Work in Process Labor Inventory Days Supply</a>

9	<a href="#">Number of Hours of WIP per Technician</a>
10	<a href="#">Reconciling Work in Process Inventory - Not Scheduled</a>
11	<a href="#">Reconciling Work in Process Inventory - Scheduled</a>
12	<a href="#">Work in Process Inventory Calculator - Mechanical</a>
13	<a href="#">Service Department Analysis</a>
14	<a href="#">Average Tech Pay</a>
15	<a href="#">Ratio of Technicians to Service Advisors</a>
16	<a href="#">Comparison of Internal Effective Labor Rate and Customer Pay E</a>
17	<a href="#">Comparison of Warranty Effective Labor Rate and Customer Pay</a>
18	<a href="#">"Add a Zero Technique" - Total Hours Produced in the Shop per C</a>
19	<a href="#">What if Hours Produced per Repair Order Were at Guide</a>
20	<a href="#">Parts Department Gross Profit Return on Sales</a>
21	<a href="#">Parts Department Operating Profit Return on Gross Profit</a>
22	<a href="#">Parts Department Break-Even Point</a>
23	<a href="#">Parts Sales Needed per Counterperson per Day to Achieve a 20% C</a>
24	<a href="#">Parts Inventory Days Supply</a>
25	<a href="#">Break-Down of Parts Inventory</a>
26	<a href="#">Parts Department Analysis</a>
27	<a href="#">Parts Cost of Lost Sales Calculator</a>
28	<a href="#">Ratio of Technicians to Parts Counterpersons</a>
29	<a href="#">Parts &amp; Accessories Inventory Calendar Year Turns</a>
30	<a href="#">Parts Department Gross Return on Investment (GROI)</a>
31	<a href="#">Parts Department Net Return on Investment (NROI)</a>
32	<a href="#">Gas, Oil &amp; Grease Inventory Reconciliation</a>
33	<a href="#">Tire Inventory Reconciliation</a>
34	<a href="#">Fixed Operations Grossing Opportunities</a>
35	<a href="#">Increasing Hours Per R.O. by an Additional .3 Hours</a>
36	<a href="#">Sales Dollars per Customer Pay Repair Order</a>
37	<a href="#">Fixed Absorption</a>
38	<a href="#">Impact of Selling One Additional Hour of Labor per Technician pe</a>
39	<a href="#">Cost per Minute of Technician Idle Time</a>
40	<a href="#">Parts, Service &amp; Body Shop Accounts Receivable Days Supply</a>
41	<a href="#">Warranty Claims Receivable Days Supply</a>
42	<a href="#">Frozen Capital - Service, Parts &amp; Body Shop Receivable</a>
43	<a href="#">Frozen Capital - Warranty Claim Receivable</a>
44	<a href="#">Frozen Capital - Parts &amp; Accessories Inventory</a>

45	<a href="#"><u>Service, Parts &amp; Body Shop Receivables Past Due</u></a>
46	<a href="#"><u>New Vehicle Department - Break-Even Point Above the Line</u></a>
47	<a href="#"><u>New Vehicle Department - Break -Even Point Below the Line</u></a>
48	<a href="#"><u>New Vehicle Department Gross Profit Return on Sales</u></a>
49	<a href="#"><u>Vehicle Receivable Days Supply</u></a>
50	<a href="#"><u>Contracts in Transit Days Supply</u></a>
51	<a href="#"><u>New Vehicle Inventory Days Supply</u></a>
52	<a href="#"><u>New Vehicle Inventory Calendar Year Turns</u></a>
53	<a href="#"><u>New Vehicle Department Gross Return on Investment (GROI)</u></a>
54	<a href="#"><u>New Vehicle Department Net Return on Investment (NROI)</u></a>
55	<a href="#"><u>Impact of Aged New Vehicle Inventory on Total Dealership Net Pr</u></a>
56	<a href="#"><u>Impact of Excess New Vehicle Inventory on Total Dealership Net I</u></a>
57	<a href="#"><u>Used Vehicle Gross Profit Return on Sales</u></a>
58	<a href="#"><u>Used Vehicle Department - Break-Even Point Above the Line</u></a>
59	<a href="#"><u>Used Vehicle Department - Break-Even Point With Below the Line</u></a>
60	<a href="#"><u>Used Vehicle Holding Cost per Unit Sold &amp; Impact of Holding Cos</u></a>
61	<a href="#"><u>Used Vehicle Days in Stock Break-Even Point</u></a>
62	<a href="#"><u>Used Vehicle Inventory Days Supply</u></a>
63	<a href="#"><u>Used Vehicle Inventory Calendar Year Turns</u></a>
64	<a href="#"><u>Used Vehicle Department Gross Return on Investmest (GROI)</u></a>
65	<a href="#"><u>Used Vehicle Department Net Return on Investment (NROI)</u></a>
66	<a href="#"><u>Total Absorption</u></a>
67	<a href="#"><u>Frozen Capital - Vehicle Receivable</u></a>
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69	<a href="#"><u>Frozen Capital - Used Vehicle Inventory</u></a>
70	<a href="#"><u>Average Inventory Cost versus Average Cost per Unit Retailed</u></a>
71	<a href="#"><u>New &amp; Used Inventory Analysis</u></a>
72	<a href="#"><u>Frozen Capital Summary</u></a>
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74	<a href="#"><u>Working Capital</u></a>
75	<a href="#"><u>Inventory Trust Position</u></a>
76	<a href="#"><u>Total Personnel Expense as % Total Dealership Gross Profit</u></a>
77	<a href="#"><u>Total Dealership Expense as % Total Dealership Gross Profit</u></a>
78	<a href="#"><u>Summary of Profit Opportunities -Variable Operations</u></a>
79	<a href="#"><u>Summary of Profit Opportunities - Fixed Operations</u></a>
80	<a href="#"><u>Summary of Cash Flow Opportunities - Variable Operations</u></a>

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[Summary of Cash Flow Opportunities - Fixed Operations](#)

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[Grand Total Summary of All Cash Flow & Profit Opportunities](#)

**Automotive Group  
Financial Management  
Academy Ware  
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**Variable & Fixed Operations**

**Table Name & Click Hyperlink**

fit

Effective Labor Rate  
Effective Labor Rate  
Day

Operating Profit

Day

Profit

Factory Money & DOC Fees  
Cost on Used Vehicle Gross per Copy BLT





# Penske Automotive Group Academy Ware Data Entry Sheet

## [table of contents](#)

**Input Cell (found on financial statement)**

**Formula Cell**

**Input Cell (not found on financial statement)**

**NOTE: Enter a zero in any cell that you leave blank!**

***Save To a New File Name Now!***

## **SERVICE DEPARTMENT**

Work in Process Labor Inventory (from the balance sheet)

Number of Months Business (number of months the financial statement represents)

Factor to Annualize

Number of Selling Days Available in Month for Fixed Operations

Total Service Department Expense Y.T.D.

Hours per RO: Enter the appropriate guide below: (select one)

Hours per RO - Domestic - 2.0

Hours per RO - Import - 2.5

Hours per RO - Highline - 3.0

Service Department Gross Profit Return on Sales. Enter each guide below:

Guide: Customer Pay Labor Gross Profit Return on Sales - 73%

Guide: Internal Labor Gross Profit Return on Sales - 73%

Guide: Warranty Labor Gross Profit Return on Sales - 73%

Total Service Department Sales (current month and YTD)  
Total Service Department Gross Profit (current month and YTD)  
Total Service Department Labor Gross Profit (do not include sublet repairs) (current month)  
Total Service Department Operating Profit or Loss (current month)  
Customer Labor Sales RO Cars & RO Count (current month & YTD)  
Customer Labor Gross Profit RO Cars (current month)  
Customer Labor Sales RO Trucks & RO count (current month & YTD)  
Customer Labor Gross Profit RO Trucks (current month)  
Customer Labor Sales Other & RO Count (current month & YTD)  
Customer Labor Gross Profit Other (current month)  
Warranty Labor Sales & RO Count (current month & YTD)  
Warranty Labor Gross Profit (current month)  
Warranty Labor Sales Other & RO Count (current month & YTD)  
Warranty Labor Gross Profit Other (current month)  
PDI/NVI/ROAD READY Labor Sales & RO Count (current month & YTD)  
PDI/NVI/ROAD READY Labor Gross Profit (current month)  
Internal Labor Sales & RO Count (current month & YTD)  
Internal Labor Gross Profit (current month)  
Internal Labor Gross Profit Retention % (current month)  
Customer Labor RO Gross Profit Retention % (current month)  
Warranty Labor Gross Profit Retention % (current month)  
PDI/NVI Labor Gross Profit Retention % (current month)  
Total Service Department Gross Profit Retention % (current month)  
Desired Overall Service Department Gross Profit Retention % (current month)  
Desired Proficiency Percentage (minimum 100%, maximum 125%)  
Average Parts Sales Dollars per Customer Pay R.O. (current month)  
Average Labor Sales Dollars per Customer Pay R.O. (current month)

Posted Labor Rates:

- Customer Pay Labor
- Warranty/PDI/NVI/ROAD READY
- Internal

Number of Actual Clock Hours Worked by Service Technicians  
Number of Service Advisors  
Number of Flat Rate Service Techs  
Number of Stalls  
Hours Available per Technician per Day

Customer Pay Labor Hours Produced (Per DMS System) (current month)  
Warranty Labor Hours Produced (Per DMS System) (current month)  
Internal Labor Hours Produced (Per DMS System) (current month)  
PDI/NVI Labor Hours Produced (Per DMS System) (current month)  
Annual Number of Hours Purchased per Customer  
Average Month Labor Sales (excluding internal & PDI/NVI)

## **PARTS DEPARTMENT**

Parts and Accessories Inventory per balance sheet)

Number of Parts Countermen - Front Counter & Back Counter

Average Cost of Sale of a Parts Transaction

Total Parts Department Expense (current month & YTD)

Total Parts Department Sales (current month & YTD)

Total Parts Department Gross Profit (current month & YTD)

Total Parts Department Operating Profit or Loss (current month)

Parts Warranty Claim Sales (current month & YTD)

Parts Warranty Claim Gross Profit (current month)

Parts Warranty Claim Other Sales (current month & YTD)

Warranty Claim Other Gross Profit (current month)

Part Cars R.O. Sales (current month & YTD)

Parts Cars R.O. Gross Profit (current month)

Parts Light Duty Trucks R.O. Sales (current month & YTD)

Parts Light Duty Trucks R.O. Gross Profit (current month)

Parts Customer R.O. Other Sales (current month & YTD)

Parts Customer R.O. Other Gross Profit (current month)

Parts Body Customer R.O.Sales (current month & YTD)

Parts Body Shop Customer R.O. Gross Profit (current month)

Parts Internal Sales (current month & YTD)

Parts Internal Gross Profit (current month)  
Parts Counter - Retail Sales (current month & YTD)  
Parts Counter - Retail Gross Profit (current month)  
Parts Wholesale Sales (current month & YTD)  
Parts Wholesale Gross Profit (current month)  
Total Parts Department Gross Profit Retention % (current month & YTD)  
Parts R.O. Gross Profit % (current month)  
Y.T.D. Discounts & Adjustments (Enter same sign as on F/S)  
Gas, Oil & Grease Inventory per Balance Sheet  
Tire Inventory per Balance Sheet  
Cost of a Part to be Marked Up  
Desired Gross Profit Retention % on Part to be Marked Up

## **TOTAL FIXED OPERATIONS**

Service, Parts & Body Shop Receivables per Balance Sheet  
Warranty Receivables per Balance Sheet  
Total Dealership Expense (current month)  
Total Dealership Pretax Profit - Y.T.D.  
Service Gross Profit (current month)  
Body Shop Gross Profit (current month)  
Parts Gross Profit (current month)  
New Vehicle Salespeople Compensation (commissions & salaries) (current month)  
New Delivery Expense (current month)  
New Policy Work (current month)  
Used Vehicle Salespeople Compensation (commissions & salaries) (current month)  
Used Delivery Expense (current month)  
Used Policy Work (current month)  
Frequency of Warranty Credit Payments:  
Select One Percentage & One Number of Days Below:  
If Paid Weekly, Enter 25%  
If Paid Semi-Monthly, Enter 50%  
If Paid Monthly, Enter 100%  
If Paid Weekly, Enter 7.5 Days  
If Paid Semi-Monthly, Enter 15 Days  
If Paid Monthly, Enter 30 Days  
Parts RO Gross Profit % (current month)

## **NEW VEHICLE DEPARTMENT**

Contracts in Transit per Balance Sheet

Vehicle Receivable (includes dealer trades and wholesale) per Balance Sheet

Total New Vehicle Gross Profit Front & Back (current month) (per income statement)

Total New Vehicle Inventory Dollars & Units per Balance Sheet

New Vehicle Inventory Summary

Wholesale Floor Plan Interest Rate (current month)

New Vehicle Inventory Ageing Dollars:

Over 120 days Old

Floor Plan Interest Rate (current month)

New Vehicle Inventory Days & Months Supply:

Guide:

New Vehicle Inventory Calendar Year Inventory Turns:

Guide:

New Vehicle Department Average Gross Profit per Copy - Front & Back Above the Line:

Enter the appropriate guide found below in the cell to the right:

Guide: Domestic - \$1,800

Guide: Highline - \$2,500

Guide: Import - \$1,700

New Vehicle Average Gross Profit per Copy - Front & Back Including Below the Line Factory Line

Enter the appropriate guide found below in the cell to the right:

Guide: Domestic - \$2,400

Guide: Highline - \$3,300

Guide: Import - \$2,200

New Salespersons Compensation (current month)

New Policy Expense (current month)

New Get Ready/Delivery Expense (current month)

New Advertising Expense (Net of Credits) (current month)

New Floor Plan Interest Expense (Net of Credits) (current month)

New Total Department Expense - Y.T.D.

New Car Retail Gross Profit (Front Only) PNVR (Current Month)

Total New Car and Truck Retail Sales, Gross Profit & Units YTD (front-end only)

New Vehicle Factory Incentive Money Posted "Below the Line" on Financial Statement (current month)  
in Net Adds & Deducts ( Includes "DOC" Fees & Factory Incentive money) Must locate balances on G/L.

Total New Car & Truck F&I Sales & Gross Profit YTD (back-end only)

Total New Car and Truck Retail Sales, Gross Profit & Units YTD (Including F&I, DOC Fees & Below the Line Money)

Total New Car & Truck Retail Sales Dollars Front & Back & Retail Units Sold (current month)

Total New Car and Truck Retail Gross Profit (Front-End Only) (current month)

Total New Car and Truck Retail F&I Income (back-end only) (current month)

Total New Car & Truck Retail Gross Profit (Front & Back) & Retail Units Sold (current month)

Number of New Vehicles Sold at Retail (current month)

New Vehicle Retail Units Sold During the Last 3 Days of the Study Month

## **USED VEHICLE DEPARTMENT**

Total Used Vehicle Inventory Dollars & Units per Balance Sheet

Used Vehicle Retail Units Sold During the Last 3 Days of the Study Month

Total Used Vehicle Retail Sales, Gross Profit & Retail Units Sold YTD (Including F&I) (No Wholesale)

Used Car & Truck Retail Sales Dollars (Front & Back) & Retail Units Sold Current Month

Used Vehicle Average Gross Per Copy Front & Back Above the Line: Enter the appropriate guide below:

Guide: Domestic \$2,800

Guide: Highline - \$3,000

Guide: Import - \$2,500

Used Vehicle Daily Holding Cost: Enter the appropriate guide below:

Domestic & Import: \$50

Highline: \$150

Total Used Vehicle Department Gross Profit including wholesale & F&I (current month)

Total Used Vehicle Retail Gross Profit Front & Back (current month)

Used Total Department Expense - Y.T.D.

Total Used Car and Truck Retail Sales, Gross Profit & Retail Units Sold YTD (front-end only) (No Wholesale)

Total Used Vehicle Retail Gross Profit YTD (Including F&I) (No Wholesale)

Used Car & Truck Retail Sales, Gross Profit & Retail Units Sold (Front & Back) Current Month

Used Vehicle "Below the Line" Factory Incentive Money & DOC Fees (current month & YTD)

Total Used Vehicle Retail Units Sold (Including F&I) - Y.T.D.

Used Vehicle Wholesale Sales & Gross Dollars - Y.T.D.

Used Vehicle F&I Gross Dollars - Y.T.D.

Used Salespersons Compensation (current month)

Used Policy Expense (current month)

Used Delivery Expense (current month)

Used Total Vehicle Department Expenses - Y.T.D.

Total Used Vehicle Gross Profit Y.T.D. (All-In)

## TOTAL VARIABLE OPERATIONS

Total New Car and Truck Retail Sales, Gross Profit & Units Sold YTD (Front-End Only)

Total Used Car & Truck Retail After Reconditioning YTD ((Front-End)

Used Car Reconditioning (If Not a Memo) YTD (If a Memo, Enter a Zero)

Used Truck Reconditioning (If Not a Memo) YTD (If a Memo, Enter a Zero)

Total New Vehicles Sold at Retail - Current Month

## TOTAL DEALERSHIP OPERATIONS

Cash on Hand per Balance Sheet

Cash in Bank per Balance Sheet

Marketable Securities per Balance Sheet

Factory Holdback Receivable per Balance Sheet

Total Dealership Gross Profit (current month)

Total Dealership Expense Y.T.D.

Demonstrators per Balance Sheet

New Vehicle Inventory- Cars per Balance Sheet

New Vehicle Inventory- Trucks per Balance Sheet

New Vehicle Inventory LIFO Reserve at 100% (Only Enter if an Asset) per Balance Sheet For GM Dealers Only

New Vehicle Inventory LIFO Reserve at 100% (Only Enter if an Asset) per Balance Sheet For Non GM Dealers C

New Vehicle Inventory LIFO Reserve at 100% (Only Enter if a Liability) per Balance Sheet For Non GM Dealers

Used Vehicle Inventory LIFO Reserve at 100% (Only enter if an Asset) per Balance Sheet For GM Dealers Only

Used Vehicle Inventory LIFO Reserve at 100% (Only enter if an Asset) per Balance Sheet For Non GM Dealers (

Used Vehicle Inventory LIFO Reserve at 100% (Only enter if a Liability) per Balance Sheet For Non GM Dealers

Parts and Accessories Inventory LIFO Reserve at 100% (Only Enter if an Asset) per Balance Sheet For GM Dea

Parts and Accessories Inventory LIFO Reserve at 100% (Only Enter if an Asset) per Balance Sheet For Non GM

Parts and Accessories Inventory LIFO Reserve at 100% (Only Enter if a Liability) per Balance Sheet For Non GM

Current Assets (Non-GM Dealers Only) per Balance Sheet

Current & Working Assets (GM Dealers Only) per Balance Sheet

Total Assets

Notes Payable - New Vehicles & Demos per Balance Sheet

Total Current Liabilities per Balance Sheet (Non-GM Dealers Only)

Total Current Liabilities per Balance Sheet (GM Dealers Only)

Current Portion of Long-Term Debt (Toyota & KIA) per Balance Sheet

Qualified Long Term Debt (Ford Only) per Balance Sheet

Long-Term Debt per Balance Sheet

Total Liabilities

Total Net Worth

Deferred Taxes: Long-Term Debt per Balance Sheet (GM Dealers Only)

Working Capital Standard per Balance Sheet (GM Dealers Only)

Working Capital Minimum, Requirement or Guide per Balance Sheet (Non GM Dealers Only)

Total Number of Days in Month

Total Number of Dealership Employees (of one dealership)

Total Number of Dealership Employees (of multiple dealerships using a consolidated  
accounting office)

Number of Dealerships Covered by the Consolidated Accounting Office

Total Number of Accounting Personnel (do not include cashiers or receptionists  
greeters, telephone operators or warranty administrators/clerks) (use if one dealership only)

Total Number of Accounting Personnel (do not include cashiers or receptionists  
greeters, telephone operators or warranty administrators/clerks) (Use if consolidated accounting office)

Total Dealership Sales (current month)

Total Dealership Gross Profit (current month)

Total Dealership Sales - Y.T.D.

Total Dealership Expense - (current month)

Total Dealership Expense - Y.T.D.

Total Dealership Pretax Profit (current month)

Total Dealership Pretax Profit Y.T.D.

Total Dealership Net Profit Objective Desired

Bonuses - Employees (current month)  
Bonuses - Owners (current month)  
Total Salaries Owners (current month)  
Total Salaries Clerical (current month)  
Total Other Salaries & Wages & Absentee Comp (current month)  
Total Service, Parts & Body Shop Salaries Supervision (current month)  
New Vehicle Gross Profit (current month) (front & back)  
Lease and Rental Gross (GM Only) (current month)  
Used Salespersons Compensation (current month)  
Used Policy Expense (current month)  
Used Get Ready/Delivery Expense (current month)  
New Total Variable Expense (current month)  
Used Total Variable Expense (current month)  
New Finance & Insurance Manager compensation (current month)  
New Sales Managers Compensation (current month)  
Used Finance & Insurance Manager compensation (current month)  
Used Sales Managers Compensation (current month)  
Total New Car & Truck Retail Gross Profit Dollars Front & Back (current month)  
New Vehicle Retail Gross Profit PNVR YTD (Front & Back)  
New Car Fleet Gross Profit (Current Month)  
New Truck Fleet Gross Profit Current Month)  
Used Vehicle Retail Gross PUVR YTD (Front & Back)  
Service Policy Expense (current month)  
Parts Policy Expense (current month)  
Body Shop Policy Expense (current month)  
Total Fixed Operations Salaries Owners (current month)  
Total Fixed Operations Salaries Supervision (current month)  
Total Fixed Operations Clerical Salaries (current month)  
Total Fixed Operations Other Salaries & Wages (current month)  
Total Fixed Operations Absentee Compensation (current month)  
Select the appropriate guide below:  
Hours Per R.O. (Enter 2.0 hrs if Domestic)  
Hours Per R.O. (Enter 2.5 hrs if Import)  
Hours Per R.O. (Enter 3.0 hrs if Highline)  
Parts Internal Gross Profit Retention % (current month)  
Parts Warranty Gross Profit Retention % (current month)  
Parts Counter Retail Gross Profit Retention % (current month)

Parts Wholesale Gross Profit Retention % (current month)

Parts Body Shop Gross Profit Retention % (current month)

Other Additions & Deductions (current month)

***Data Entry Completed - Save Your Work***



1,352	
12	
12	(fixed amount - do not change)
24	
2,769,402	

2.5

73%	(fixed amount - do not change)
73%	(fixed amount - do not change)
73%	(fixed amount - do not change)

Current Month

Y.T.D.

345,017	5,119,308	
225,029	3,384,966	
231,917	3,509,472	
45,207	615,564	Current Month R.O Count
192,466	2,222,109	1,804
140,319	1,659,579	
65,458	998,559	335
49,895	754,450	
9,558	175,571	199
7,600	139,915	
54,019	1,312,956	162
36,921	962,068	
68.30%	73.20%	
72.90%	74.60%	
76.20%	75.50%	
79.50%	79.60%	
65.20%	66.10%	
70%	70%	
125.00%	(fixed amount - do not change)	
56	(parts RO sales divided by CP Repair Order Count)	
103	(customer pay mechanical labor sales divided by CP Repair Or	

\$	134.00	
\$	118.00	
\$	134.00	
3,340	(per service DMS report to get figure)	
6	(per personnel summary)	
19	(per personnel summary)	
24	(per service manager)	
10	(per service manager)	

1,852.30	
535.60	
684.20	
52.10	
6	(fixed number - do not change)
268,389	

354,090
---------

6	(per personnel summary on financial statement)
100	(fixed amount - do not change)

Current Month	Y.T.D.
65,047	861,784

Current Month	Y.T.D.
341,652	4,706,005
105,032	1,492,833
39,985	631,049

Current Month	Y.T.D.
70,910	1,200,440
25,914	435,406
11,579	160175
106,710	1,196,753
44,225	484,389
29,342	560,402

9,515	210,730
10,151	129,040
3,152	36,901
58,058	617,324
11,458	126,160
30.40%	31.30%
39.9%	38.1%
7076	55,773

4,471	
69,726	
251.93	(Fixed Amount- Do Not Change)
20%	(Fixed Amount- Do Not Change)

59,424
76,448
796,491
2,379,356
225,029
0
105,032
77,940
13,133
1,287
45,735
2,858
1,997

	(per Controller)
50%	(per Controller)
	(per Controller)
	(per Controller)
15.0	(per Controller)
	(per Controller)

1,777,239
723,502

312,451
---------

Units

8,457,132	274
-----------	-----

3.50% (per floor plan bank wholesale statement)

\$ 1,174,440
--------------

3.50% (per wholesale floor plan statement)

Days Supply

Months Supply

60	2.0	(do not change guides)
----	-----	------------------------

Calendar Year

Inventory Turns

6.0	(do not change guide)
-----	-----------------------

\$ 1,700

\$ 2,200

77,940
--------

<b>1,287</b>
<b>13,133</b>
<b>40,667</b>
<b>4,412</b>
<b>363,056</b>

<b>1,128</b>
--------------

YTD Sales Dollars	YTD Gross Profit	YTD Units
<b>62,927,816</b>	<b>1,727,447</b>	<b>2,069</b>

Current Month DOC Fees & Factory Incentive Money	YTD DOC Fees & Factory Incentive Money
<b>147,873</b>	<b>1,954,152</b>

YTD Sales Dollars	YTD Gross Profit
<b>3,177,254</b>	<b>2,183,596</b>

YTD Sales Dollars	YTD Gross Profit	YTD Units
<b>66,105,070</b>	<b>5,865,195</b>	<b>2,069</b>

Current Month Sales Dollars	Current Month Retail Units (Cars & Trucks)
<b>4,515,335</b>	<b>148</b>

Current Month Gross Profit
<b>166,880</b>

Current Month F&I Income
<b>145,571</b>

Current Month Retail Gross Front & Back	Current Month Retail Units (Cars & Trucks)
<b>312,451</b>	<b>148</b>

<b>148</b>
------------

# of New Units

Sold at Retail

Last 3 Days of Month

**[Redacted]** (per delivery log)

Dollars

Units

<b>2,226,434</b>	<b>182</b>
------------------	------------

# of Used Units

Sold at Retail

Last 3 Days of Month

**[Redacted]** **19** (per delivery log)

YTD

Sales Dollars

YTD

Gross Profit

YTD

Retail Units Sold

<b>33,110,050</b>	<b>3,324,080</b>	<b>1491</b>
-------------------	------------------	-------------

Current Month

Sales Dollars

Current Month

# Units Retailed

<b>205,395</b>	<b>115</b>
----------------	------------

Average Gross

Front & Back Above the Line

<b>[Redacted]</b>	<b>Domestic</b>
<b>[Redacted]</b>	<b>Highline</b>
<b>\$ 2,500</b>	<b>Import</b>

Used Vehicle Daily

Holding Cost

<b>\$ 50</b>
<b>[Redacted]</b>

214,623

205,395

1,737,352

YTD Sales Dollars

YTD Gross Profit

YTD Units

27,397,156

1,080,146

1,491

YTD Retail Gross Front & Back

3,324,080

Current Month Retail

Current Month Retail

Current Month Retail

Sales Front & Back

Gross Front & Back

Number of Units

205,395

205,395

115

Current Month

YTD

50,485

654,549

Y.T.D. Units Sold

1,491

Y.T.D. Sales Dollars

YTD Gross Profit

2,724,087

107,359

YTD Used Vehicle F&I Gross

2,136,605

45,735

1,997

2,858

1,737,352

3,324,080

YTD Sales Dollars	YTD Gross Profit Dollars	YTD Units Sold
<b>62,927,816</b>	<b>1,727,447</b>	<b>2,069</b>

YTD Sales Dollars	YTD Gross Profit
<b>27,397,156</b>	<b>1,080,146</b>

YTD

Recon Dollars

<b>0</b>
----------

YTD

Recon Dollars

<b>0</b>
----------

Current Month

<b>148</b>
------------



<b>400</b>
<b>3,133,663</b>
<b>0</b>
<b>52,009</b>
<b>837,765</b>
<b>10,764,513</b>

dollars

<b>147</b>
<b>127</b>

109,796
17,588,206
1,950,193
14,391,880
14,391,880
4,344,706
30 (fixed number - do not change)
94 (per personnel summary on financial statement)
(per personnel summary on financial statement)

12 (per controller or office manager)
(per controller or office manager)

40 (per controller or office manager)
---------------------------------------

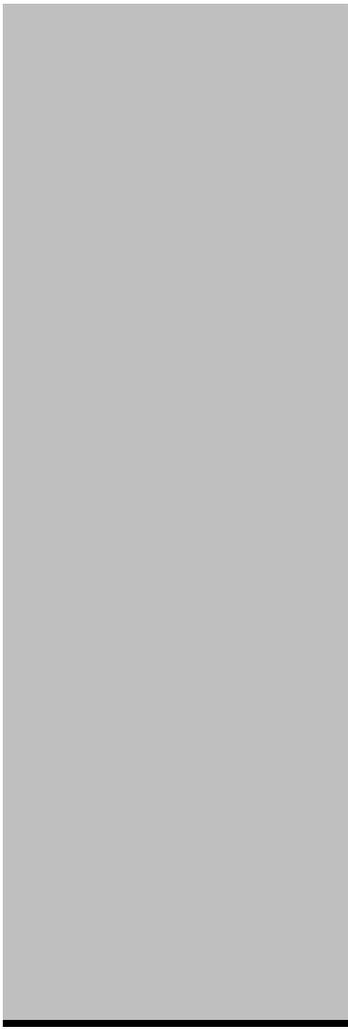
7,933,385	
837,765	12,023,196
108,803,043	
796,491	
10,764,513	
151,439	
2,379,356	
2,700,000	

<b>312,451</b>
<b>45,735</b>
<b>1,997</b>
<b>2,858</b>
<b>92,360</b>
<b>50,590</b>
<b>43,102</b>
<b>41,607</b>
<b>9,027</b>
<b>15,997</b>
<b>312,451</b>
<b>2,835</b>
<b>2,668</b>
<b>6,065</b>
<b>451</b>
<b>16,284</b>
<b>25,619</b>
<b>18,490</b>

<b>2.5</b>
<b>32.43%</b>
<b>36.54%</b>
<b>31.05%</b>

	<b>19.74%</b>
<b>\$</b>	<b>107,612</b>





YTD R.O. Count

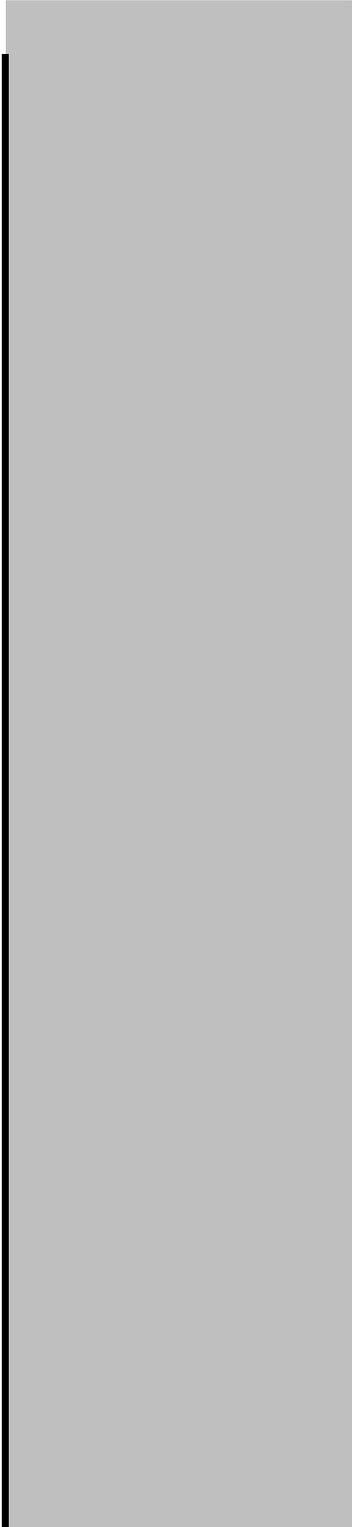
**21,510**

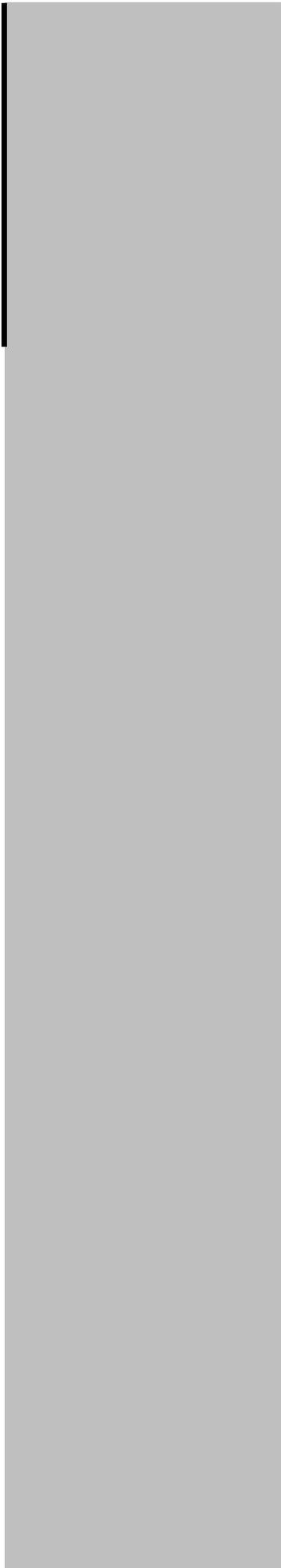
**750**

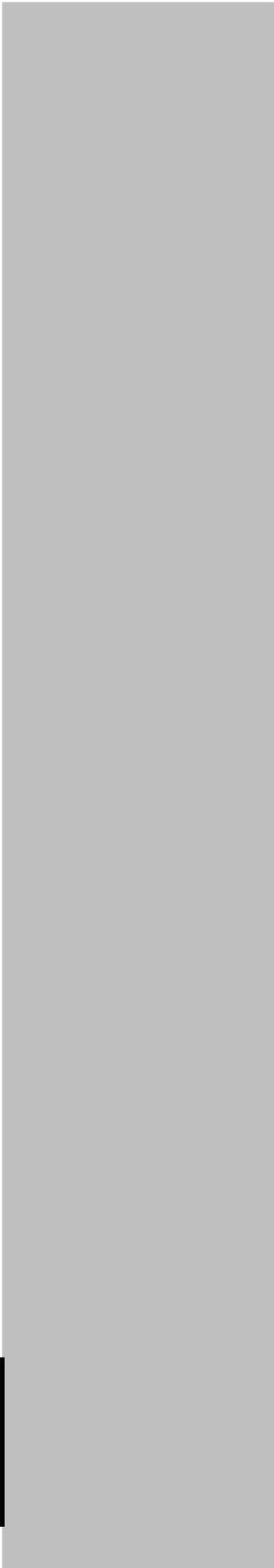
**303**

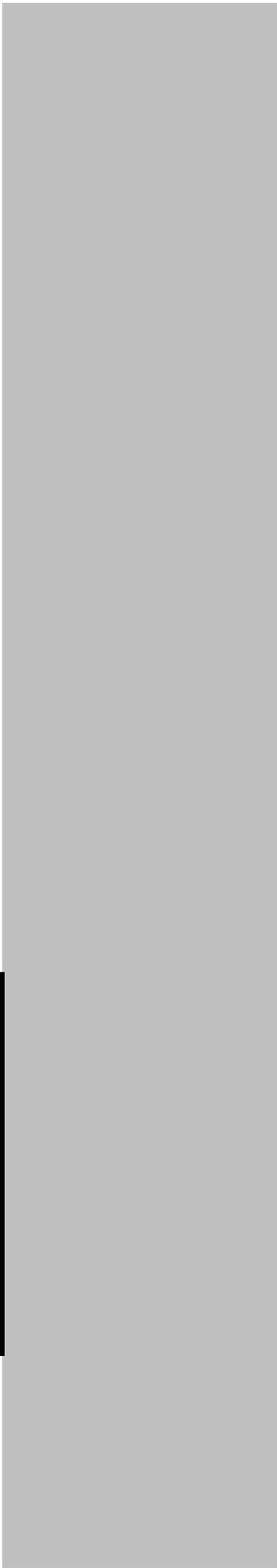
**396**

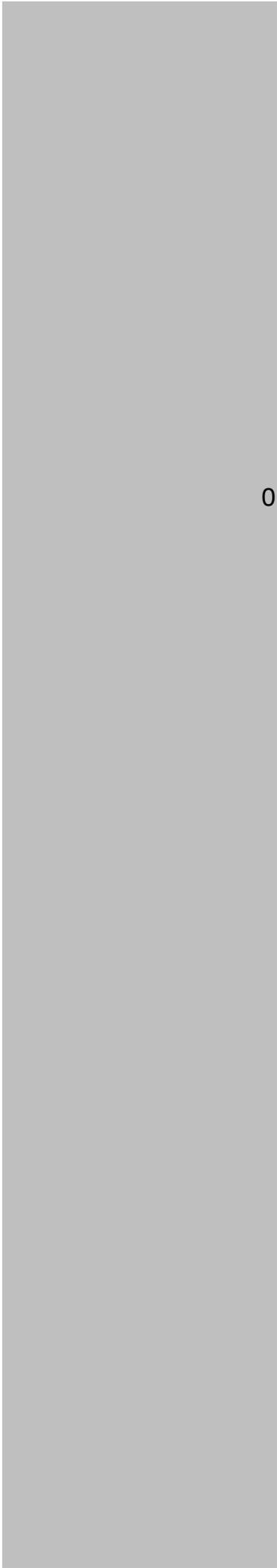
**der Count)**



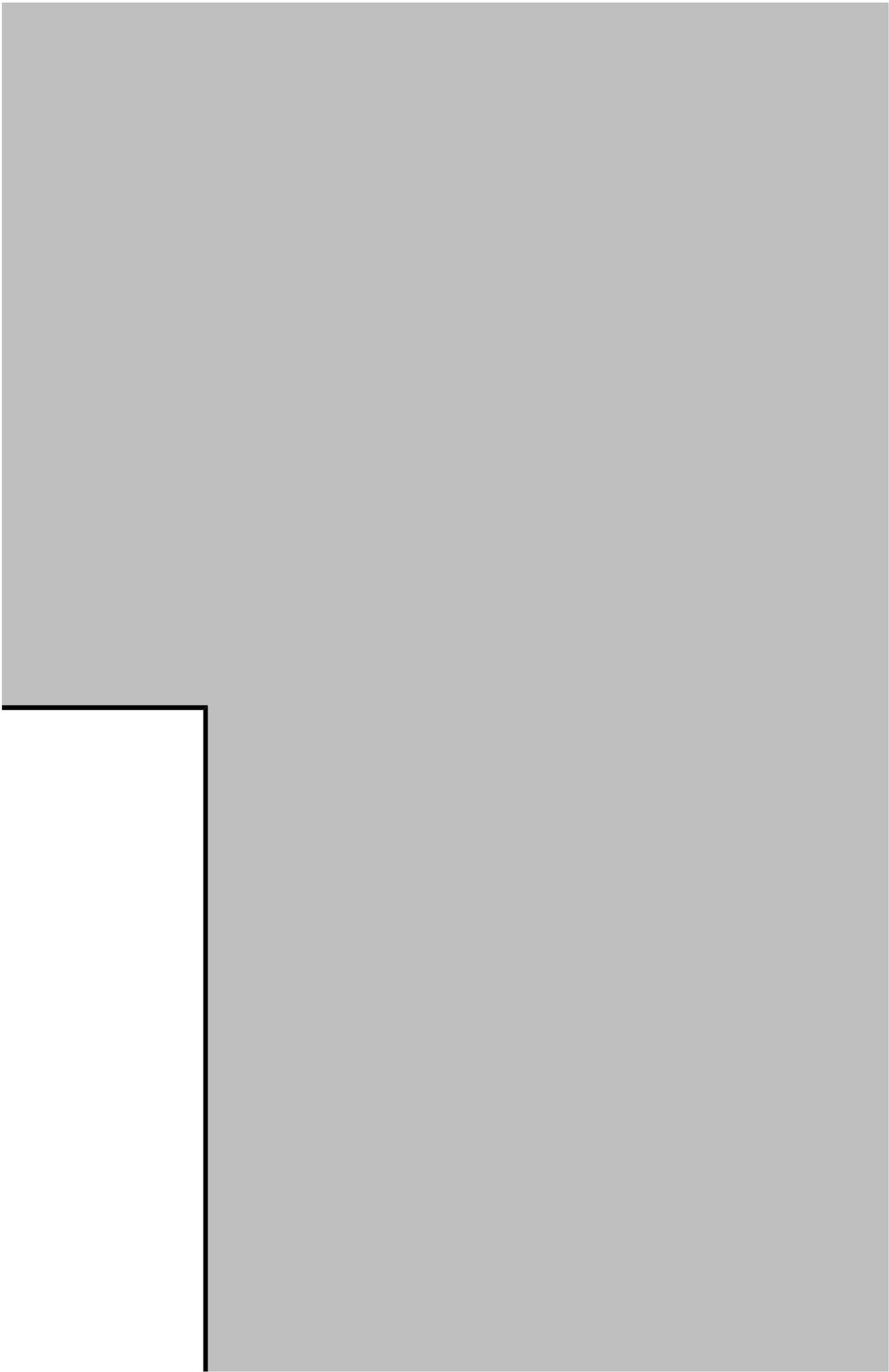


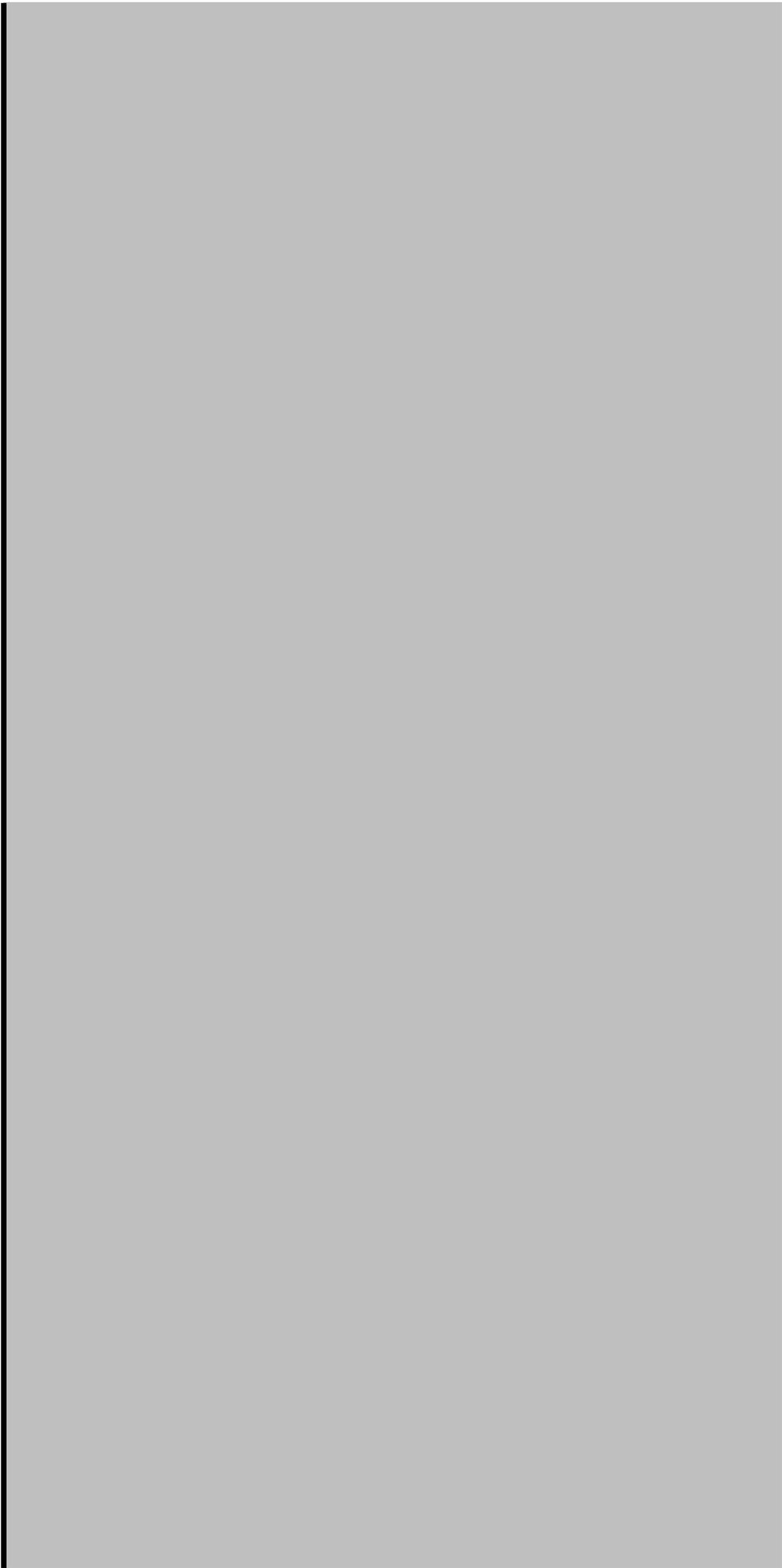






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# Additional Sales Dollars to Recover \$100 "Lost Dollars"

## [Table of Contents](#)

### Additional Sales Dollars to Recover \$100 Lost Dollars

"Lost Dollars" are dollars spent on items such as policy adjustments, unapplied inventory shortages and bad debt expense.

Note: Put a \$ sign in front of your net profit as % of sales. If your net profit as a percentage of sales is 2.0%, this means you are retaining two cents for every dollar of sales generated, or \$2.00 for every \$100 of sales generated.  
Statement Month

Step 1: Net Profit Before Taxes Average Month  
Divide by Total Dealership Sales Average Month  
**Equals Net Profit As % of Sales**

Step 2: "Lost Dollars" (A)  
Divide by Net Profit As % of Sales  
**Equals Additional Sales Required to cover \$100**

Step 3: Policy Expense all departments current month  
Divide by Net Profit As % of Sales  
**Equals Additional Sales Required to cover policy expense**

Divide by Net Profit As % of Sales  
**Equals Additional Sales Required to cover?**

(A) Lost dollars are defined as dollars spent on such items as Policy Adjustments, Unapplied Time, parts and other inventory shortages, bad debt expenses, etc.

## ollars

plied time,

: as  
every

**12**

	\$	198,280
÷	\$	9,066,920
=		<b>2.19%</b>

	\$	<b>100</b>
÷		2.19%
=	\$	<b>4,573</b>
	\$	9,800
÷		2.19%
=	\$	<b>448,134</b>

	\$	<b>1.00</b>
÷		2.19%
=	\$	<b>46</b>

# Turning Metrics Into Money

## [Table of Contents](#)

### [Summary of Profit Opportunities - Variable Operations](#)

#### Total Dealership Gross Profit as % Total Dealersh

Total Dealership Gross Profit - Average Month

Total Dealership Sales ÷

Total Gross Profit as % Total Sales =

Guide: **12%**

Interpretation: For every dollar of sales generated,

**\$ 0.09** cents are retained in gross profit.

**HOW MUCH OF YOUR SALES DOLLARS  
ARE BEING RETAINED IN GROSS PROFIT?**

**If benchmark were achieved with the same total sales,  
total gross profit would increase by **\$ 250,265****

#### Net Profit BIT as % of Total Dealership Gross

Net Profit BIT

Total Dealership Gross Profit ÷

Net Profit BIT as % of Total Gross Profit =

Guide: **25%**

Interpretation: For every dollar of gross profit generated, **\$ 0.24** cents goes to the bottom line.

**HOW MUCH OF YOUR GROSS IS FLOWING TO THE BOTTOM LINE?**

If benchmark were achieved with the same total gross profit, total Net Profit BIT would increase by **\$ 11,162**

### Net Profit BIT as % Total Dealership Sale:

Net Profit BIT

Total Dealership Sales Dollars ÷

Net Profit BIT as % of Sales Dollars =

Guide: **4%**

Interpretation: For every dollar of sales generated, **\$ 0.02** cents goes to the bottom line. **HOW MUCH OF YOUR SALES DOLLARS FLOW TO THE BOTTOM LINE?**

If benchmark were achieved with the same total dealership sa total Net Profit BIT would increase by **\$ 164,397**



## Ship Sales

\$ 837,765

\$ 9,066,920

9.24%

## Profit

\$ 198,280

\$ 837,765

23.67%

S

\$ 198,280

\$ 9,066,920

2.19%

les dollars,

# Accounting Office Staffing

## [Table of Contents](#)

### Accounting Office Staffing

Purpose: To determine the correct number of accounting employees needed in your accounting department.

#### Accounting Office Staffing for One Dealership:

$$\begin{array}{r} \boxed{94} \\ \text{Total Dealership} \\ \text{Employees} \end{array} \div \begin{array}{r} \boxed{17} \\ \text{Factor} \end{array} = \begin{array}{r} \boxed{5.5} \\ \text{\# Accounting Staff} \\ \text{Needed} \end{array}$$

#### Accounting Office Staffing for a Consolidated Accounting Office:

$$\begin{array}{r} \boxed{0} \\ \text{Total Dealership} \\ \text{Employees In} \\ \text{All Stores} \end{array} \div \begin{array}{r} \boxed{17} \\ \text{Factor} \end{array} = \begin{array}{r} \boxed{0.0} \\ \text{\# Accounting Staff} \\ \text{Needed} \end{array}$$

*Guide: 1 accounting person for every 17 employees in the multiple dealerships using a consolidated accounting office. The total count of all dealerships divided by the factor of 17, and the result is the number of accounting employees needed in the consolidated accounting office. This takes into account the efficiencies in the Deal Costing process.*

Interpretation: Identifies the proper number of employees needed in the accounting office, based on total dealership employees.

## Accounting Office Staffing

personnel

$$\begin{array}{r} \boxed{0.0} \\ \text{Actual \#} \\ \text{Accounting Staff} \end{array} = \begin{array}{r} \boxed{(5.5)} \\ \text{Variance} \\ \text{Over (Under)} \end{array}$$

Accounting Office:

$$\begin{array}{r} \boxed{4.0} \\ \text{Reduction in} \\ \text{Staff} \\ \text{Efficiency Factor} \end{array} = \begin{array}{r} \boxed{-4.0} \\ \text{\# Accounting Staff} \\ \text{Needed} \end{array} - \begin{array}{r} \boxed{40.0} \\ \text{Actual \#} \\ \text{Accounting Staff} \\ \text{in Consolidated} \\ \text{Accounting Office} \end{array} = \begin{array}{r} \boxed{44.0} \\ \text{Variance} \\ \text{Over (Under)} \end{array}$$

dealership. If there are  
employees, take the total employee  
count and subtract 4 accounting staff  
needed for A/R, A/P and Payroll functions of a

needed in the

## Evaluating the Accounting Staff

It is difficult to evaluate the accounting office on an objective basis. Experienced C.P.A.'s have a different approach to the automobile business than does the Controller. The following standards of performance should serve as the basis in evaluating the performance of the accounting office.

1. Completion and transmission of the financial statement(s) no later than the 3rd working day of the following month.
2. Support ratio of 1:17
3. Limited and very controlled overtime expense.
4. Clean and accurate schedules.
5. All account reconciliations performed in an accurate and timely manner.
6. Ongoing strong internal controls in effect.
7. High degree of delegation and follow up by Controller. Inspect what you expect.
8. Low staff turnover.
9. Respect and cooperation between the accounting staff and other departments.
10. Strong management support in place. Data and processes in place and available to department managers.
11. High level of asset management in operation, strong cash flow controls, expense controls evident.
12. Accurate and current Daily Operating Control (DOC) in place.
13. Accurate and current Daily Pace Report

14. Bonus your accounting staff based on retail and wholesale deal volume ageing, and a pull board for extra effort.

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Controller.  
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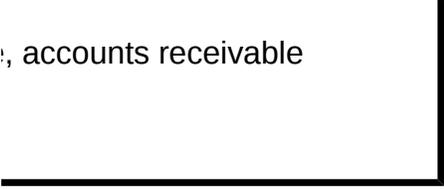
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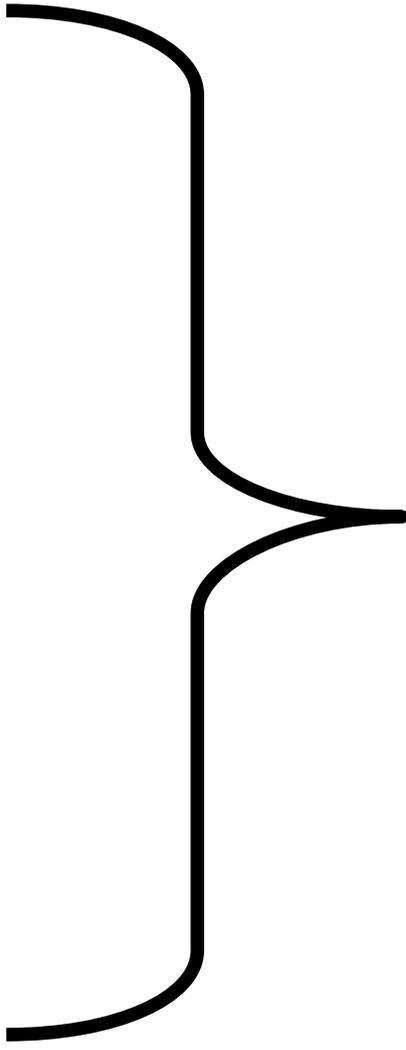
ments.

readily

and

!, accounts receivable





} }



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# Service Department Gross Profit Return on Sales

[table of contents](#)

[summary of monthly profit opportunities - Fixed Operations](#)

## Service Department (

### Average Month

*NADA Guides:*

*Customer Pay Profile*

<b>73%</b>
------------

*Internal Labor Profile*

<b>73%</b>
------------

*Warranty Labor Profile*

<b>73%</b>
------------

*PDI/Get Ready*

<b>73%</b>
------------

<b>\$ 138,298</b>	$\div$	<b>\$ 185,176</b>	$=$
Customer Pay Gross Profit		Customer Pay Sales	

<b>\$ 80,172</b>	$\div$	<b>\$ 109,413</b>	$=$
Internal Labor Gross Profit		Internal Labor Sales	

<b>\$ 62,871</b>	$\div$	<b>\$ 83,213</b>	$=$
Warranty Labor Gross Profit		Warranty Labor Sales	

<b>\$ 11,660</b>	$\div$	<b>\$ 14,631</b>	$=$
PDI/NVI Gross Profit		PDI/NVI Sales	

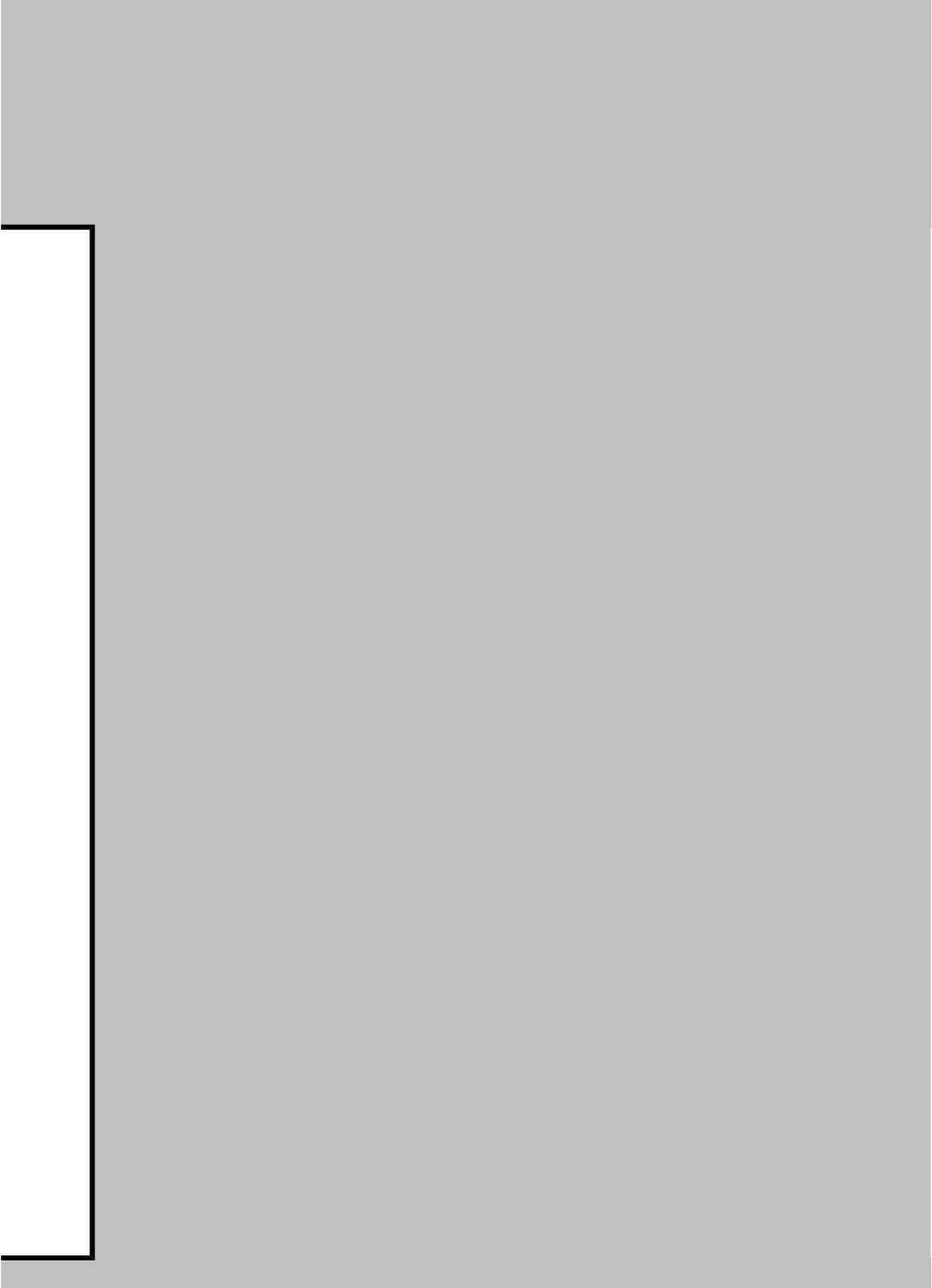
**If your statement breaks down service contracts, you can include them in the total for warranty, unless reimbursed at retail.**

---

## Gross Profit Return on Sales

<b>74.68%</b> Gross Profit Return on Sales	-	<b>73.00%</b> Guide	=	<b>1.68%</b> Variance Over (Under)	<b>\$ -</b> <b>Opportunity</b>
<b>73.27%</b> Gross Profit Return on Sales	-	<b>73.00%</b> Guide	=	<b>0.27%</b> Variance Over (Under)	<b>\$ -</b> <b>Opportunity</b>
<b>75.55%</b> Gross Profit Return on Sales	-	<b>73.00%</b> Guide	=	<b>2.55%</b> Variance Over (Under)	<b>\$ -</b> <b>Opportunity</b>
<b>79.69%</b> Gross Profit Return on Sales	-	<b>73.00%</b> Guide	=	<b>6.69%</b> Variance Over (Under)	<b>\$ -</b> <b>Opportunity</b>
				<b>Grand Total</b>	<b>\$ -</b>

---



# Service Department Operating Profit Return on Gross

[table of contents](#)

[summary of monthly profit opportunities - Fixed Operations](#)

## Service Department Operating Prof

### Average Month

*NADA Guides:*

*Guide: Domestic*

*Guide: Import*

*Guide: Highline*

<b>20%</b>
<b>20%</b>
<b>20%</b>

$$\begin{array}{ccc} \$ & 51,297 & \div \\ \text{Service Department} & & \\ \text{Operating Profit} & & \end{array} \div \begin{array}{ccc} \$ & 282,081 & \\ \text{Service Department} & & \\ \text{Gross Profit} & & \end{array} = \begin{array}{ccc} & 18.19\% & \\ \text{Operating Profit} & & \\ \text{Return on Gross} & & \end{array} -$$

## it Return on Gross

<b>20%</b>	=	<b>-1.81%</b>	<b>\$ 5,119</b>
Guide		Variance Over (Under)	<b>Opportunity</b>

# Service Department Break-Even

[table of contents](#)

[summary of monthly profit opportunities - fix](#)

Total Service Department Expense

Statement Month

Average Month Service Department

Factor to Break-Even: Total Service

Service Sales Needed per Month

Actual Service Sales Dollars in the

Variance: Actual Service Department

Overall Effective Labor Rate

**Hours Produced Needed per Month**

Total Actual Hours Produced in the

Variance: Total Actual Hours Produced

Additional Service Sales Needed |

Number of Working Days in Month

Total Actual Hours Produced per Day

**How many hours do you need to**

Number of Flat-Rate Technicians

**How many hours does each tec**

Guide: Hours Needed per Day pe

**Variance: Hours Produced Need**

**Service Sales Needed per Day t**

**Actual Service Sales per Day (A**

**Variance: Actual Service Sales |**

**Monthly Gross Profit Opportuni**

**Total Actual Hours Produced pe**

**Number of Days to Achieve Bre**

Break-Even Point

[Break-Even operations](#)

## Service Department Break-Even Point

Sales YTD

Fixed Expense

Service Department Gross Profit Retention Percentage YTD (enter as %)

Months to Break-Even

Months (Average Month)

Revenue Sales Dollars Over (Under) Service Department Sales Needed in Month to Break-Even

**Months to Break-Even**

Months

Hours Produced in the Month Over (Under) Hours Produced Needed per Month to Break-Even

Hours per Month to Break-Even

1

Days

**Hours to produce per day to break even**

**Hours needed to produce to break even**

Hours per Technician to Break-Even (10 hours or less)

**Hours needed per Day per Technician to Break-Even Over (Under) Guide**

**Hours to Break-Even**

(Average Month)

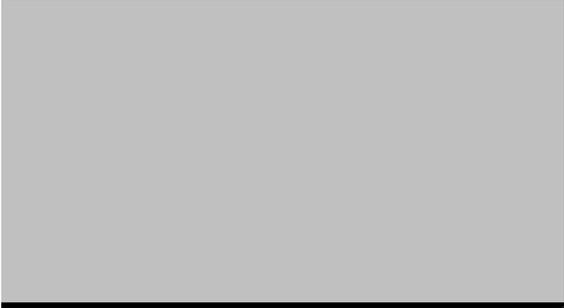
**Hours per Day Over (Under) Guide**

Quantity

Hours per Day

**Break-Even Point**





2,769,402

÷ 12

= 230,784

÷ 66.10%

= 349,143

426,609

= 77,466

÷ \$ 7,532.30

= 46

- 52

= 6

(43,290)

÷ 24

2

= 2



÷ 19

= 0.1

- 10.0

= -9.9

14,548

17,775

3,228

\$ -

2

27.4



# Hours per Tech per Day Needed

[table of contents](#)

[summary of monthly profit opportunities - fix](#)

Average Month Service Department

NADA Guides:

Guide: Domestic	20%
Guide: Import	20%
Guide: Highline	20%

Factor to Achieve Net Operating Pr  
Current Overall Service Labor Gros

Service Sales Needed to Achieve C

Actual Service Sales for the Month

Variance: Actual Service Sales for

Current Overall Effective Labor Rat

**Hours Needed per Month to Achi**

**Actual Hours Produced in the Mc**

Variance: Total Actual Hours Produ

Number of Working Days in Month

Actual Hours Produced per Day

**Hours Needed per Day to Achiev**

**Number of Technicians**

**Hours Needed per Tech per Day**

**Actual Hours Produced per Tech**

**Variance: Actual Hours Produced**

Guide: Hours Needed per Day per

**Monthly Operating Profit Opport**

**Total Actual Hours Produced per**

**Number of Days to Achieve Oper**

## Hours per Tech per Day Needed to Achieve a 20% Service Operating Profit

[Service Operations](#)

### Hours per Tech per Day Needed to Achieve a 20% Service Operating Profit

Operating Expenses

Operating Profit Guide Above  
Operating Margin Less Guide % Above

Operating Profit Guide Above

Operating Profit Guide Above  
the Month Over (Under) Service Sales Needed to Achieve Operating Profit Guide

Operating Profit Guide Above

Operating Profit Guide Above

Operating Profit Guide Above

Operating Profit Guide Above  
the Month Over (Under) Hours Produced Needed per Month to Achieve Operating Profit Guide

Operating Profit Guide Above

**to Achieve Operating Profit Guide Above**

**per Day**

**d per Tech per Day Over (Under) Hours Needed per Tech per Day to Achieve Operating Profit Guide**

Technician to Achieve Operating Profit Guide (10 hours or more)

**unity**

**Day**

**ating Profit Guide of 20%**



\$ 230,784

÷ 46.10%

= \$ 500,615

- \$ 426,609

= \$ (74,006)

÷ \$ 7,532.30

= 66

52

(14)

÷ 24

2

= 3

+ 19

= 0.1

0.1

(0.0)

- 10.0

\$ 49,872

2

36.62

## Work in Process Labor Inventory Days' Supply

[table of contents](#)

[summary of cash flow opportunities - fixed operations](#)

### Work in Process Average Month's

Total Labor Sales YTD		\$	3,396,239
Total Labor Gross Profit YTD	-	\$	2,553,944
Total Labor Cost of Sales YTD	=	\$	842,295
Number of Month's Business	÷		12
Average Month's Cost of Labor Sales	=	\$	70,191

### Work in Process Labor

By taking the Work in Process Labor Inventory total from the balance sheet and dividing it by the average daily technician "pay-out", the days supply work in process labor inventory is calculated.

$$\begin{array}{r}
 \$ \quad 1,352 \\
 \text{Work in Process} \\
 \text{Labor Inventory}
 \end{array}
 \div
 \begin{array}{r}
 \$ \quad 70,191 \\
 \text{Avg Month} \\
 \text{Cost of Labor} \\
 \text{Sales}
 \end{array}
 =
 \begin{array}{r}
 0.02 \\
 \text{Months Supply} \\
 \text{of Work} \\
 \text{in Process}
 \end{array}$$

$$\begin{array}{r}
 0.02 \\
 \text{Months Supply} \\
 \text{of Work}
 \end{array}
 \times
 \begin{array}{r}
 30 \\
 \text{Days}
 \end{array}
 =
 \begin{array}{r}
 0.58 \\
 \text{Days Supply} \\
 \text{of Work} \\
 \text{in Process}
 \end{array}$$

*Guide: Your days supply of work in process labor inventory should not exceed 1.5 days or 12 hours per technician.*

ss Labor Inventory  
; Cost of Labor Sales

or Inventory Days Supply

set,  
of

$$- \quad \boxed{1.5} \quad = \quad \boxed{-0.92} \quad \quad \boxed{\$ -}$$

NADA Guide                      Variance Over (Under)                      Monthly Cash Flow Opportunity

# Service Department Analysis

## [Table of Contents](#)

### [Summary of Monthly Profit Opportunities - Fixed Operations](#)

**Curr Avg Mo Hours Produced - Customer Pay Labor**  
**Curr Avg Mo Hours Produced - Warranty Labor**  
**Curr Avg Mo Hours Produced - Internal Labor**  
**Curr Avg Mo Hours Produced - PDI/NVI**  
**Customer Pay Posted "Door Rate"**  
**Warranty/PDI Rate**  
**Internal Rate**  
**Number of Advisors**  
**Number of Stalls**  
**Number of Flat-Rate Technicians**  
**Total Clocked Hours Worked**  
 Statement Month

<i>Acct Name</i>	<i>Avg Month Labor Sales</i>		
Customer Pay - R.O.	\$	185,176	÷
Internal - R.O.	\$	109,413	÷
Warranty - R.O.	\$	83,213	÷
PDI/NVI/ -R.O.	\$	14,631	÷
<b>Total</b>	<b>\$</b>	<b>392,433</b>	

<i>Hours Produced Per R.O. Domestic Guide: 2.0</i>	0.0
<i>Hours Produced Per R.O. Import Guide: 2.5</i>	2.5
<i>Hours Produced Per R.O. Highline Guide: 3.0</i>	0.0

#### **OVERALL EFFECTIVE LABOR RATE**

<b>\$</b>	<b>392,433</b>	÷
Total labor sales for month		

#### **CLOCK HOURS AVAILABLE**

$$\boxed{19} \times$$

# Service mechanical technicians

**CUSTOMER PAY EFFECTIVE LABOR RATE (ACTUAL)**

$$\boxed{\$ 185,176} \div$$

Total customer labor sales for month

**CUSTOMER PAY EFFECTIVE LABOR RATE (GUIDE)**

$$\boxed{\$ 134.00} \times$$

Customer Pay Posted "Door Rate"

X

Guide: 90% of Customer Pay "Door Rate"

**HOURS PRODUCED IN THE SHOP PER DAY**

$$\boxed{52} \div$$

Hours Produced in the month

Guide: Number of Technicians Times 10 Hours

**HOURS PRODUCED PER TECH PER DAY**

$$\boxed{52} \div$$

Hours Produced in the month

Guide: 10 hours per day per tech

**R.O.'s PER SERVICE ADVISOR PER DAY**

$$\boxed{1,913} \div$$

Total # of R.O.'s

Guide: R.O.s Per Advisor Per Day (All Brands) Not to Exceed 17 Repair (

**How EFFICIENT are your technicians ?**

$$\boxed{52} \div$$

Total Hours Produced

\*Must obtain this information from your Service Department Director

Interpretation: Efficiency measures the hours produced within

*Tech Efficiency Guide: 135%*

### How **PRODUCTIVE** is your shop ?

**3,340** ÷  
Clock Hours Worked\*

\*Must obtain this information from your Service Department Director

\*\*Clock hours available in a month is calculated by taking the number of technicians times the number of hours available per day.

*Shop Productivity Guide: 87.5% (15% - 20% of available time spent on test-drives, breaks, and retrieving parts.)*

Interpretation: Productivity measures the clock hours worked versus available. This measurement tells you how well management is managing the shop.

### How **PROFICIENT** are your technicians ?

**52** ÷  
Total Hours Produced

Technician Proficiency Guide: 120% - 125% (Obtainable, but can be difficult to achieve)

Interpretation: Proficiency measures the hours produced within the available time.

## Technician Efficiency

Total Hours Produced

Total Clock Hours Worked\*

### Technician Efficiency

Efficiency measures the hours produced within the total clock hours worked. This is a measure of how efficient your technician's are.

\*Must obtain this information from the service system of the DMS

This indicates that the technician is producing 4.0 flat-rate hours in 2.0 clock hours worked

Guide: 135%

## Productivity

Total Clock Hours Worked\*

Total Hours Available\*\*

### Technician Productivity

This measurement tells you how well management is managing the shop.

Guide:

## Proficiency

Using the 4 hours sold in the Efficiency measurement, and the results is a Proficiency of 50%.

Hours Produced  
Total Hours Available

### Proficiency

Note: Both Efficiency & Productivity yield Proficiency.

Guide: 120% - 125% (Obtainable, but often difficult to sustain.)

## Efficiency, Productivity

A technician is given a 9.0 hour job which is completed in 6.5 clock hours during an 8.0 hour shift (technician actually worked 6.5 hours during his shift).

What is the:

<b>Efficiency</b>	9.0 hours sold	÷
<b>Productivity</b>	6.5 clock hours worked	÷
<b>Proficiency</b>	9.0 hours sold	÷

**Why is Proficiency Important? Efficiency t**  
**Proficiency indicates how much :**

## Service Department Analysis

-
-
-
52.10
\$ 134.00
\$ 118.00
\$ 134.00
6
24
19
3,340
12

Hours Produced	=	E.L.R.	÷	Number R.O.'s	=	Hours per R.O.
-	=	0.00	÷	1,793	=	0.0
-	=	0.00	÷	33	=	0.0
-	=	0.00	÷	63	=	0.0
52.10	=	280.82	÷	25	=	2.1
<b>52</b>	=	<b>7,532.30</b>	=	<b>1,913</b>	=	<b>0.0</b>

\$ -
<b>\$ 26,013,920</b>
\$ -

Monthly Gross  
Profit Opportunity

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>\$ 52</b></td></tr> </table>	<b>\$ 52</b>	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>\$ 7,532.30</b></td></tr> </table>	<b>\$ 7,532.30</b>	
<b>\$ 52</b>					
<b>\$ 7,532.30</b>					
Total hours billed		O.E.L.R.			

$$\boxed{10} \times \boxed{24.0} = \boxed{4,560}$$

# Hours/Day Working Days/Month Clock Hour Avail

$$\boxed{0} = \boxed{\$0.00}$$

Total customer labor hours Customer Pay E.L.R.

$$\boxed{90\%} = \boxed{\$ 120.60} - \boxed{\$0.00} = \boxed{\$ (120.60)}$$

Guide Customer Pay Effective Labor Rate at Guide Customer Pay Effective Labor Rate at Actual Various: Over (Under)

$$\boxed{0} = \boxed{\$ -}$$

Total customer labor hours Customer Pay ELR Opportunity

$$\boxed{24} = \boxed{2} - \boxed{190} = \boxed{\$ 33,954,863}$$

Working Days/Month Hours Produced in Shop Per Day NADA Guide Opportunity If At Guide

$$\boxed{19} \div \boxed{24} = \boxed{0.1} - \boxed{10.0}$$

# of Techs Working Days/Month Hours Produced Per Tech Per Day NADA Guide

$$\boxed{6} \div \boxed{24} = \boxed{13} - \boxed{17}$$

# of Advisors Working Days/Month R.O.'s Per Advisor Per Day NADA Guide

Orders (Includes Customer Pay & Warranty Only)

---


$$\boxed{3,340} = \boxed{1.56\%} \quad \boxed{135\%} \quad \boxed{\$ 382,274}$$

Clock Hours Worked\*

Tech Efficiency

NADA Guide

Efficiency  
Opportunity

MS.

the total clock hours worked & measures the employee. This is a measure of how efficient you

<b>4,560</b>	=	<b>73.25%</b>		<b>87.50%</b>		<b>\$ 2,617,855</b>
Clock Hour Available**		Shop Productivity		NADA Guide		Productivity Opportunity

MS. This represents the number of clock hours worked per day.

number of working days in the month times the number of

*is lost in non-labor functions such as*

within the total hours available.  
ing the shop.

<b>4,560</b>	=	<b>1.14%</b>		<b>125%</b>		<b>\$ 354,822</b>
Clock Hour Available		Tech Proficiency		NADA Guide		Proficiency Opportunity

often difficult to sustain, minimum guide: 100%

1 the total hours available.

<b>4.0</b>	
------------	--

÷ 2.0

= 200.00%

2.0

÷ 8.0

= 25.00%

4.0

÷ 8.0

= 50.0%

## ity & Proficiency

6.5 clock hours worked	=	<b>138.5%</b>
8.0 hours available	=	<b>81.3%</b>
8.0 hours available		<b>112.5%</b>

**Times Productivity equals Proficiency.  
available time is being sold!**



= **\$ 33,954,863**  
Opportunity  
If At Guide

= **4**  
Opportunity  
If At Guide



ir technicians' are:

The diagram consists of a single vertical line on the right side. From this line, three horizontal lines extend to the left at different vertical positions. The top horizontal line is short. The middle horizontal line is longer. The bottom horizontal line is the longest. At the very bottom of the vertical line, there is a grey shaded rectangular area that extends to the left.

# RATIO OF TECHNICIANS TO SERVICE ADVISORS

## [Table of Contents](#)

### RATIO OF TECHNICIANS TO SERVICE ADVISORS

Number of Technicians

Number of Service Advisors

÷

Ratio of Technicians to Service Advisors

=

*Guide:*

-

#### **Variance: Technicians to Advisors Over (Under) Guide**

Interpretation: You have 3.2 technicians for every advisor.

Do you have the right number of service advisors?

Do you need more technicians?

*NADA Guide: You should have 4 technicians for every 1 service advisor.*



**SORS**

19

6

3.2 to 1.0

4 to 1.0

-0.8

isor.

# Comparison of Internal Effective Labor Rate and Customer

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[monthly gross profit opportunities - fixed operations](#)

## Comparison of Internal Effective Labor Rate and Customer

Customer Pay Effective Labor Rate

Internal Effective Labor Rate

Additional Internal Labor Rate per Hour Available

Number of Internal Labor Hours Produced per Month

Additional Internal Labor Sales Generated per Month

Guide: Internal Labor Gross Profit Retention % (enter as %)

**Additional Internal Labor Gross Profit \$ Generated per Month  
If Internal Rate Matched Posted "Door" Rate**

*NADA Guide: The internal labor rate should match the customer pay*

## Pay Effective Labor Rate

### Pay Effective Labor Rate

$$\begin{array}{r} \boxed{\$0.00} \\ - \boxed{0.00} \\ = \boxed{\$ -} \\ \times \boxed{0} \\ = \boxed{\$ -} \\ \times \boxed{73.00\%} \\ = \boxed{\$ -} \end{array}$$

Additional Gross Profit  
Opportunity

*posted "door" rate*

# Comparison of Warranty Effective Labor Rate and Customer

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[summary of monthly profit opportunities - fixed operations](#)

## Comparison of Warranty Effective Labor Rate and Customer I

Customer Pay Effective Labor Rate

Warranty Effective Labor Rate

Additional Warranty Labor Rate per Hour Available

Number of Warranty Labor Hours Produced per Month

Additional Warranty Labor Sales Generated per Month

Guide3: Warranty Labor Gross Profit Retention % (enter as %)

**Additional Warranty Labor Gross Profit \$ Generated per Month  
If Warranty Rate Matched Customer Pay Posted "Door" Rate**

*Guide: The warranty labor rate should not exceed the customer pay posted  
Make sure that your customer pay labor posted "door" rate is competitive  
A warranty rate increase should be requested every 12 months.*

## Pay Effective Labor Rate

### Pay Effective Labor Rate

$$\begin{array}{r} \$0.00 \\ - 0.00 \\ = \$ - \\ \times 0 \\ = \$ - \\ \times 73.00\% \\ = \$ - \end{array}$$

Additional Gross Profit  
Opportunity

ed "door" rate.  
in your market.

# "Add a Zero" Technique & Total Hours Produced per Day in the Shop

## [Table of Contents](#)

[summary of monthly profit opportunities - fixed operations](#)

### "Add a Zero" Technique & Total Hours Produced per Day in the Shop

Number of "Skilled" Flat-Rate Technicians

Factor: Add a Zero Technique

#### **Total Number of Hours Produced in the Shop per Day**

Just take your number of "skilled" flat-rate technicians and add a zero. This will tell you the minimum number of hours that should be produced in the shop per day.

If your "skilled" technicians are not producing a minimum of ten hours per day, you could increase productivity by increasing new and used inventory turns as well as by having vehicles reconditioned in 48 to 72 hours.

### Total Hours Produced per Day in the Shop

Number of "Skilled" Flat-Rate Technicians

Factor: Add a Zero Technique

#### **Number of Hours Produced in the Shop per Day**

Actual Number of Hours Produced per Day in the Shop

Variance: Over (Under) Guide

#### **Monthly Gross Profit Opportunity**

\*Factor: Your service department should produce an average of 10 hours per day. If ten hours are produced in eight hours available, this would yield a profit

*NADA Proficiency Guide: 125%*

Intpretation:

Focus on total hours produced per day by the service department. You should focus on the categories of labor produced in the shop are competitive, maintenance & repair. Maintenance categories do not generate "high" hours per R.O. The only category that generates "high" hours per R.O. is the repair category. But, the majority of hours are produced in maintenance, not repair. Repair work represents the smallest amount of service. Therefore, increasing hours per R.O. significantly is very difficult to accomplish. Focus on total hours produced per day in the shop is a more realistic approach to improving service.

# ne Shop

## per Day in the Shop

$$\begin{array}{r} \boxed{19} \\ \times \boxed{10} \\ \hline = \boxed{190} \end{array}$$

## vs. Objective

$$\begin{array}{r} \boxed{19} \\ \times \boxed{10} \\ \hline = \boxed{190} \\ - \boxed{2} \\ \hline = \boxed{(188)} \\ \hline \boxed{\$ 68,302,158} \end{array}$$

r day per technician.  
ncy of 125%.

Should not focus exclusively on hours per R.O.  
and repair. The competitive and  
category that generates "high" hours per R.O.  
of service work is competitive and  
vice work generated in the shop.  
sh. Focusing on total hours per R.O.  
ce department profitability.



# What If Hours per Repair Order

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[summary of monthly profit opportunities - fixe](#)

Customer Pay Hours Per R.O. at  
Guide: (2.0 hours - Domestic, 2.5

Customer Pay Hours Per R.O. Act

Difference: Customer Pay Hours F

Number of Customer Pay R.O.'s V

Additional Customer Pay Hours P

Additional Customer Pay Labor H

Customer Pay Effective Labor Rat

Additional Customer Pay Labor S

Customer Pay Labor Gross Profit

### **[Additional Customer Pay Labor](#)**

R.O. Parts Sales Divided by R.O.  
(to Calculate Parts Sales Dollars F

Additional Customer Labor Sales

Additional Customer Parts Sales C

Customer Parts Gross Profit %

### **[Additional Customer Parts Gros](#)**

### **[Monthly Additional Customer G](#)**

To Annualize

**Annualized Additional Custome**

# Were at Guide

[d operations](#)

## What if Hours Per Repair Order Were at Guide

Guide	
(1.5 hours - Import, 3.0 hours - Luxury)	
Actual	-
Per R.O. Over (Under) Guide	=
Written During the Month	
Per R.O. if at Guide	x
Hours Generated	=
Rate	x
Sales Generated	=
%	x
<b>Gross Profit Generated</b>	=
Labor Sales	
Per \$1.00 of Labor Sales	
Generated	x
Generated	=
	x
<b>Net Profit Generated</b>	=
<b>Gross Profit Generated From Labor (A) &amp; Parts (B)</b>	

X

r Gross Profit Generated From Labor (A) & Parts (B)

=





2.5

0.00

2.50

1,793

2.50

4,481

0.00

\$ -

74.68%

\$ - (A)

0.55

\$ -

\$ -

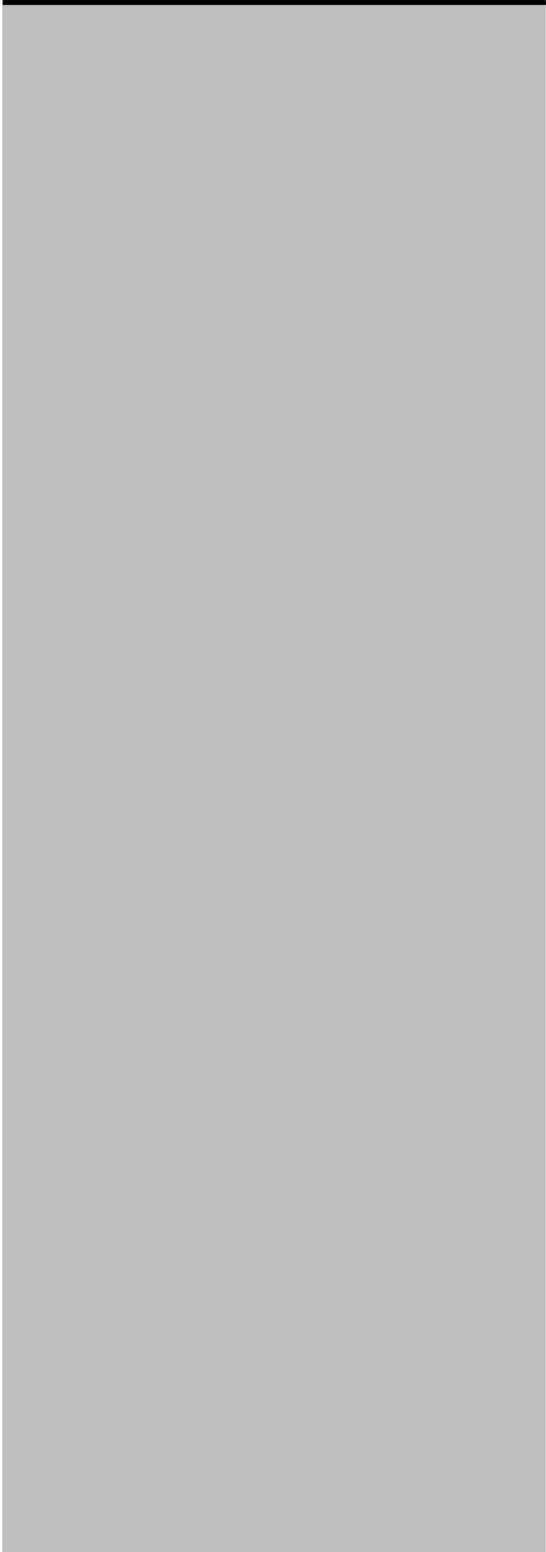
39.90%

\$ - (B)

\$ - (A) + (B)

12

\$ -



# Parts Department Gross Profit Return on Sales

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[summary of monthly profit opportunities - fixed operations](#)

## Parts Department G

Statement Months

### Average Month

NADA Guides:

*Parts R.O.*

*Parts Internal*

*Parts Warranty*

*Parts Wholesale*

*Parts Counter Retail*

*Parts Body Shop*

41%
41%
28%
25%
41%
30%

<b>40,366</b>	÷	<b>99,729</b>	=
Parts R.O. Gross		Parts R.O. Sales	

<b>17,561</b>	÷	<b>46,700</b>	=
Parts Internal Gross		Parts Internal Sales	

<b>49,632</b>	÷	<b>100,037</b>	=
Parts Warranty Gross		Parts Warranty Sales	

<b>10,513</b>	÷	<b>51,444</b>	=
Parts Wholesale Gross		Parts Wholesale Sales	

<b>3,075</b>	÷	<b>10,753</b>	=
Parts Counter Retail Gross		Parts Counter Retail Sales	

<b>0</b>	÷	<b>0</b>	=
Parts Body Shop Gross		Parts Body Shop Sales	



## Gross Profit Return on Sales

12

40.48%	-	41.00%	=	-0.52%	\$ 523
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity
37.60%	-	41.00%	=	-3.40%	\$ 1,586
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity
49.61%	-	28.00%	=	21.61%	\$ -
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity
20.44%	-	25.00%	=	-4.56%	\$ 2,348
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity
28.60%	-	41.00%	=	-12.40%	\$ 1,334
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity
0.00%	-	30.00%	=	-30.00%	\$ -
Gross Profit Return on Sales		Guide		Variance Over (Under)	Opportunity

Grand Total

\$ 5,791

## Parts Department Operating Profit Return on Gross

[table of contents](#)

[summary of monthly profit opportunities - fixed operations](#)

### Parts Department Operating P

$$\begin{array}{rcccl} \$ & 52,587 & \div & \$ & 124,403 & = & 42.27\% & - \\ \text{Parts} & & & \text{Parts} & & & \text{Operating Profit} & \\ \text{Operating Profit} & & & \text{Total Gross Profit} & & & \text{Return on Gross} & \end{array}$$

*NADA Guide:*

*20% Operating Profit Return on on Gross Profit*

Purpose:

To identify the operating profit retained in the parts department (

## Profit Return on Gross

20.00%	=	22.27%	\$	-
Guide		Variance Over (Under)	Operating Profit Opportunity	

on total parts department gross profit

# Parts Department Break-Even

[table of contents](#)

[summary of monthly profit opportunities](#)

Total Parts Department Expenses

Statement Month

Average Month Parts Department

Overall Parts Department Gross F

**Parts Sales Needed per Month t**

**Actual Parts Sales for the Month**

**Variance: Actual Parts Sales for**

Number of Working Days in Month

**Parts Sales Needed per Day to I**

**Actual Parts Sales per Day (Ave**

**Variance: Actual Parts Sales per**

**Monthly Gross Profit Opportuni**

**Total Actual Sales Dollars per D**

**Number of Days to Achieve Bre**

# en Point

- fixed operations

## Parts Department Break-Even Point

YTD

÷

Expense

=

Profit Retention Percentage (enter as %)

÷

to Break-Even

=

1

-

the Month Over (Under) Parts Sales Needed per Month to Break-Even

=

1

÷

Break-Even

=

range Month)

-

r Day Over (Under) Guide

=

ty

ay

ak-Even Point

\$ 861,784

12

\$ 71,815

31.30%

\$ 229,442

\$ 392,167

\$ 162,725

24

\$ 9,560

\$ 16,340

\$ 6,780

\$ -

16,340

20.04

## Parts Inventory Days Supply

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[summary of cash flow opportunities - fixed operations](#)

### Parts Average Month Cost of Sales

Parts & Accessories Sales Y.T.D.	
Parts & Accessories Gross Profit Y.T.D.	-
Parts & Accessories Cost of Sales Y.T.D.	=
Discounts & Adjustments Y.T.D. (use same sign as on F/S unless using cost of sales column)	plus or minus
Adjusted Parts & Accessories Cost of Sales Y.T.D.	=
Number of Month's Business	÷
<b>Average Month's Cost of Sales</b>	=

\$ 4,706,005

\$ 1,492,833

\$ 3,213,172

\$ 55,773

\$ 3,268,945

12

\$ 272,412

By taking the parts inventory total from and dividing it by the average month parts sales, and then multiplying it by 30 day inventory is calculated.

$$\begin{array}{r} \$ 354,090 \\ \text{Parts Inventory} \end{array} \div \begin{array}{r} \$ 272,412 \\ \text{Avg Month} \\ \text{Parts C.O.S.} \end{array}$$

$$\begin{array}{r} 1.3 \\ \text{Months Supply} \\ \text{of Parts Inventory} \end{array} \times \begin{array}{r} 30 \end{array}$$

*NADA Guide: Your supply of parts inventory*

## Parts Inventory Days Supply

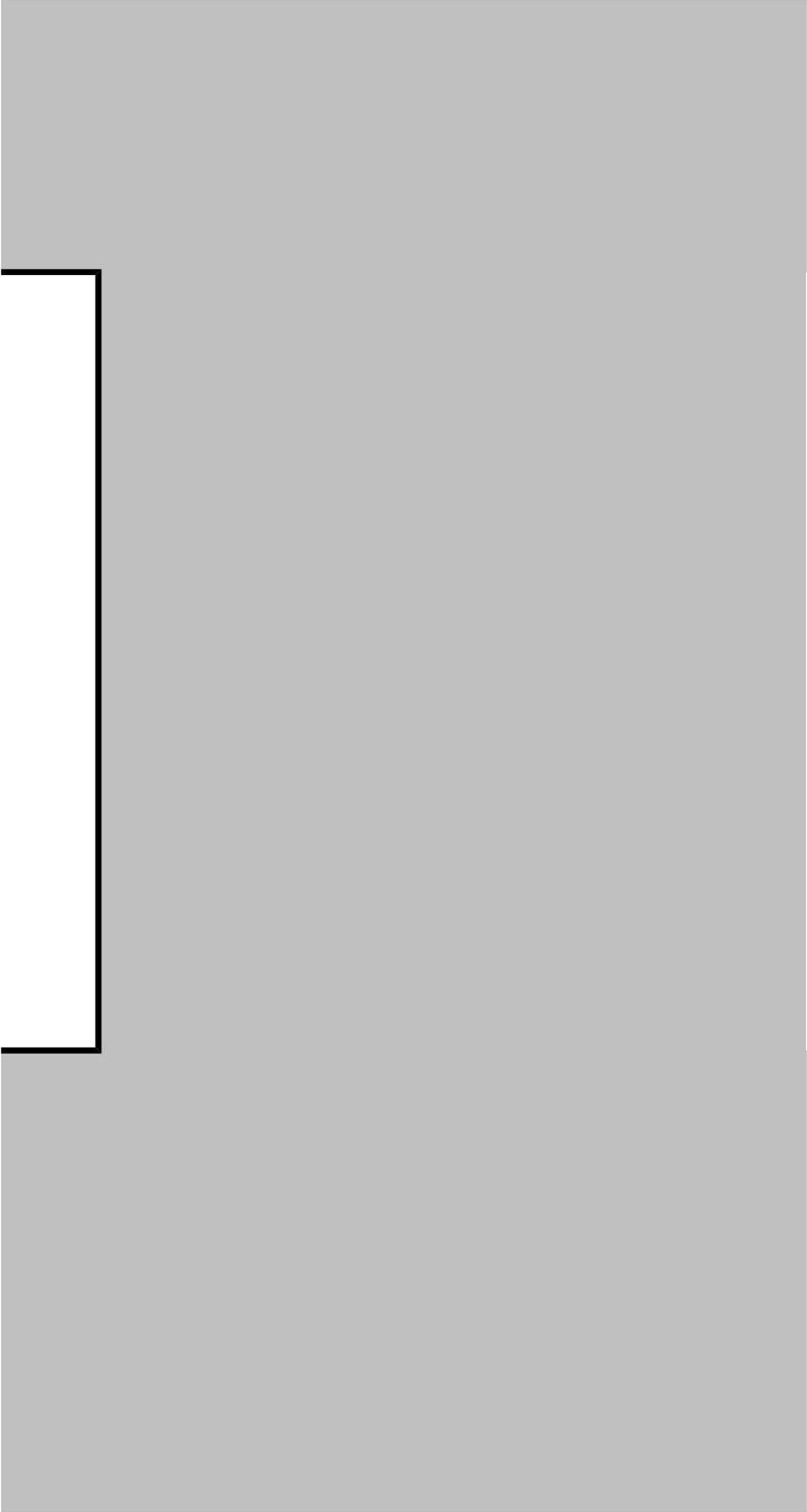
the balance sheet  
parts cost of  
parts, the days supply of parts

$$= \boxed{1.3} \\ \text{Months Supply} \\ \text{of Parts Inventory}$$

$$= \boxed{39.0} - \boxed{45} = \boxed{-6.01} \quad \boxed{\$ -}$$

Days Supply of Parts Inventory      Guide      Variance      Cash Flow Opportunity

Inventory should not exceed 1.5 month or 45 days.



## Break-Down of the Parts Inventory

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The parts inventory should consist of the following:

***NADA Guides:***

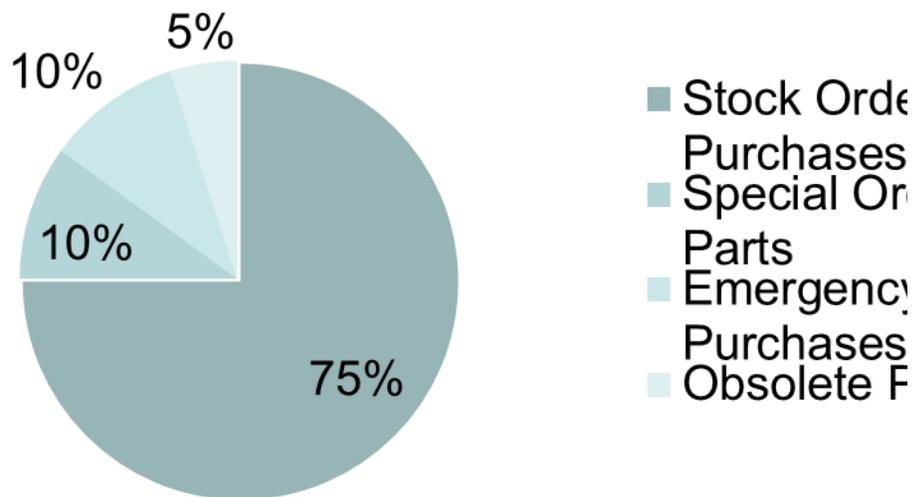
***Stock Order Purchases – Guide 75%***

***Special Order Parts – Guide 10%***

***Emergency Purchases – Guide 10%***

***Obsolete Parts – Guide 5%***

### Elements of the Parts Inventory



er  
der  
y  
parts

# Parts Department Analysis

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summary of monthly profit opportunities - fixed operations

### Parts Department Analysis

Parts & Accessories Sales Y.T.D.	
Parts & Accessories Gross Profit Y.T.D.	-
Parts & Accessories Cost of Sales Y.T.D.	=
Discounts & Adjustments Y.T.D. (use same sign as on F/S unless using cost of sales column)	plus or minus
<b>Adjusted Parts &amp; Accessories Cost of Sales Y.T.D.</b>	=
Number of Month's Business	÷
<b>Average Month's Cost of Sales</b>	=
Parts & Accessories Inventory	
Average Month Cost of Sales	÷
<b>Month's Supply of Parts &amp; Accessories Inventory</b>	=
	x
<b>Day's Supply of Parts &amp; Accessories Inventory</b>	=
<i>Guide: Days supply of Parts &amp; Accessories Inventory should be 45 days</i>	
Annualized Cost of Sales (Average Month Cost of Sales Times 12)	

Parts & Accessories Inventory ÷

**Parts Gross Turns =**

Twelve Months

Month's Supply of Parts & Accessories Inventory ÷

**Parts Gross Turns =**

*Guide: Gross turns should be between 7 - 9 times a year*

8

**Opportunity for Additional Monthly Gross Profit**

\*Y.T.D. Stock Order Purchases

Number of Months Business ÷

Average Month Stock Order =

Annualized X

Annualized Stock Order =

Parts Inventory without LIFO ÷

**Parts True Turns =**

*Guide: True turns should be between 5 - 6 times a year*

6

**Opportunity for Additional Monthly Gross Profit**

True Turns

Gross Turns ÷

**Stock Order Performance =**

*Guide: Stock Order Performance should be 75% or greater.*

Note: \*Monthly stock order average is found on the MGR report (ADP). Each year must be added together to get the YTD number. In (R&R), the parts sumn reflects YTD stock order purchases.

You have a 3 month supply of parts inventory based on 4 gross turns per year. 75% of your parts inventory is from stock order purchases, and 25% comes from other sources. **You are not turning your inventory often enough!**

\$ 4,706,005

\$ 1,492,833

\$ 3,213,172

\$ 55,773

**\$ 3,268,945**

12

\$ 272,412

\$ 354,090

\$ 272,412

**1.3**

30

**39.0**

\$ 3,268,945

\$ 354,090

9.2

12

1.3

9.2

\$ -

\$ -

12

\$ -

12

\$ -

\$ 354,090

0.0

\$ -

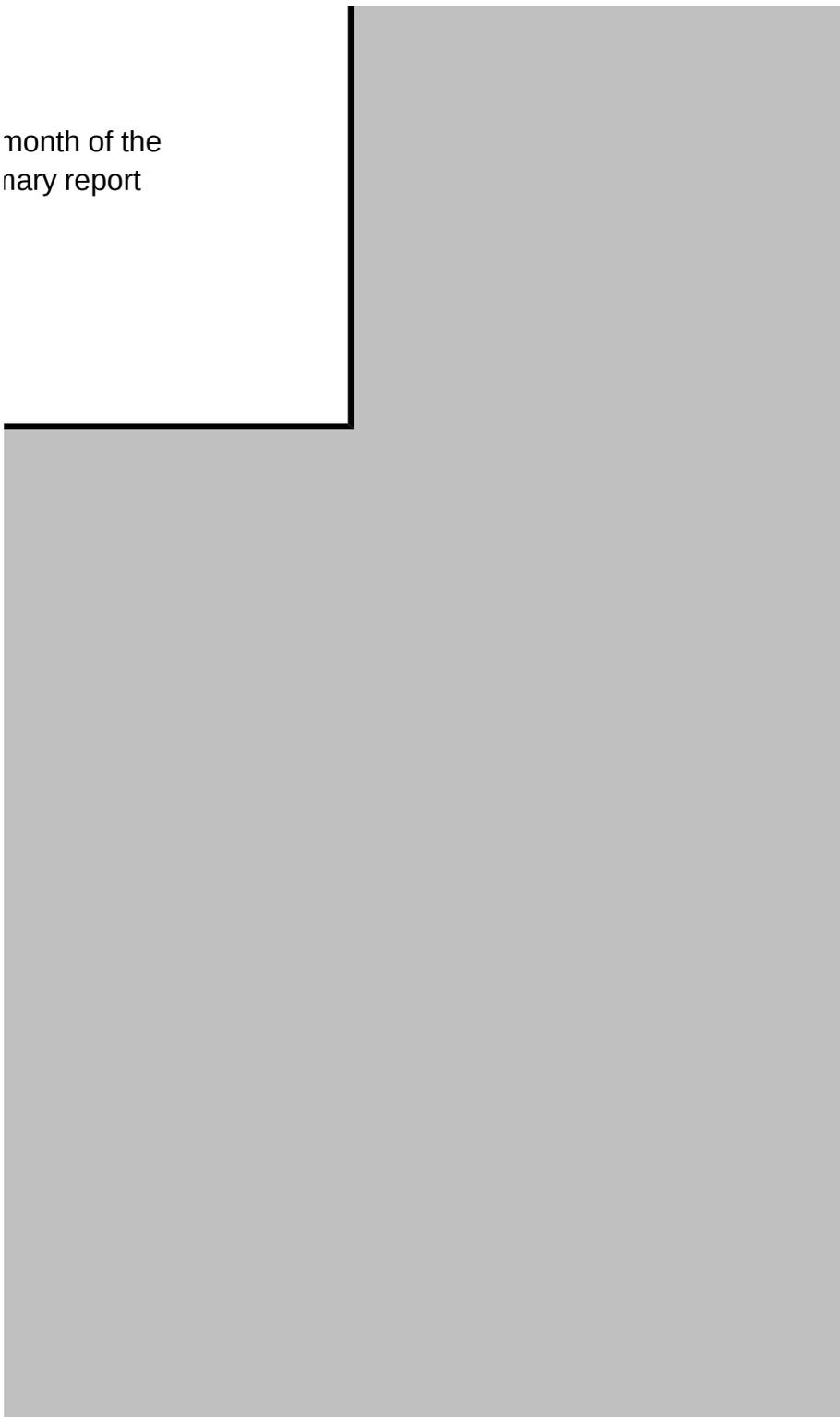
0.0

9.2

0.00%

You can obtain this number from a Parts Summary Report, or most dealer portals

month of the  
nary report



# Ratio of Technicians to Parts Countermen

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### Ratio of Technicians to Parts Countermen

Number of Technicians

Number of Front & Back Parts Countermen ÷

Ratio of Technicians to Parts Countermen =

*Guide:*

#### **Variance: Ratio of Techs to Parts Countermen Over (Under) Guide**

Interpretation: You have **3.2** technicians for every parts counterman. Do you have the right number of parts countermen? Do you have enough technicians?

*NADA Guide: You should have eight technicians for every parts counterman.*



19

6

3.2 :1.00

8 :1.00

-4.8

# Parts & Accessories Inventory Calendar Year Turns

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## Parts & Accessories Inventory Calendar Year

Twelve Calendar Months

Month's Supply of Parts Inventory ÷

**Parts & Accessories Inventory Calendar Year Turns =**

Guide: 8 Turns per Calendar Year



**Turns**

12

1.3

9.2

# Parts Department Gross Return on Investment (GROI)

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## Parts Department Gross Return on Investment

**STEP 1** YTD Total Parts Department Sales in Dollars

Number of Months Business

**Average Monthly Parts Department Sales in Dollars**

**STEP 2** YTD Total Parts Department Gross Profit in Dollars

Number of Months Business

**Average Monthly Parts Department Gross Profit in Dollars**

**STEP 3** Average Monthly Parts Department Gross in Dollars (from step 2)

Average Monthly Parts Sales in Dollars (from step 1)

Gross as a Percent of Sales

Parts Calendar Year Inventory Turns

**YTD Gross Return on Inventory Investment (GROI) (as % of sales)**

**Monthly Gross Profit Opportunity**

Guide: **304%**

*Guide: Your overall gross as a percent of sales should be 38%. Your gross return on inventory investment (GROI) should be 304% (38% times 8 calendar year turns)*

t (GROI)

\$ 4,706,005

÷ 12

= \$ 392,167

\$ 1,492,833

÷ 12

= \$ 124,403

\$ 124,403

÷ \$ 392,167

= 31.72%

x 9.2

= 292.9%

\$ 13,865

# Total Parts Department Net Return

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**Tot**

**STEP 1** YTD Parts Department Expenses

**STEP 2** YTD Total Parts Department Gros

YTD Parts Department Expenses

YTD Parts Department Operating

Number of Months Business

Average Month Parts Department

Number of Months in Calendar Ye

Annualized Parts Department Ope

Parts & Accessories Inventory in E

**Net Return on Parts & Accessor**

**Monthly Operating Profit Oppor**

Guide: **16%** (Update thi

NADA Guide: Prime rate plus 3%

## Return on Investment (NROI)

[d operations](#)

### Auto Parts Department Net Return on Investment (NROI)

Operating Profit

(step 1)

Operating Profit

Operating Profit

Operating Profit

Operating Profit

Dollars

Operating Profit (NROI) (as % of Parts Operating Profit)

Operating Profit

(as guide as the prime rate changes)

(C.O.L.A.) plus a risk factor of 10%.

**\$ 861,784**

**\$ 1,492,833**

**\$ 861,784**

**\$ 631,049**

**12**

**52,587**

**12**

**631,049**

**\$ 354,090**

**178.2%**

**\$ -**

## Fixed Operations Gross Profit Retention Opportunities

### [Table of Contents'](#)

### Gross Profit Retention Opportunities - Ser

#### Average Month

<u>Account Name</u>	Actual Sales \$	Profile %	Profile Gross Profit %
Customer Labor - Mech	\$ 185,176	73.00%	\$ 135,178
Warranty Labor	\$ 83,213	73.00%	\$ 60,746
Internal Labor	\$ 109,413	73.00%	\$ 79,871
PDI/NVI Labor	\$ 14,631	73.00%	\$ 10,681
Totals	\$ 392,433		\$ 286,476

### Gross Profit Retention Opportunities - Pa

#### Average Month

<u>Account Name</u>	Sales \$	Profile %	Profile Gross Profit
Customer RO Parts Sls - Mech	\$ 99,729	41%	\$ 40,889
Customer RO Parts Sls - BS	\$ -	30%	\$ -
Warranty Parts Sales*	\$ 100,037	28%	\$ 28,010
Internal Parts Sales	\$ 46,700	41%	\$ 19,147
Counter Retail Sales	\$ 10,753	41%	\$ 4,409
Wholesales Parts Sales	\$ 51,444	25%	\$ 12,861
Totals	\$ 308,663		\$ 105,316

\*Warranty Parts Sales are reimbursed at full retail in some states.

### Summary of Fixed Operations Gross Profit Ret

**Service Department**

**Parts Department**

**Grand Total**

## vice Department

Actual %	Actual Gross Profit \$	\$ Opportunity
74.68%	\$ 138,298	\$ -
75.55%	\$ 62,871	\$ -
73.27%	\$ 80,172	\$ -
79.69%	\$ 11,660	\$ -
	\$ 293,001	\$ -

## rts Department

Actual %	Actual Gross Profit \$	\$ Opportunity
40.48%	\$ 40,366	\$ <b>523</b>
#DIV/0!	\$ -	\$ -
49.61%	\$ 49,632	\$ -
37.60%	\$ 17,561	\$ <b>1,586</b>
28.60%	\$ 3,075	\$ <b>1,334</b>
20.44%	\$ 10,513	\$ <b>2,348</b>
	\$ 121,147	\$ <b>5,791</b>

## ention Opportunities

\$	-
\$	5,791
\$	5,791

## Increasing Hours Per R.O. by an Additional .3 Hours

### [Table of Contents](#)

[summary of monthly gross profit opportunities - fixed operations](#)

### Increasing Hours Per R.O. by an Additior

(Use Current Month Data)

Number of customer pay R.O.'s for the month

Multiply by .3 hours x

Additional customer labor hours generated =

Multiply by Customer Pay "Effective" Labor Rate (enter as \$) x

Equals additional Customer Labor Sales Generated =

Multiply by Customer Labor Gross Profit % (enter as %) x

**Equals additional Labor Gross Profit Dollars generated** =

Divide Parts Sales R.O. by Labor Sales R.O. to  
calculate \$ of parts sales to \$ of labor sales. (enter as %)

Multiply by Additional Customer Labor Sales Generated x

Equals additional Customer Parts Sales generated =

Multiply by Customer Parts Gross Profit % (enter as %) x

**Equals additional Parts Gross Profit \$ Generated** =

**Additional Monthly Gross Profit: Labor (A) + Parts (B)** =

**Multiply by twelve to annualize**

x

Note: This represents the additional labor and parts gross profit available annually, with no additional customer pay repair orders.

nal .3 Hours

1,793

0.3 hours

538

0.00

\$ -

74.68%

(A) \$ -

53.86%

\$ -

\$ -

40.48%

(B) \$ -

(A) + (B) \$ -

12

\$ -

ible



# SALES DOLLARS PER CUSTOMER PAY REPAIR ORDER

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### SALES DOLLARS PER CUSTOMER F

$$\begin{array}{r} \boxed{\$ 284,905} \\ \text{Total Parts RO \& Customer} \\ \text{Pay Labor Sales Dollars} \\ \text{Average Month} \end{array} \div \begin{array}{r} \boxed{1,793} \\ \text{Total \# of C.P.} \\ \text{Repair Orders} \\ \text{Current Month} \end{array} = \begin{array}{r} \boxed{\$ 159} \\ \text{Average Parts RO \& Cu} \\ \text{Pay Labor Sales Dolla} \\ \text{C.P. Repair Order} \\ \text{Current Month} \end{array}$$

NADA Guide:  $\boxed{\$ 300}$  Average parts & service sales dollars per c

# R - CURRENT MONTH

## PAY REPAIR ORDER - CURRENT MONTH

-	<b>\$ 300</b>	=	<b>\$ (141)</b>	<b>\$ 252,845</b>
customer	NADA		Variance:	Monthly Sales
rs per	Guide		Over (Under)	Dollars Opportunity
-				

customer pay repair order

# FIXED ABSORPTION

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[summary of monthly gross profit opportunities - fixed operations](#)

	<b>Fixed /</b>
(Use current month only)	
Parts Department Total Gross	
Service Department Total Gross	+
Body Shop Department Total Gross	+
<b><u>Total Fixed Gross Profit</u></b>	<b>=</b>
Total Dealership Expense	
New & Used Sales Commission Expense	-
New & Used Policy Expense	-
New & Used Get Ready / Delivery Expense	-
<b><u>Adjusted Overhead Expense</u></b>	<b>=</b>
<b><u>Total Fixed Gross Profit</u></b>	
<b><u>Adjusted Overhead Expense</u></b>	<b>÷</b>

Fixed Absorption Percentage

=

Monthly Profit Opportunity

## Absorption

		% Adj Overhead Expense		
\$	105,032		16.07%	
\$	225,029		34.43%	Additional Gross Profit Generated From .3 Hours
\$	-		0.00%	
\$	330,061 (A)		50.50%	
<b>Without Additional GP From .3 Hours</b>		<b>With Additional GP From .3 Hours</b>		
\$	796,491	\$	-	
\$	123,675	\$	796,491	
\$	3,284	\$	123,675	
\$	15,991	\$	3,284	
	equals		15,991	
\$	653,541 (B)	\$	653,541	
\$	330,061 (A)	\$	330,061	
\$	653,541 (B)	\$	653,541	
	equals		equals	

**NADA Guide**

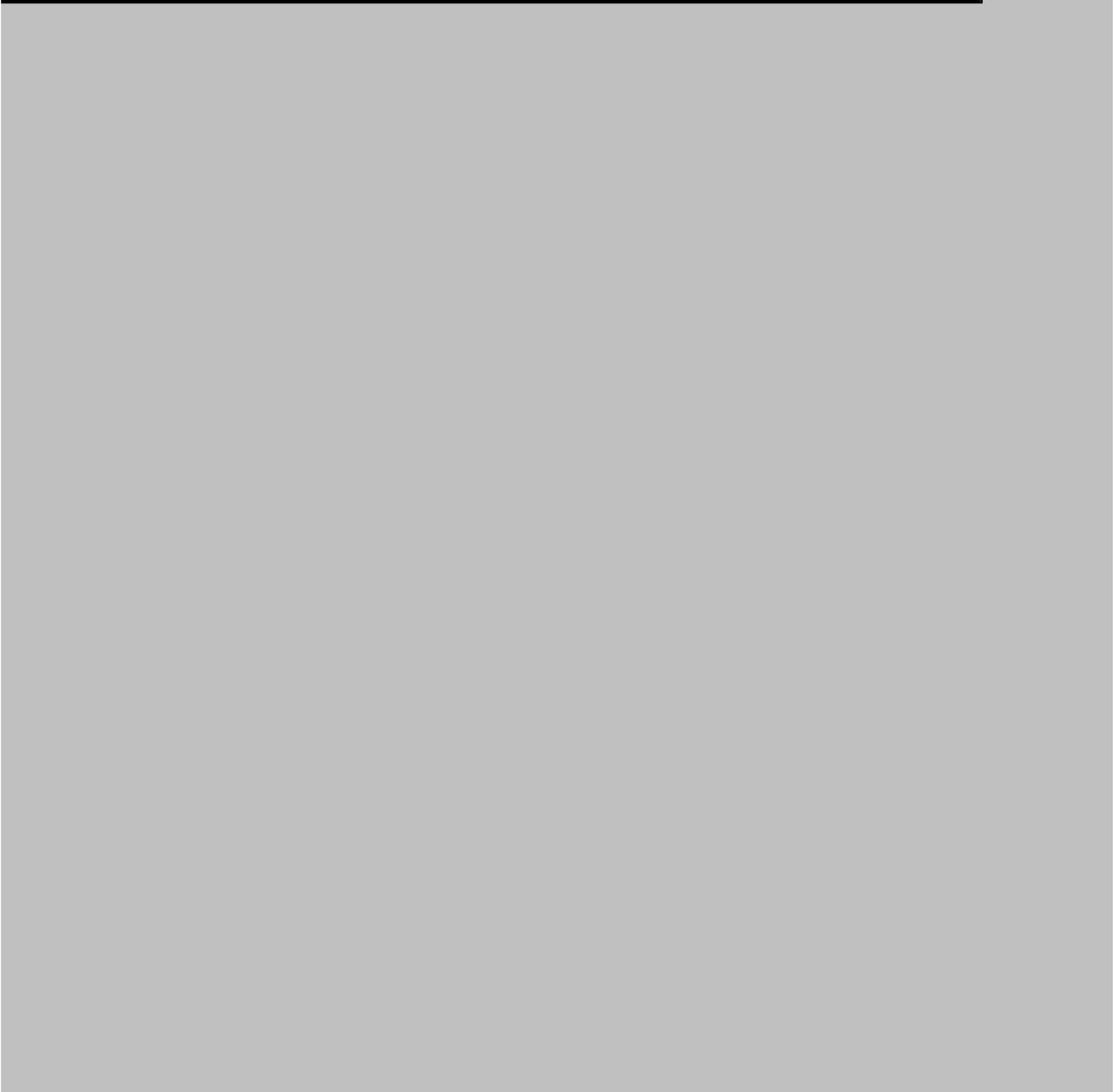
**50.50%**

75%

**50.50%**

**\$ 160,095**

**\$ 160,095**



# Impact of Selling One Addi

## [Table of Contents](#)

[summary of monthly gross profit oppo](#)

### **Impact of Sel**

One Additonal Hour of Custom

Number of Working Days in M

Overall Effective Labor Rate

Number of Technicians

Additional Service Department

Service Department Overall G

Additional Service Department

Net Operating Profit Retention

Additional Service Department

### **Opportunity for Additional S**

Dealership Net Pre-Tax Profit (

### **Percentage Impact on Deale**

Increasing your new and used  
"turn-around-time, could gener

"Upselling" in the service drive  
"drive" the additional one hour

Guide:

20%

[This "Ties" Back to Recondi](#)

# Additional Hour of Labor per Technician per Day

[Opportunities - fixed operations](#)

## Adding One Additional Hour of Labor per Technician per Day

Hourly Pay Labor		1
per month	x	24
	x	\$ 7,532.30
	x	19
Total Sales for the Month	=	\$ 3,434,730
Gross Profit Retention at Guide	x	73%
Total Gross Profit for the Month	=	\$ 2,507,353
at Guide	x	20%
Total Operating Profit for the Month	=	\$ 686,946
<b>Service Operating Profit per Month</b>		<b>\$ 686,946</b>
(average month)	÷	\$ 198,280
<b>Relationship Net Profit</b>	=	<b>346%</b>

inventory turns and reconditioning rate the additional one hour of labor

by your service advisors will also of labor

Service Department Operating Profit

**tioning Cycle Time & Inventory Turns**



# Parts, Service & Body Shop Accounts Receivable Days Supply

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[summary of cash flow opportunities - fixed operations](#)

## Parts, Service & Body Shop Accounts Receivable Days Supply

By taking the parts, service & body shop receivable total from the balance sheet and dividing it by the total parts, service & body shop customer paid labor and parts (excluding warranty, internal & PDI), for the current month, and multiplying by 30 days, the days supply of parts, service & body shop accounts receivable is calculated.

$$\begin{array}{r} \$ \quad 59,424 \\ \text{Parts, Service} \\ \text{\& Body Shop} \\ \text{Receivable} \end{array} \div \begin{array}{r} \$ \quad 347,102 \\ \text{*Total Parts,} \\ \text{Svc, B/S} \\ \text{Customer Paid} \\ \text{Labor \& Parts} \\ \text{Sales} \end{array} = \begin{array}{r} 0.2 \\ \text{Months Supply} \\ \text{of Parts, Svc \&} \\ \text{B/S Customer} \\ \text{Paid Labor/Parts} \end{array}$$

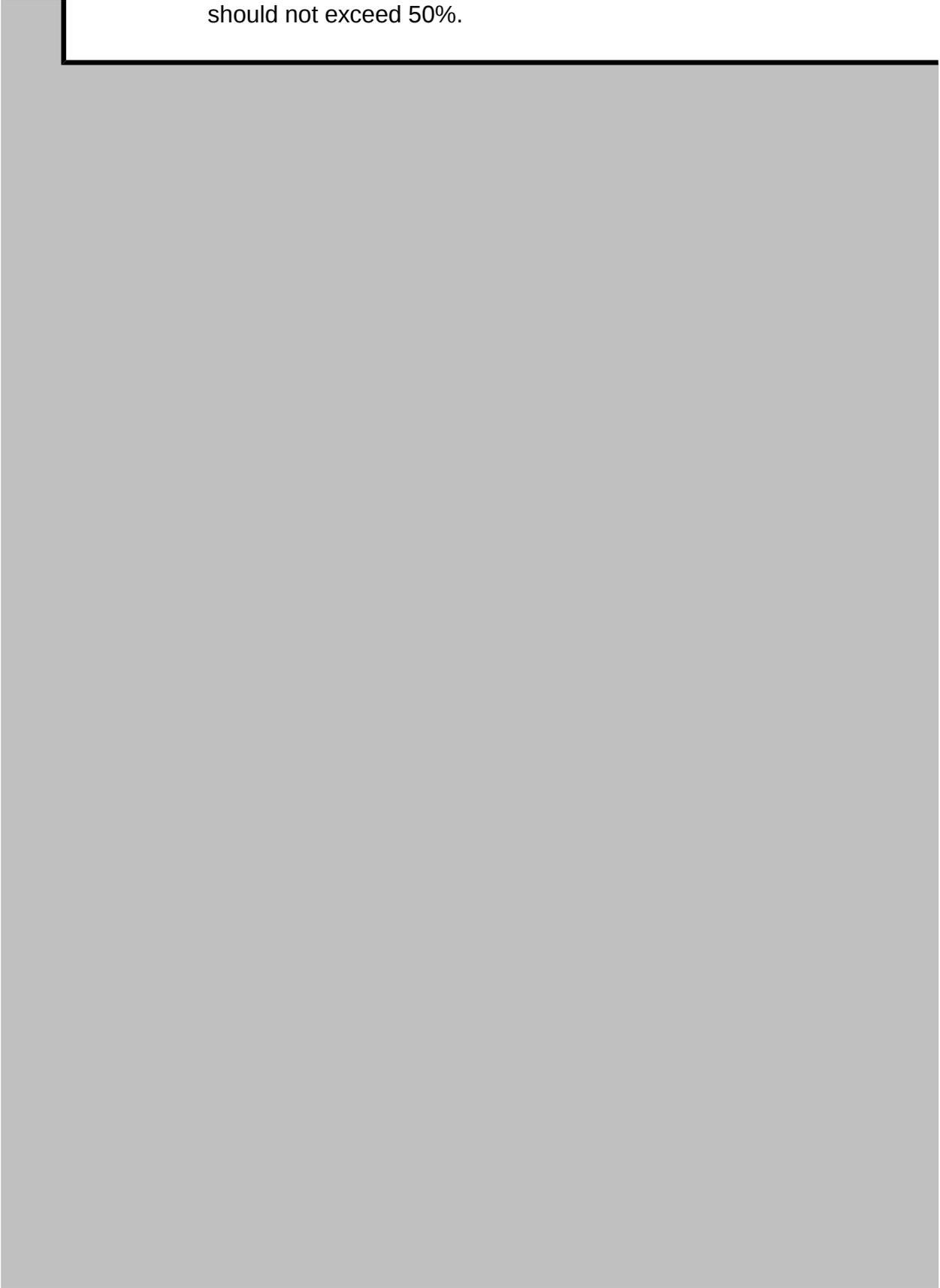
$$\begin{array}{r} 0.2 \\ \text{Months Supply} \\ \text{of Parts, Svc \&} \\ \text{B/S Customer} \\ \text{Paid Labor/Parts} \end{array} \times \begin{array}{r} 30 \\ \text{Days} \end{array} = \begin{array}{r} 5.14 \\ \text{Days Supply} \\ \text{of Parts, Svc \&} \\ \text{Body Shop} \\ \text{Accounts Receivable} \end{array}$$

\*Exclude all parts, service & body shop internal, warranty, PDI, tires, and sublet sales. Includes all customer paid labor & parts.

*Guide: Your days supply of parts, service & body shop receivables should exceed 50% of an average month's total customer sales or 15 days (50% of a 30 day month).*

On a percentage basis, the parts, service & body shop receivable represents **17%** of the current month's service, parts & body shop customer paid labor and parts (excluding warranty, internal & PDI). The

should not exceed 50%.



Supply

## Months Receivable Days Supply

Balance sheet  
Labor  
and then  
receivables

$$- \quad \boxed{15} \quad = \quad \boxed{-9.86} \quad \quad \boxed{\$ \quad -}$$

NADA Guide Days Supply      Variance: Over (Under)      **Cash Flow Opportunity**

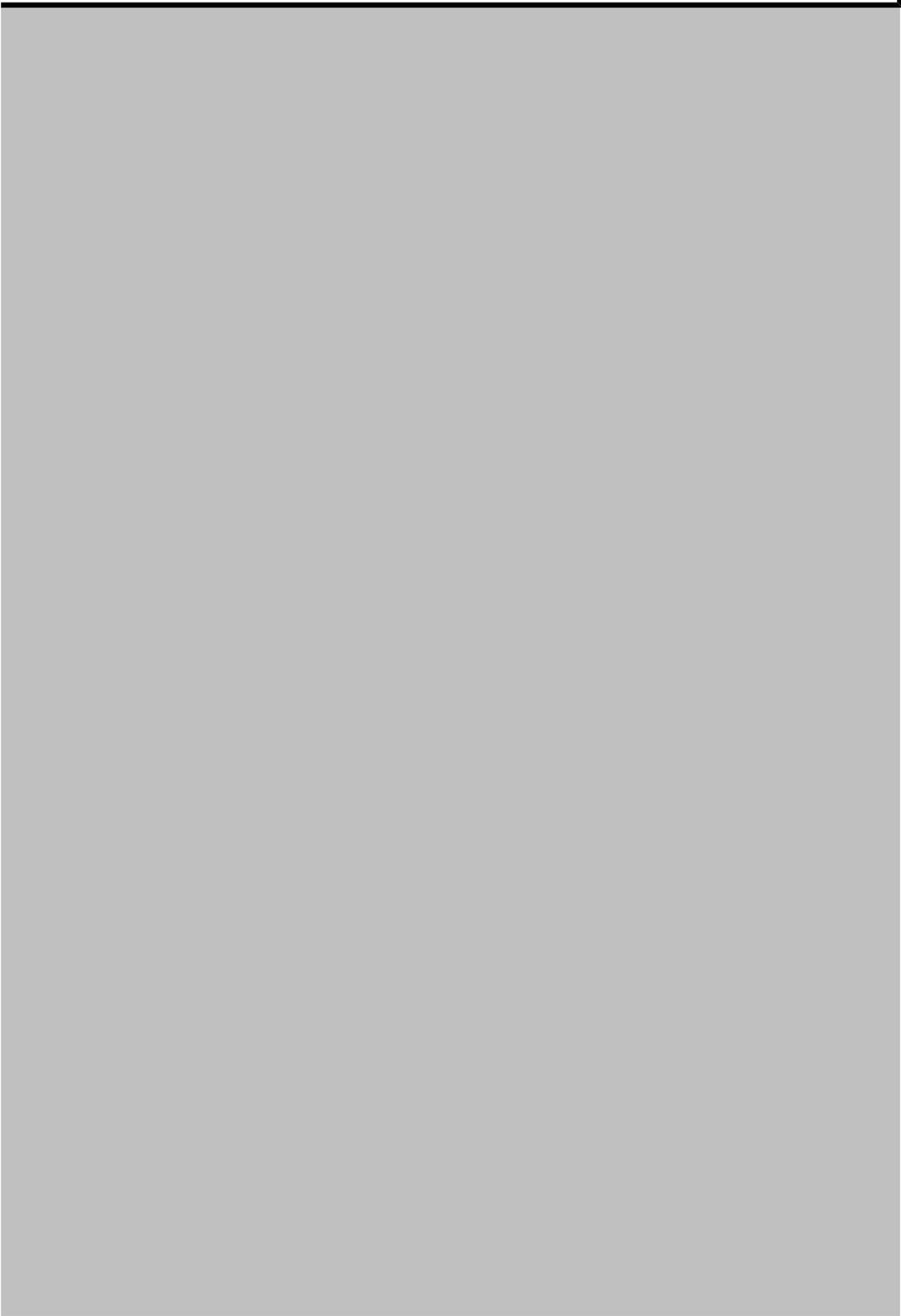
le

gas/oil/grease and

ould not  
apply.

resents

op  
his percentage



# Warranty Claims Receivable Days Supply

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[summary of cash flow opportunities - fixed operations](#)

## Warranty Claims Receivable

By taking the warranty claims receivable total from the balance sheet and dividing it by the total warranty sales in fixed operations for the current month, and then multiplying it by 30 days, the days supply of claims is calculated.

$$\begin{array}{rcccl} \$ & 76,448 & \div & \$ & 183,250 & = & 0.4 \\ \text{Warranty} & & & \text{Current Month} & & & \text{Months Supply} \\ \text{Receivable} & & & \text{Warranty Sales} & & & \text{of Warranty} \\ & & & \text{In Fixed Ops} & & & \text{Receivables} \end{array}$$

$$\begin{array}{rcccl} 0.4 & \times & 30 & = & 12.5 \\ \text{Months Supply} & & & & \text{Days Supply} \\ \text{of Warranty} & & & & \text{of Warranty} \\ \text{Receivables} & & & & \text{Receivables} \end{array}$$

*NADA Guide:*

<i>If you are paid warranty credits weekly =</i>	7.5
<i>If you are paid warranty credits semi-monthly =</i>	15
<i>If you are paid warranty credits monthly =</i>	30

## Are Your Warranty Claims

$$\begin{array}{rcccl} \$ & 76,448 & \div & \$ & 183,250 & = & 41.7\% \\ \text{Warranty Claims} & & & \text{Current Month} & & & \text{Warranty Claims} \\ \text{Receivable} & & & \text{Warranty Sales} & & & \text{Receivable as} \\ & & & \text{In Fixed Ops} & & & \text{\% of Warranty Sales} \end{array}$$

*Guide: If you are paid warranty credits on a weekly basis, your warranty claims as a percentage of guide should be 25%. If paid on a semi-monthly*

*percentage should be 50%, and if paid monthly, your percentage sh*



**able Days Supply**

st

warranty

- **15.0** = **-2.5**      \$ **-**

NADA Guide      Variance:      **Cash Flow**  
Days Supply      Over (Under)      **Opportunity**  
(Select Guide  
Below)

**Receivable OLD?**

es

anty receivable  
/ basis, your

*ould be 100%.*



# Frozen Capital - Service, Parts & Body Shop Receivable

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[summary of cash flow opportunities - fixed operations](#)

## Frozen Capital - Service, Parts & Body

Guide: Customer receivables should not exceed 50% of current month's cus

\$ 347,102	x	50%	=	\$ 173,551
Current Month P,S,BS Sales				Your Guide Objective
\$ 59,424	-	\$ 173,551	=	\$ -
Actual cust P,S & BS accts Rec		Guide Objective		Frozen Capital

\$ 59,424	÷	\$ 347,102	=	0.17 Mth's Supp
-----------	---	------------	---	-----------------

## Shop Receivable

customer (retail and wholesale) fixed ops sales.

$$x \quad 30 \quad = \quad 5.14 \text{ Days Supp}$$

# Frozen Capital - Warranty Claim Receivable

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[summary of cash flow opportunities - fixed operations](#)

## Frozen Capital - Warranty Claim

Warranty Receivables should not exceed % of month

<input type="text" value="\$ 183,250"/>	x	<input type="text" value="50%"/>	=	<input type="text" value="\$ 91,625"/>
Current Month Warranty Sales		Guide		Guide Objective

<input type="text" value="\$ 76,448"/>	-	<input type="text" value="\$ 91,625"/>	=	<input type="text" value="\$ -"/>
Actual Warranty Receivable		Guide Objective		Frozen Capital

Interpretation: \* Based on the frequency of warranty credits paid by Manufacturer select the correct % below and enter it in cell C86 below.

*NADA Guide:*  
 If you are paid weekly by the manufacturer on your warranty claims use 25%  
 If you are paid semi-monthly (twice a month) by the manufacturer on your warranty claims use 50%  
 If you are paid monthly by the manufacturer on your warranty claims use 100%

Enter your guide % above based on how frequently you are paid

\$ 76,448 ÷ \$ 183,250 = 0.42 Mth's Supp
--

## Receivable

h's warranty parts and labor sales

sturer each month,

6  
warranty claims use 50%  
0%

paid warranty credits

$$x \quad 30 \quad = \quad 12.52 \text{ Days Supp}$$

# Frozen Capital - Parts & Accessories Inventory

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[summary of cash flow opportunities - fixed operations](#)

## Frozen Capital -

*Guide: Inventory should not exceed a 1.5 month supply at c*

$$\begin{array}{rcccl} \$ & 272,412 & \times & 1.5 & = \\ \text{Avg Month parts cost of sales*} & & & \text{NADA Guide} & \end{array}$$

$$\begin{array}{rcccl} \$ & 354,090 & - & \$ & 408,618 & = \\ \text{Actual Parts Inventory} & & & \text{Guide Objective} & \end{array}$$

\*If statement does not have a cost of sales column, reverse deduct from total gross profit. I statement does have a cost inventory. Then, add or deduct from total cost of sales.

$$\begin{array}{rcccl} \$ & 354,090 & \div & \$ & 272,412 & = \end{array}$$

## Parts & Accessories Inventory

Cost.

\$ 408,618

Guide Objective

\$ -

Frozen Capital

the sign on purchase allowance & adjustment parts inventory. Then add or of sales column, leave the sign as it is on purchase allowance & adjustment parts

1.30 Mth's Supl x 30 = 38.99 Days Supp

# New Vehicle Department Break-Even

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summary of gross profit opportunities - var

### **New Vehicle**

Total New Vehicle Department Expense

Statement Month

Average Month New Vehicle Department

Average Gross Profit PNVR (including  
"Below the Line" Factory Incentive

**Number of New Vehicles Needed**

**Actual Number of New Vehicles  
(YTD New Vehicles Sold at Retail)**

**Variance: Actual Number of New  
Break-Even Point**

**Monthly Gross Profit Opportunity**

**Average Number of New Vehicles**

**Number of Days to Achieve Break-Even**

## Break-Even Point Above the Line

[Variable operations](#)

### Department Break-Even Point Above the Line

Expenses YTD		\$	363,056
	÷		12
Department Expense	=	\$	30,255
(including F&I). This does not include Department Money nor DOC fees	÷	\$	1,890
Adjusted to Break-Even	=		16
Retail Sold (Average Month) Divided By Number of Month's Business	-		172
Number of Vehicles Retail Sold Over (Under)	=		156
Profitability		\$	-
Units Sold per Day			5.75
Break-Even Point			2.78

# New Vehicle Department Break-Even Point With "Below the Line"

## [Table of Contents](#)

[summary of gross profit opportunities - variable operations](#)

### **New Vehicle Department Break-Even Point With "Below the Line"**

Total New Vehicle Department Expenses YTD

Statement Month

Average Month New Vehicle Department Expense

Average Gross Profit PNVR (including F&I). This includes F&I Plus  
"Below the Line" Factory Incentive Money & DOC fees

**[Number of New Vehicles Needed to Break-Even](#)**

**[Actual Number of New Vehicles Retail Sold \(Average Month\)](#)**

**[Variance: Actual Number of New Vehicles Retail Sold Over \(Under\)  
New Vehicle Department Break-Even Point](#)**

**[Monthly Gross Profit Opportunity](#)**

**[Average Number of New Vehicles Sold per Day](#)**

**[Number of Days to Achieve Break-Even Point](#)**

## Line" Factory Money & DOC Fees

### Line" Factory Money & DOC Fees

\$ 363,056

÷ 12

= \$ 30,255

÷ \$ 2,835

= 11

- 172

= 162

\$ -

5.75

1.86

## New Vehicle Department Gross Profit Return on Sales

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[summary of gross profit opportunities - variable operations](#)

### New Vehicle Department Gross P

$$\begin{array}{rcccl} \$ & 460,324 & \div & \$ & 4,515,335 & = & 10.19\% & - \\ \text{MTD New Vehicle} & & & \text{MTD New Vehicle} & & & \text{MTD G.P. Return} & \\ \text{Retail Gross} & & & \text{Retail Sales} & & & \text{on Sales} & \end{array}$$

*NADA Guide:* 5%

Note: The new vehicle gross profit includes front & back gross as well as DOC fees.

## Profit Return on Sales

5.00%	=	5.19%	\$ -
NADA Guide		Variance: Over (Under)	<b>Gross Profit Opportunity</b>

all as all below the line factory new vehicle money

# Vehicle Receivable Days Supply

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[summary of cash flow opportunities - variable operations](#)

## Vehicle Receivable

- New Retail Vehicle Sales Dollars Current Month
- Used Retail Vehicle Sales Dollars Current Month
- Total New & Used Retail Vehicle Sales Dollars Current Month
  
- Total New & Used Retail Vehicle Units Sold Current Month
  
- Total New & Used Retail Vehicle Sales Dollars Current Month
- Total New & Used Retail Vehicle Units Sold Current Month
- Average New & Used Retail Vehicle Sales Price Current Month

By taking the vehicle receivables total from the balance sheet and dividing it by the total retail vehicle sales dollars (new & used) and then multiplying it by 30 days, the days supply of vehicle

$$\begin{array}{r} \$ \quad 723,502 \\ \text{Vehicle} \\ \text{Receivables} \end{array} \div \begin{array}{r} \$ \quad 4,720,730 \\ \text{Current Month} \\ \text{New \& Used} \\ \text{Retail Sales} \\ \text{Dollars} \end{array} =$$

$$\begin{array}{r} 0.15 \\ \text{Months Supply} \\ \text{of Vehicle} \\ \text{Receivables} \end{array} \times \begin{array}{r} 30 \\ \text{Days} \end{array} =$$

*NADA Guide: Your days supply of vehicle receivables should*

**Current Month Average Retail Vehicle Sales Price**

			\$ 4,515,335
		+	\$ 205,395
h	(A)	=	\$ 4,720,730
	(B)		263
h	(A)		\$ 4,720,730
	(B)	÷	263
nth		=	\$ 17,950

**Vehicle Receivable Days Supply**

at  
 used) for the current month,  
 : receivables is calculated.

**0.15**  
 Months Supply  
 of Vehicle  
 Receivables

**4.60** - **3.0** = **1.60**  
 Days Supply of Vehicle Receivables      NADA Guide      Variance

*It not exceed a 3 day supply.*



**\$ 251,429**

**Cash Flow  
Opportunity**



## Contracts in Transit Days Supply

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[summary of cash flow opportunities - variable operations](#)

### Contracts in Transit C

New Retail Vehicle Sales Dollars Current Month  
Used Retail Vehicle Sales Dollars Current Month  
Total New & Used Retail Vehicle Sales Dollars Current Mo

New and Used Retail Vehicle Units Sold Current Month

Total New & Used Retail Vehicle Sales Dollars Current Mo  
Total New & Used Retail Vehicle Units Sold Current Month  
Average New & Used Retail Vehicle Sales Price Current M

C

By taking the contracts in transit total from the balance sh  
and dividing it by the total retail vehicle sales dollars (new  
and then multiplying it by 30 days, the days supply of cont

$$\begin{array}{r} \boxed{1,777,239} \\ \text{Contracts in} \\ \text{Transit} \end{array} \div \begin{array}{r} \boxed{\$ 4,720,730} \\ \text{Current Month} \\ \text{New \& Used} \\ \text{Retail Sales} \end{array} =$$

$$\begin{array}{r} \boxed{0.38} \\ \text{Months Supply} \\ \text{Contracts} \\ \text{in Transit} \end{array} \times \boxed{30} =$$

*NADA Guide: Your days supply of contracts in transit shou*



## Current Month Average Retail Vehicle Sales Price

			\$	4,515,335	
		+	\$	205,395	
Month	(A)	=	\$	4,720,730	(A)
		(B)		263	
Month			\$	4,720,730	(A)
1	(B)	÷		263	(B)
Month		=	\$	17,950	

## Contracts in Transit Days Supply

meet  
& used) for the current month,  
contracts in transit is calculated.

**0.38**

Months Supply  
Contracts  
in Transit

**11.29**

Days Supply  
of Contracts  
in Transit

-

**3.00**

NADA Guide

=

**8.29**

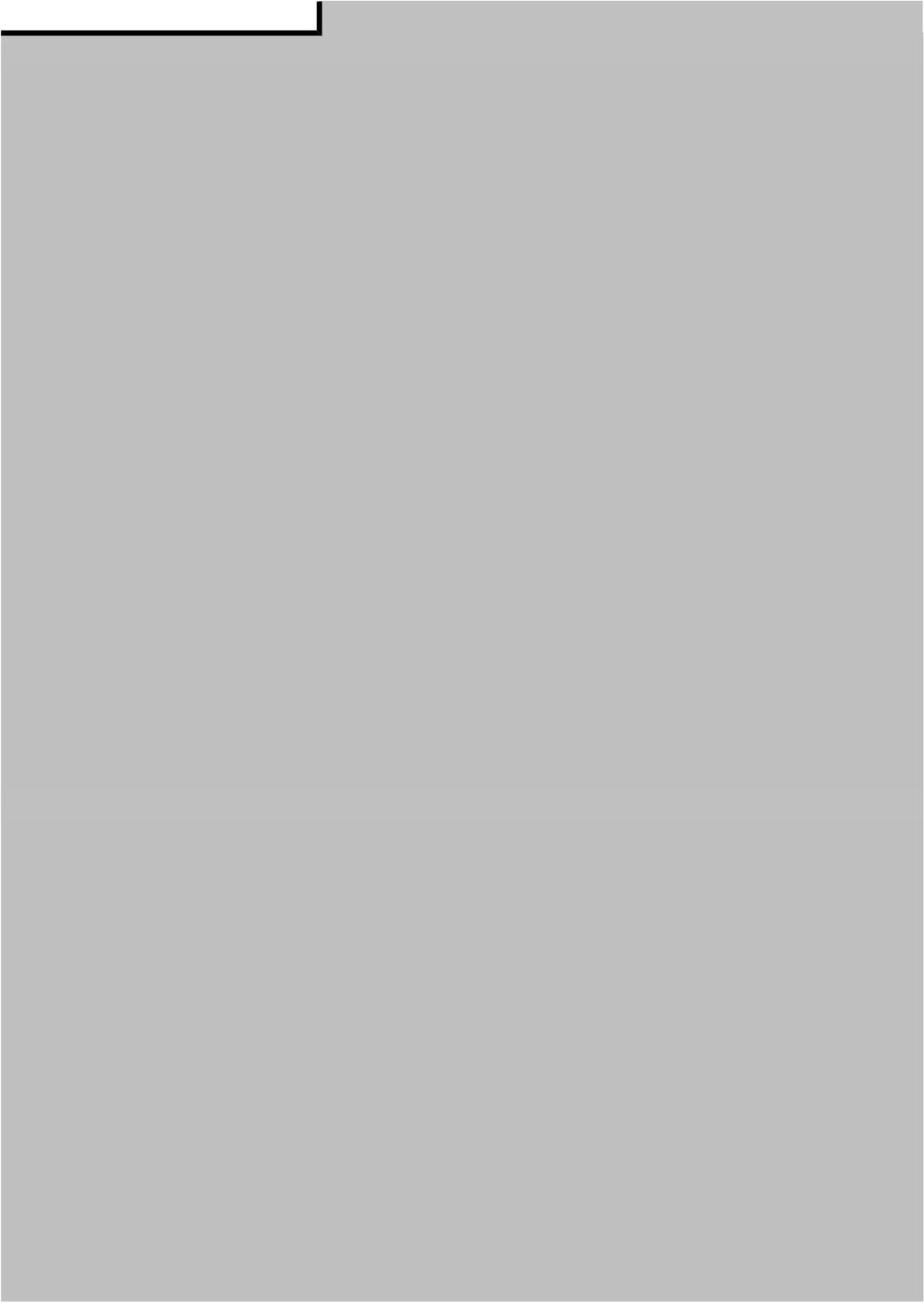
Variance:  
Over (Under)

*Should not exceed a 3 day supply.*



**\$ 1,305,166**

**Cash Flow  
Opportunity**



# New Vehicle Inventory Days Supply

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### [Summary of Monthly Cash Flow Opportunities - Variable Operations](#)

#### New and Used Vehicle Inventory /

New Vehicle Retail Sales Dollars Y.T.D. (front-end only)  
New Vehicle Retail Gross Profit Dollars Y.T.D. (front-end only)  
New Vehicle Retail Cost of Sales Dollars Y.T.D.

Number of Month's Business  
New Vehicle Retail Cost of Sales Dollars (average month)

Used Vehicle Retail Sales Dollars Y.T.D. (front-end only)  
Used Vehicle Retail Gross Profit Dollars Y.T.D. (front-end only)  
Used Vehicle Retail Cost of Sales Dollars Y.T.D.

Number of Month's Business  
Used Vehicle Retail Cost of Sales Dollars (average month)

#### New Vehicle Inventor

By taking the new vehicle inventory total from the balance sheet and dividing it by the average month new vehicle retail cost of sales, and then multiplying it by 30 days, the days supply of new vehicle inventory is calculated.

$$\begin{array}{r} \$ \quad 8,457,132 \\ \text{New Vehicle} \\ \text{Inventory} \end{array} \div \begin{array}{r} \$ \quad 5,100,031 \\ \text{Avg Month} \\ \text{New Vehicle} \\ \text{Retail C.O.S.} \end{array} = \begin{array}{r} \quad 1.7 \\ \text{Months Supply} \\ \text{of New Vehicle} \\ \text{Inventory} \end{array}$$

$$\begin{array}{l}
 \boxed{1.7} \times \boxed{30} = \boxed{49.75} \\
 \text{Month's Supply} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Days Supply} \\
 \text{of New Vehicle} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{of New Vehicle} \\
 \text{Inventory} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Inventory}
 \end{array}$$

Guide: Domestic	60	Days Supply
Guide: Highline	60	Days Supply
Guide: Imports	60	Days Supply

**NOTE: A cash flow opportunity exists only if new vehicle inventory**

## Average Month Cost of Sales

$$\begin{array}{r} \$ 62,927,816 \\ - \$ 1,727,447 \\ = \$ 61,200,369 \end{array}$$

$$\begin{array}{r} \div 12 \\ = \$ 5,100,031 \end{array}$$

$$\begin{array}{r} \$ 27,397,156 \\ - \$ 1,080,146 \\ = \$ 26,317,010 \end{array}$$

$$\begin{array}{r} \div 12 \\ = \$ 2,193,084 \end{array}$$

## Days' Supply

/  
>

e

$$- \text{NADA Guide } 60 = \text{Variance } -10.25 \quad \$ \text{Cash Flow Opportunity } -$$

is not floored, but is carried by the Dealer.

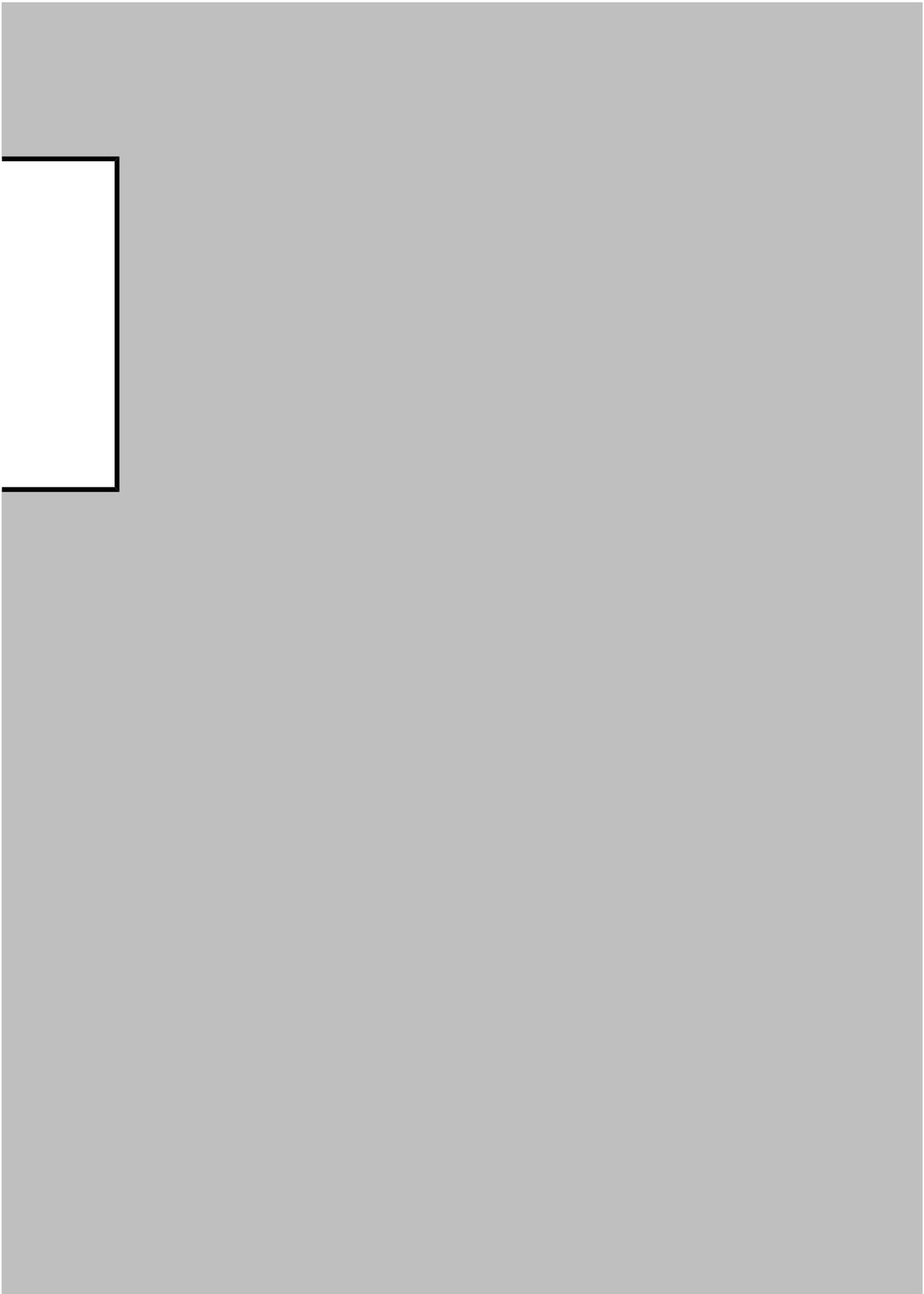


# New Vehicle Inventory Calendar Year Turns

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## New Vehicle Inventory Calendar Year Turns

Twelve Calendar Months		12
Month's Supply of New Vehicle Inventory	÷	1.7
<b>New Vehicle Inventory Calendar Year Turns</b>	=	<b>7.2</b>
Guide: 6 Calendar Year Turns		



# New Vehicle Department Gross

## [Table of Contents'](#)

### [Summary of Profit Opportunities - Variable Op](#)

#### **New Ve**

**STEP 1** YTD New Vehicle Retail Sales in I

Number of Months Business

[Average Monthly New Vehicle S](#)

**STEP 2** YTD New Vehicle Retail Gross in I

Number of Months Business

[Average Monthly New Vehicle G](#)

**STEP 3** Average Monthly New Vehicle Grc

Average Monthly New Vehicle Sal

Gross as a Percent of Sales

New Vehicle Inventory Calendar Y

[YTD Gross Return on Inventory](#)

[Monthly Gross Profit Opportuni](#)

Guide: 30%

*Guide: Your gross as a percent of  
return on inventory investment (G  
calendar year turns)*

# Return on Investment (GROI)

[Operations](#)

## Vehicle Department Gross Return on Investment (GROI)

Dollars, F & I and Below the Line Factory Money & DOC Fees \$ 66,105,070

÷ 12

**Sales in Dollars** = \$ 5,508,756

Dollars, F & I and Below the Line Factory Money & DOC Fees \$ 5,865,195

÷ 12

**Gross in Dollars** = \$ 488,766

Gross in Dollars (from step 2) \$ 488,766

Sales in Dollars (from step 1) ÷ \$ 5,508,756

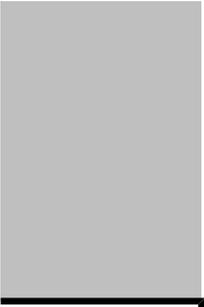
= 8.87%

Year Inventory Turns x 7.2

**Investment (GROI) (as % of sales)** = 64.21%

**Profitability** \$ -

*Target sales should be 5%. Your gross ROI should be 30% (5% times 6.0)*



# New Vehicle Department Net Return

## [Table of Contents'](#)

### [Summary of Profit Opportunities - Variable Operating Costs](#)

#### **New Vehicle Department**

**STEP 1** YTD New Vehicle Department Expenses

**STEP 2** YTD Total New Vehicle Department Expenses

YTD New Vehicle Department Expenses

YTD New Vehicle Department Operating Profit

Number of Months Business

Average Month New Vehicle Department

Number of Months in Calendar Year

Annualized New Vehicle Department

New Vehicle Inventory in Dollars

**Net Return on New Vehicle Investment**

**Monthly Operating Profit Opportunity**

Guide: **16%** (Update this value)

Guide: Prime rate plus 3% (C.O.L)

## Return on Investment (NROI)

[operations](#)

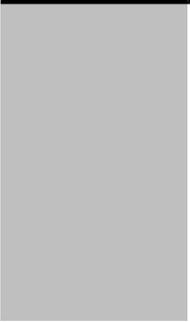
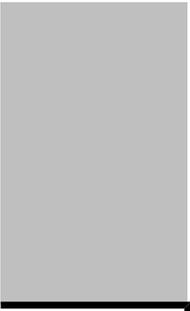
### Vehicle Department Net Return on Investment (NROI)

Expenses		\$	363,056
Net Gross Profit		\$	5,865,195
Expenses (step 1)	-	\$	363,056
Operating Profit	=	\$	5,502,139
	÷		12
Department Operating Profit	=		458,512
Rate	x		12
Net Operating Profit	=		5,502,139
	÷	\$	8,457,132
<b>Inventory Investment (NROI) (as % of New Operating Profit)</b>	=		<b>65.06%</b>
<b>Opportunity</b>		\$	-

*(as guide as the prime rate changes)*

*(...A.) plus a risk factor of 10%.*





# Impact of Excess New Vehicle Inventory

## [Table of Contents](#)

### [Summary of Monthly Profit Opportunities - Variable Op](#)

#### **Impact of Excess New Vehicle**

New Vehicle Retail Sales Dollars Y.T.D.

New Vehicle Retail Gross Profit Dollars Y.T.D.

New Vehicle Retail Cost of Sales Dollars Y.T.D.

Statement Month (example: May = 5)

New Vehicle Retail Cost of Sales Dollars (average)

\*New Vehicle Inventory Month's Supply Profile

New Vehicle Inventory Dollars at Profile

New Vehicle Inventory Dollars (actual)

New Vehicle Inventory Dollars at Profile

#### **Excess New Vehicle Inventory**

Current Floor Plan Interest Rate

Annual Floor Plan Interest Expense on Excess

#### **Monthly Opportunity of Floor Plan Interest Expense (or floor plan savings if not in stock)**

Total Dealership Net Profit (average month)

Monthly Floor Plan Interest Expense on Excess  
(or floor plan savings if not in stock)

Total Dealership Net Profit (average month) (from

#### **Impact of Excess New Vehicle Inventory on**

Guide:  New Vehicle Inventory I

## Inventory on Total Dealership Profitability

[Operations](#)

### Inventory on Total Dealership Profitability

		\$	66,105,070
	-	\$	5,865,195
	=	\$	60,239,875
	÷		12
Age month)	=	\$	5,019,990
	X		2.0
	=	\$	10,039,979

		\$	8,457,132
	-	\$	10,039,979
	=	\$	(1,582,847)
	X		3.5%
Inventory	=	\$	(55,400)
	÷		12
Expense on Excess Inventory	=	\$	(4,617)

	=	\$	198,280
Inventory (from above)		\$	(4,617)
Inventory (from above)	÷	\$	198,280
<b>Total Dealership Net Profit</b>	=		<b>-2.33%</b>

Month's Supply

# Used Vehicle Gross Profit Return on Sales

[table of contents](#)

[summary of gross profit opportunities - variable operations](#)

## Used Vehicle Gross Profit Return on S

$$\begin{array}{ccccccc} \boxed{205,395} & \div & \boxed{205,395} & = & \boxed{100.00\%} & - & \boxed{12\%} & = \\ \text{MTD Used Vehicle} & & \text{MTD Used Vehicle} & & \text{MTD GP} & & \text{Guide} & \\ \text{Gross} & & \text{Sales} & & \text{Return on Sales} & & & \end{array}$$

Guide: 12%

Note: Used vehicle gross profit return on sales includes all gross profit and sales including F&I and "below the line" money.

Sales

88.00%

Variance:  
Over (Under)

\$ -

Monthly Gross Profit  
Opportunity

as for the department,

## Used Vehicle Department Break

[table of contents](#)

[Summary of Monthly Profit Opportunities - Ve](#)

### Used Vehicle

Total Used Vehicle Department Exp

Statement Month

Average Month Used Vehicle Depa

Average Gross Profit PUVR (includ  
**(Does not include factory below 1**

**Number of Used Vehicles Needed**

**Actual Number of Used Vehicles**

**Variance: Actual Number of Used  
Break-Even Point**

**Monthly Gross Profit Opportunity**

**Average Number of Used Vehicle**

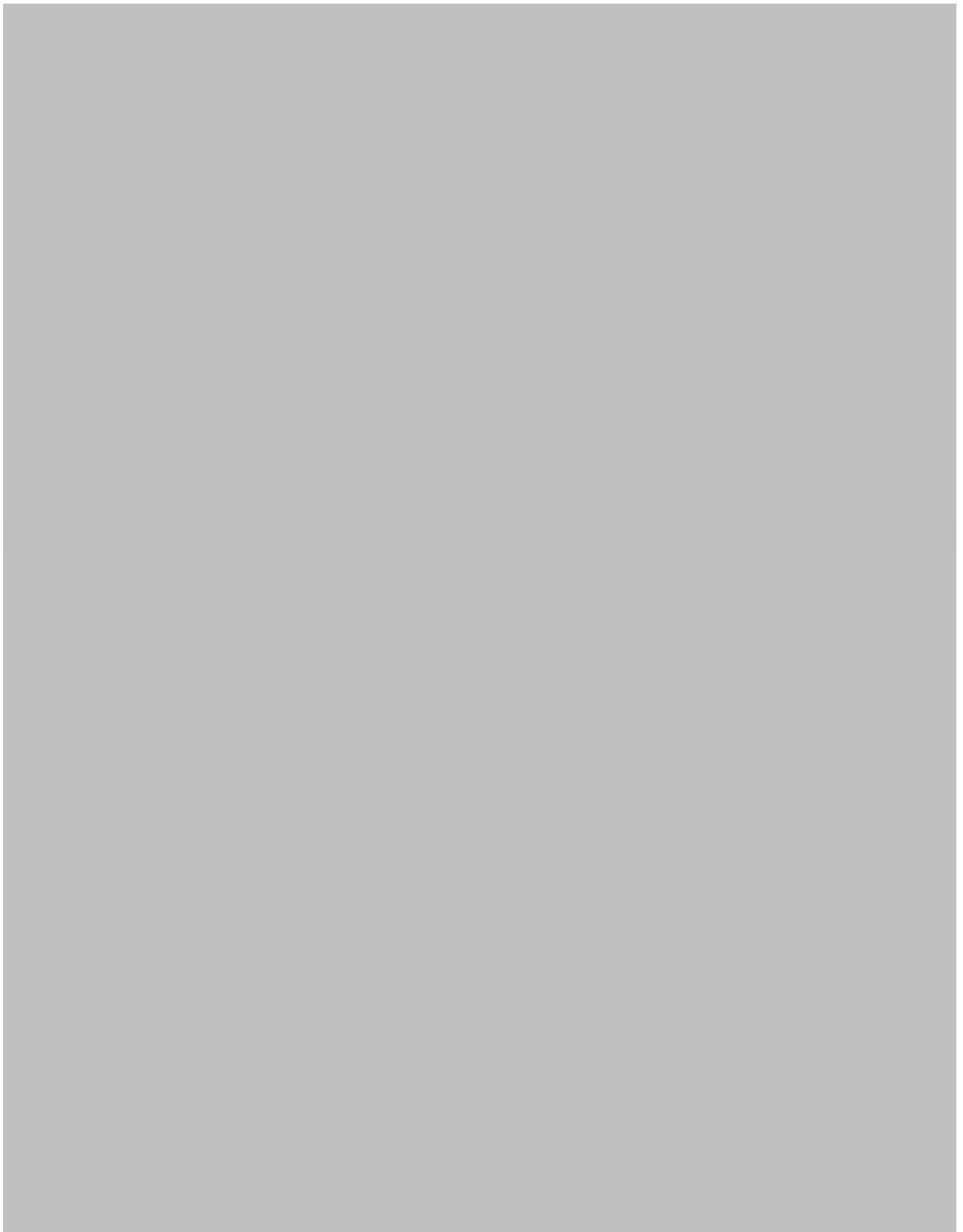
**Number of Days to Achieve Break**

## Break-Even Point Above the Line

[Variable Operations](#)

### Department Break-Even Point Above the Line

Expenses YTD		1,737,352
	÷	12
Department Expense	=	144,779
(Including F&I) Above the Line (the line money or DOC fees)	÷	2,157
Amount to Break-Even	=	67
Retail Sold (Average Month)	-	124
Number of Vehicles Retail Sold Over (Under)	=	57
Profit	\$	-
Units Sold per Day		4.14
Break-Even Point		16.20



## Used Vehicle Department Break-Even

### [table of contents](#)

### [Summary of Monthly Profit Opportunities -](#)

#### **Used Vehicle Department Break-Even**

Total Used Vehicle Department Expenses

Statement Month

Average Month Used Vehicle Department Expenses

Average Gross Profit PUVR (including  
**"Below the Line" Factory Money**)

**Number of Used Vehicles Needed**

**Actual Number of Used Vehicles**

**Variance: Actual Number of Used Vehicles  
Break-Even Point**

**Monthly Gross Profit Opportunities**

**Average Number of Used Vehicles**

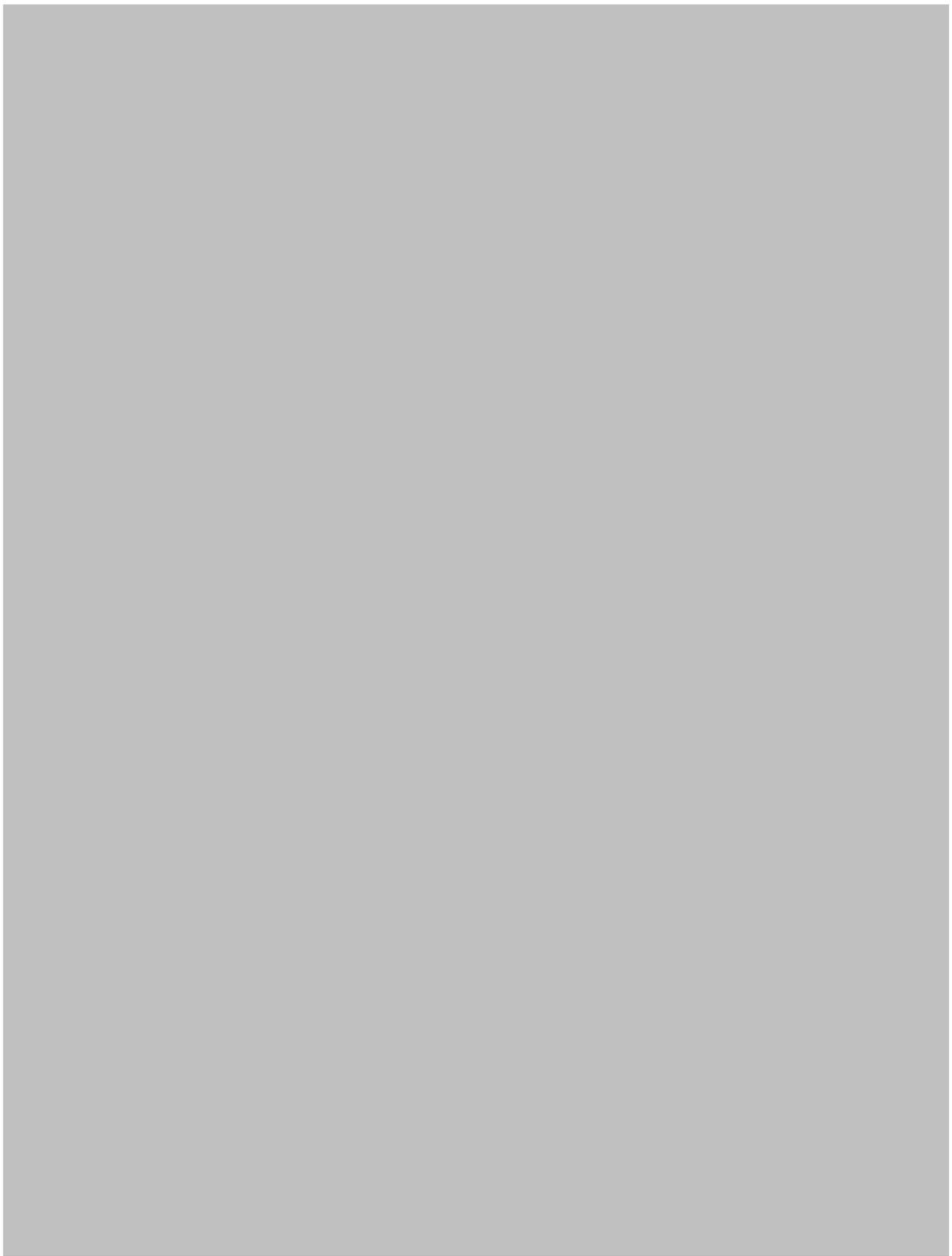
**Number of Days to Achieve Break-Even**

## Break-Even With "Below the Line" Factory Money & DOC Fees

[Variable Operations](#)

### Break-Even Point With "Below the Line" Factory Money & DOC Fees

Expenses YTD		1,737,352
	÷	12
Department Expense	=	144,779
Including F&I & Dealer Prep & DOC fees	÷	2,596
Months to Break-Even	=	56
Months Retail Sold (Average Month)	-	124
Months Vehicles Retail Sold Over (Under)	=	68
Profitability	\$	-
Units Sold per Day		4.14
Break-Even Point		13.46



# Used Vehicle Holding Cost per & the Impact of Holding Cost on

## [Table of Contents](#)

### [Summary of Profit Opportunities - Variable C](#)

#### Use

Total Used Vehicle Department Exp

Number of Used Vehicles Sold YTD

#### [Average Used Vehicle Holding Co](#)

The Average Used Vehicle Holding represents the YTD Expense on a p

#### Impact of Hold

Average Used Vehicle Holding Cos

Used Vehicle Gross Profit PUVR (;  
**(with below the line money)**

#### [Impact of Holding Cost on Used](#)

#### [Monthly Expense Reduction Opp](#)

#### [Yearly Expense Reduction Oppor](#)

This percentage above indicates ho  
is reduced by the holding cost per u

#### [Dealers Have Got to Tur](#)



## Unit Sold With Below the Line Factory Money & DOC Fees on Used Vehicle Gross Profit

[Operations](#)

### Used Vehicle Holding Cost per Unit Sold

Expense YTD		\$ 1,737,352
Units (at retail)	÷	1,491
<b>Cost per Unit Sold With Below the Line Money</b>	=	<b>\$ 1,165</b>

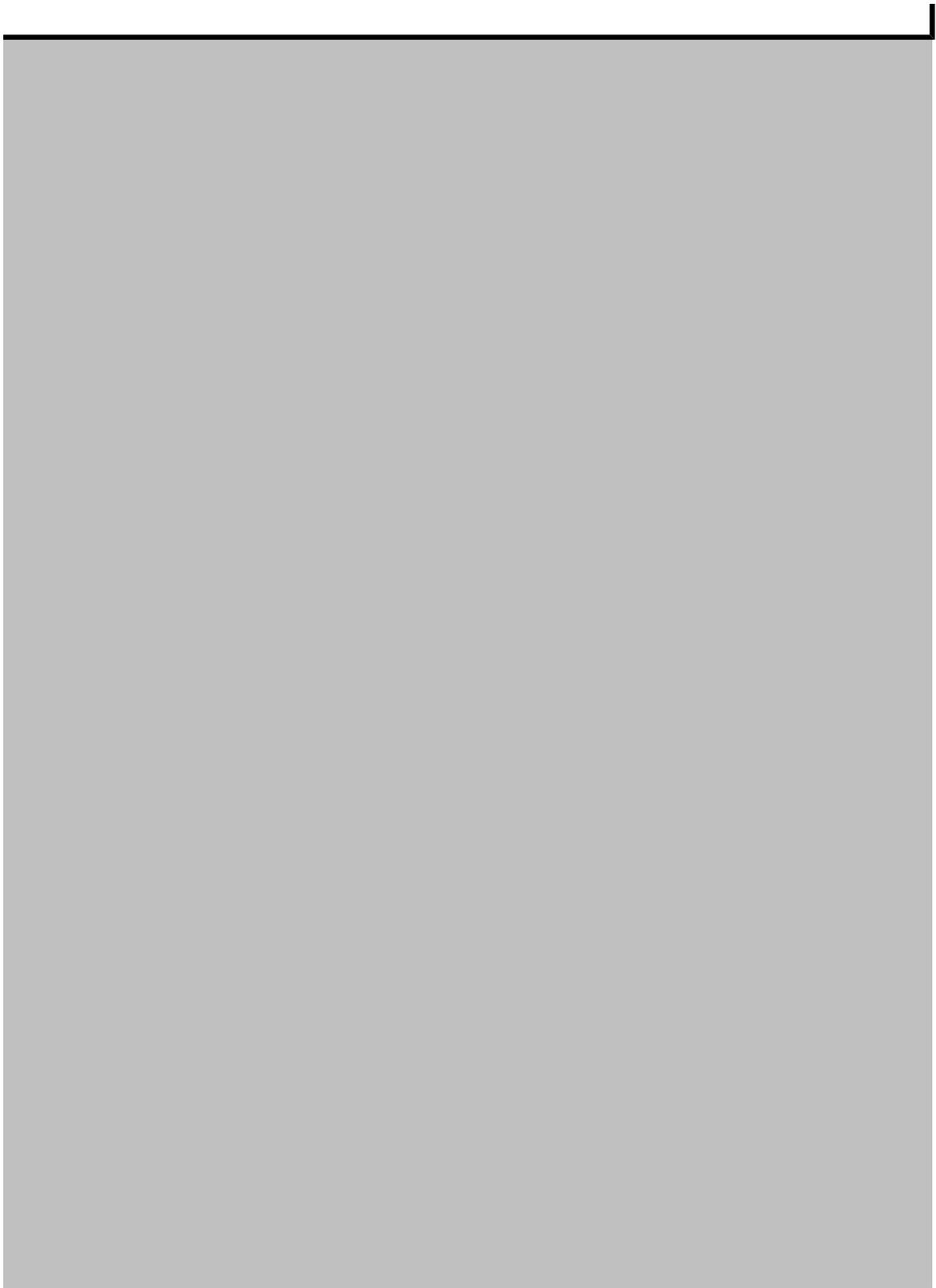
Cost per Month  
per Used Vehicle Sold at Retail Basis.

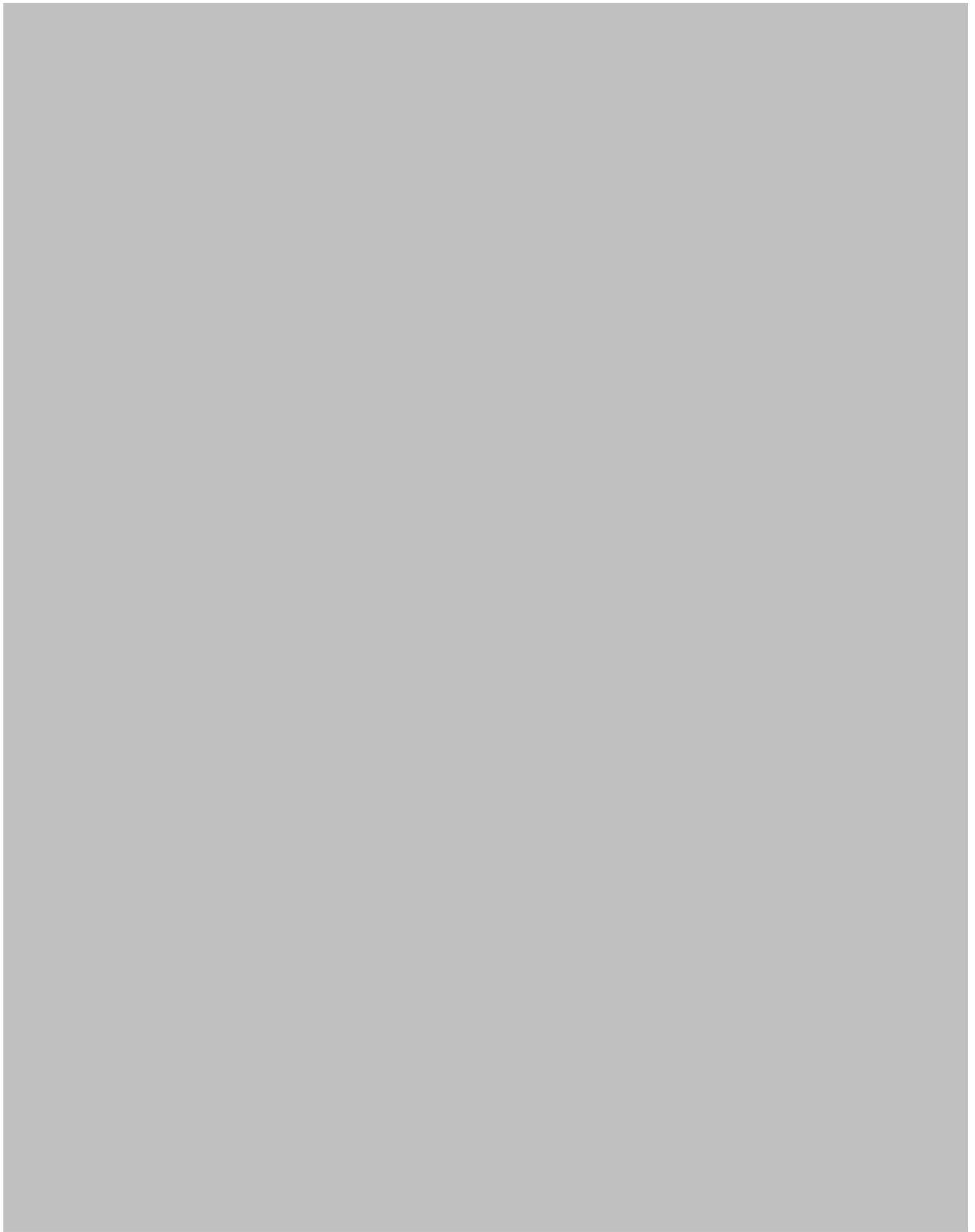
### Holding Cost on Used Vehicle Gross Profit per Unit

Cost per Unit Sold		\$ 1,165
per average month)	÷	\$ 2,596
<b>Vehicle Gross Profit per Unit Sold</b>	=	<b>45%</b>
<b>Opportunity</b>		\$ -
<b>Opportunity</b>		\$ -

How much of the average gross profit PUVR  
used vehicle retained.

**Reduce Inventories FAST by Accepting Less Gross Profit More Often!**





# Used Vehicle Inventory Days Supply

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[Summary of Monthly Cash Flow Opportunities - Variable Operations](#)

## New and Used Vehicle Inventory Average Month Cost of Sales

New Vehicle Retail Sales Dollars Y.T.D.	
New Vehicle Retail Gross Profit Dollars Y.T.D.	-
New Vehicle Retail Cost of Sales Dollars Y.T.D.	=
Number of Month's Business	÷
New Vehicle Retail Cost of Sales Dollars (average month)	=
Used Vehicle Retail Sales Dollars Y.T.D.	
Used Vehicle Retail Gross Profit Dollars Y.T.D.	-
Used Vehicle Retail Cost of Sales Dollars Y.T.D.	=
Number of Month's Business	÷
Used Vehicle Retail Cost of Sales Dollars (average month)	=

## Use

By taking the used vehicle inventory total from the balance sheet and dividing it by the average month used vehicle sales, and then multiplying it by 30 days, the vehicle inventory is calculated.

$$\begin{array}{r} \$ 2,226,434 \\ \text{Used Vehicle} \\ \text{Inventory} \end{array} \div \begin{array}{r} \$ 2,193,084 \\ \text{Avg Month} \\ \text{Used Vehicle} \\ \text{Retail C.O.S.} \end{array} =$$

$$\begin{array}{r} 1.02 \\ \text{Month's Supply} \\ \text{of Used Vehicle} \\ \text{Inventory} \end{array} \times \begin{array}{r} 30 \\ \text{Days} \end{array} =$$

*Guide: Your supply of used vehicle inventory*

\$	62,927,816
\$	1,727,447
\$	61,200,369

	12
\$	5,100,031

\$	27,397,156
\$	1,080,146
\$	26,317,010

	12
\$	2,193,084

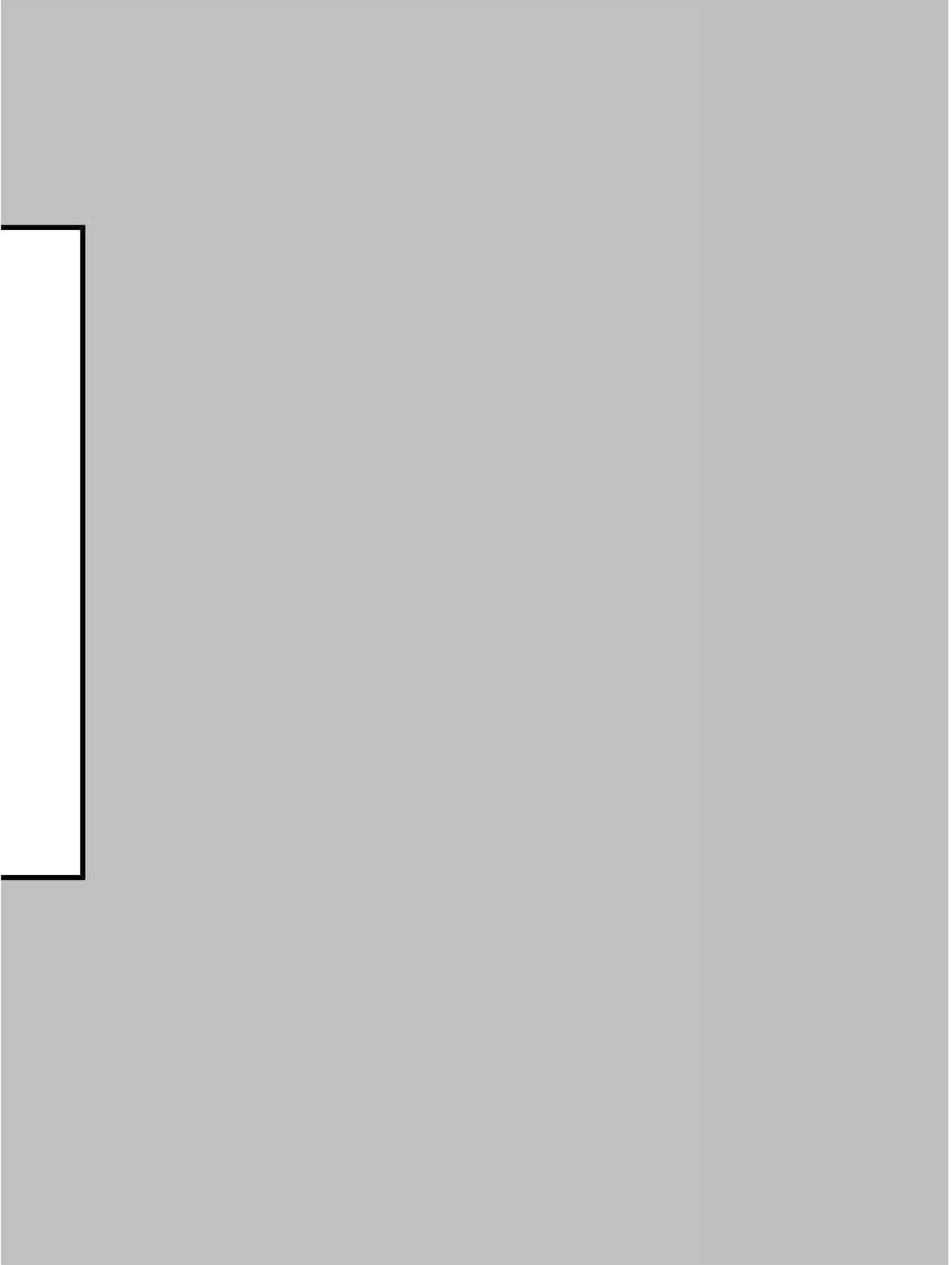
## Used Vehicle Inventory Days' Supply

From the balance sheet  
Vehicle retail cost of  
30 days supply of used

**1.02**  
Months Supply  
of Used Vehicle  
Inventory

$$\begin{array}{r} \mathbf{30.46} \\ \text{Days Supply} \\ \text{of Used Vehicle} \\ \text{Inventory} \end{array} - \begin{array}{r} \mathbf{30} \\ \text{Profile} \end{array} = \begin{array}{r} \mathbf{0.46} \\ \text{Variance} \end{array} \quad \begin{array}{r} \mathbf{\$ 33,350} \\ \text{Cash Flow} \\ \text{Opportunity} \end{array}$$

Inventory should not exceed a 45 days supply



# Used Vehicle Inventory Calendar Year Turns

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<b>Used Vehicle Inventory Calendar Year Turns</b>	
Twelve Calendar Months	
Month's Supply of Used Vehicle Inventory	÷
<b>Used Vehicle Inventory Calendar Year Turns</b>	=
Guide: 12 Calendar Year Turns	

ns

12

1.02

**11.8**

# Used Vehicle Department Gross Return on Investment (GROI)

[Table of Contents'](#)

[Summary of Profit Opportunities - Variable Operations](#)

## Used Vehicle Department Gross Return on Inv

**STEP 1** YTD Used Vehicle Retail Sales in Dollars

YTD Used Vehicle Wholesale Sales in Dollars

YTD Total Used Vehicle Retail & Wholesale Sales in Dollars

Number of Months Business

**Average Monthly Used Vehicle Sales in Dollars**

**STEP 2** YTD Used Vehicle Retail Gross in Dollars (front-end only)

YTD Used Vehicle Wholesale Gross in Dollars

YTD Used Vehicle F&I Gross in Dollars

YTD Total Used Vehicle Department Gross in Dollars

Number of Months Business

**Average Monthly Used Vehicle Gross in Dollars**

**STEP 3** Average Monthly Used Vehicle Gross in Dollars (from step 2)

Average Monthly Used Vehicle Sales in Dollars (from step 1)

Gross as a Percent of Sales

Used Vehicle Inventory Calendar Year Inventory Turns

**YTD Gross Return on Inventory Investment (GROI) (as % of sales)**

## Monthly Gross Profit Opportunity

Guide: **144%**

*Guide: Your gross as a percent of sales should be 12%. Your gross return on inventory investment (GROI) should be 144% (12% times 12 calendar year turns)*

ii)

Investment (GROI)

$$\begin{aligned} & \$ 27,397,156 \\ + & \$ 2,724,087 \\ = & \$ 30,121,243 \\ \div & 12 \\ = & \$ 2,510,104 \\ \\ & \$ 1,080,146 \\ + & \$ 107,359 \\ + & \$ 2,136,605 \\ = & \$ 3,324,110 \\ \div & 12 \\ = & \$ 277,009 \\ \\ & \$ 277,009 \\ \div & \$ 2,510,104 \\ = & 11.04\% \\ \times & 11.8 \\ = & 130.45\% \end{aligned}$$

\$ 37,547



# Used Vehicle Net Return on Investment

## [Table of Contents'](#)

### [Summary of Profit Opportunities - Variable Operating Costs](#)

#### Use

**STEP 1** YTD Used Vehicle Department Expenses

**STEP 2** YTD Total Used Vehicle Department Expenses

YTD Used Vehicle Department Expenses

YTD Used Vehicle Department Operating Costs

Number of Months Business

Average Month Used Vehicle Department Expenses

Number of Months in Calendar Year

Annualized Used Vehicle Department Expenses

Used Vehicle Inventory in Dollars

**Net Return on Used Vehicle Investment**

**Monthly Operating Profit Opportunity**

Guide: 16% (Update this value)

Guide: Prime rate plus 3% (C.O.L.)

# Investment (NROI)

[Operations](#)

## Used Vehicle Net Return on Investment (NROI)

Expenses		\$	1,737,352
Net Gross Profit		\$	3,324,110
Expenses (step 1)	-	\$	1,737,352
Operating Profit	=	\$	1,586,758
	÷		12
Department Operating Profit	=		132,230
Car	x		12
Net Operating Profit	=		1,586,758
	÷	\$	2,226,434
<b>Inventory Investment (NROI) (as % of Operating Profit)</b>	=		<b>71.27%</b>
<b>Volatility</b>		\$	-

*(as a guide as the prime rate changes)*

*(...A.) plus a risk factor of 10%.*

# Total Absorption

## [Table of Contents'](#)

### [Summary of Profit Opportunities - Variable Operations](#)

	<b>Total A</b>
(Current Month Only)	
Used Vehicle Department Total Gross	
Parts Department Total Gross	+
Service Department Total Gross	+
Body Shop Department Total Gross	+
<b><u>Total Dealership Gross Profit</u></b>	<b>=</b>
<b>Additional Gross Profit Generated From .3 Hours</b>	<b>1</b>
Total Dealership Expense	
New Sales Commission Expense	-
New Policy Expense	-
New Get Ready / Delivery Expense	-
<b><u>Adjusted Overhead Expense</u></b>	<b>=</b>
<b><u>Total Dealership Gross Profit</u></b>	
<b><u>Adjusted Overhead Expense</u></b>	<b>÷</b>

Total Absorption Percentage

=

Monthly Opportunity

**bsorption**

	% of Adj. Overhead
\$ 205,395	29.06%
\$ 124,402.75	17.60%
\$ 282,080.50	39.91%
\$ -	0.00%
<b>\$ 611,878 (A)</b>	<b>86.58%</b>

**Without Additional  
GP From .3 Hours**

\$ 796,491
\$ 77,940
\$ (1,287)
\$ 13,133

equals

**\$ 706,705 (B)**

**\$ 611,878 (A)**

**\$ 706,705 (B)**

**With Additional  
GP From .3 Hours**

\$ -
\$ 796,491
\$ 77,940
\$ (1,287)
\$ 13,133

equals

**\$ 706,705**

**\$ 611,878**

**\$ 706,705**

**86.58%**

100%

**86.58%**

**\$ 94,827**

**\$ 94,827**



# Frozen Capital - Vehicle Receivable

[table of contents](#)

[summary of cash flow opportunities - variable operations](#)

## Frozen Capital - Vehicle Receivable

<b>\$ 723,502</b>	÷	<b>\$ 17,950</b>	=	<b>40.31</b>	-
Vehicle Receivables		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Vehicle Receivables	

<b>21.31</b>	X	<b>\$ 17,950</b>	=	<b>\$ 382,461</b>
Variance: Number of Vehicle Receivables Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		<b>Frozen Capital</b>

Note: Enter the total new and used retail sales dollars for current month **\$ 4,720,730**

<b>\$ 723,502</b>	÷	<b>\$ 4,720,730</b>	=	<b>0.15 Mth's Supp</b>
-------------------	---	---------------------	---	------------------------

## ivable

$$\boxed{19.00} = \boxed{21.31}$$

Number of  
New & Used Retail  
Units Delivered  
During Last 3 Days  
of the Month

Variance: Number  
Contracts in Transit  
Over (Under) Guide

$$x \quad 30 \quad = \quad 4.60 \text{ Days Supp}$$

# Frozen Capital - Contracts in Transit

[table of contents](#)

[summary of cash flow opportunities - variable operations](#)

## Frozen Capital - Cor

<b>\$ 1,777,239</b>	÷	<b>\$ 17,950</b>	=	<b>99.01</b>
Contracts in Transit		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Contracts in Transit

<b>80.01</b>	x	<b>\$ 17,950</b>	=	<b>\$ 1,436,198</b>
Variance: Number Contracts in Transit Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		<b>Frozen Capital</b>

Note: Enter the total new and used retail sales dollars for current month

<b>\$ 4,720,730</b>
---------------------

<b>\$ 1,777,239</b>	÷	<b>\$ 4,720,730</b>	=	<b>0.38</b>
---------------------	---	---------------------	---	-------------

## Contracts in Transit

$$- \quad \boxed{19.00} \quad = \quad \boxed{80.01}$$

Number of  
New & Used Retail  
Units Delivered  
During Last 3 Days  
of the Month

Variance: Number  
Contracts in Transit  
Over (Under) Guide

$$\text{Mth's Supl} \quad \times \quad 30 \quad = \quad 11.29 \text{ Days Supp}$$

# Frozen Capital - Used Vehicle Inventory

[table of contents](#)

[summary of cash flow opportunities - variable operations](#)

## Frozen Capital

Used Vehicle Inventory should not exceed a 1.00 month or a

$$\begin{array}{r} \$ 2,193,084 \\ \text{Avg Month used veh c.o.s} \end{array} \times \begin{array}{r} 1.00 \\ \end{array} =$$

$$\begin{array}{r} \$ 2,226,434 \\ \text{Actual Used Veh. Inventory} \end{array} - \begin{array}{r} \$ 2,193,084 \\ \text{Guide Objective} \end{array} =$$

$$\$ 2,226,434 \div \$ 2,193,084 =$$

## tal - Used Vehicle Inventory

30 days' dollar supply at cost.

**\$ 2,193,084**

Guide Objective

**\$ 33,350**

Frozen Capital

$$1.02 \text{ Mth's Supl} \times 30 = 30.46 \text{ Days Supp}$$

# Average Inventory Cost Versus Average Cost per Unit

## [Table of Contents](#)

### New Vehicle Average Inventory Cost versus Average

New Vehicle Inventory	
-----------------------	--

New Vehicle Units In Stock	÷
----------------------------	---

<b>Average Inventory Cost Per New Unit</b>	=
--	---

New Vehicle Retail Sales (avg month)	
--------------------------------------	--

New Vehicle Retail Gross (avg month)	-
--------------------------------------	---

New Vehicle Retail Cost of Sales (avg month)	=
--	---

New Vehicle Retail Unit Sales (avg month)	÷
---	---

<b>Average Cost Per New Unit Retailed</b>	=
---	---

Guide: The average inventory cost per new unit in stock should be of the average cost per new unit retailed.

**Purpose:** To determine if the value of the average unit in i with the average value of the new units sol

**Guide:** The average inventory value of the units retailed average inventory value. If not, you may be stockin

### Used Vehicle Average Inventory Cost versus Average

Used Vehicle Inventory	
------------------------	--

Used Vehicle Units In Stock	÷
-----------------------------	---

**Average inventory cost per unit** =

Used Vehicle Retail Sales (avg month)	
Used Vehicle Retail Gross (avg month)	-
Reconditioning Expense (If not a Memo) (avg month)	+
Used Vehicle Retail Cost of Sale (avg month)	=
Used Vehicle Retail Unit Sales (avg month)	÷

**Average Cost Per Unit Retailed** =

Guide: The average inventory cost per used unit in stock should be of the average cost per used unit retailed.

**Purpose: To determine if the value of the average unit in i with the average value of the used units sol**

**Guide: The average inventory value of the units retailed average inventory value. If not, you may be stockin**

## Retailed

### Cost per Unit Retailed

\$ 8,457,132

274

\$ 30,865

#### Cars

5243984.666667

143953.9166667

\$ 5,100,031

172

\$ 29,580

within \$2,000

Inventory compares well  
at retail.

should be close to the  
the wrong units.

### Cost per Unit Retailed

\$ 2,226,434

182

**\$ 12,233**

**Cars**

\$	2,283,096
\$	90,012
\$	-
\$	2,193,084
	124

**\$ 17,651**

± within \$2,000

Inventory compares well  
at retail.

should be close to the  
the wrong units.

# Frozen Capital Summary

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### FROZEN CAPITAL - VE

<b>\$ 723,502</b>	÷	<b>\$ 17,950</b>	=	<b>40.3</b>
Vehicle Receivables		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Vehicle Receivables

<b>21.3</b>	X	<b>\$ 17,950</b>	=	<b>\$ 382,461</b>
Variance: Number of Vehicle Receivables Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		<b>Frozen Capital</b>

Note: Enter the total new and used retail sales dollars for current month **\$ 4,720,730**

<b>\$ 723,502</b>	÷	<b>\$ 4,720,730</b>	=	<b>0.15</b>
-------------------	---	---------------------	---	-------------

### FROZEN CAPITAL - CO

<b>\$ 1,777,239</b>	÷	<b>\$ 17,950</b>	=	<b>99.0</b>
Contracts in Transit		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Contracts in Transit

<b>80.0</b>	X	<b>\$ 17,950</b>	=	<b>\$ 1,436,198</b>
Variance: Number Contracts in Transit Over (Under) Guide		Average Retail New & Used Vehicle Sales		<b>Frozen Capital</b>

Price

Note: Enter the total new and used retail sales dollars for current month

\$ 4,720,730

$$\text{\$ } 1,777,239 \div \text{\$ } 4,720,730 = 0.38$$

### FROZEN CAPITAL - SERVICE, PAR

Guide: Customer receivables should not exceed 50% of current month

$$\begin{array}{r} \text{\$ } 347,102 \\ \text{Current Month} \\ \text{P,S,BS Sales} \end{array} \times 50\% = \begin{array}{r} \text{\$ } 173,551 \\ \text{Your Guide Objective} \end{array}$$

$$\begin{array}{r} \text{\$ } 59,424 \\ \text{Actual cust P,S \&} \\ \text{BS accts Rec} \end{array} - \begin{array}{r} \text{\$ } 173,551 \\ \text{Guide Objective} \end{array} = \begin{array}{r} \text{\$ } - \\ \text{Frozen Capital} \end{array}$$

$$\text{\$ } 59,424 \div \text{\$ } 347,102 = 0.17$$

### FROZEN CAPITAL - WA

Warranty Receivables should not exceed 25%

$$\begin{array}{r} \text{\$ } 183,250 \\ \text{Current Month Warranty Sales} \end{array} \times \begin{array}{r} \text{\$ } 25\% \\ \end{array} = \begin{array}{r} \text{\$ } 45,812 \\ \text{Guide Objective} \end{array}$$

$$\begin{array}{r} \text{\$ } 76,448 \\ \text{Actual Warranty Receivables} \end{array} - \begin{array}{r} \text{\$ } 45,812 \\ \text{Guide Objective} \end{array} = \begin{array}{r} \text{\$ } 30,636 \\ \text{Frozen Capital} \end{array}$$

Interpretation: \* Based on the frequency of warranty credits paid by Ma select the correct % below and enter it in cell C86 below.

Guide:

If you are paid weekly by the manufacturer on your warranty claims use  
If you are paid semi-monthly (twice a month) by the manufacturer on y

If you are paid monthly by the manufacturer on your warranty claims use

Enter your guide % above based on how frequently you

$$\text{\$ } 76,448 \div \text{\$ } 183,250 = 0.42$$

### FROZEN CAPITAL - PARTS &

Guide: Inventory should not exceed a 1.5 month supply at cost.

$$\begin{array}{rcl} \text{\$ } 272,412 & \times & 1.5 \\ \text{Avg Month parts cost of sales*} & & \end{array} = \begin{array}{r} \text{\$ } 408,618 \\ \text{Guide Objective} \end{array}$$

$$\begin{array}{rcl} \text{\$ } 354,090 & - & \text{\$ } 408,618 \\ \text{Actual Parts Inventory} & & \text{Guide Objective} \end{array} = \begin{array}{r} \text{\$ } - \\ \text{Frozen Capital} \end{array}$$

\*If statement does not have a cost of sales column, reverse the sign on purchase and deduct from total gross profit. If statement does have a cost of sales column, leave inventory. Then, add or deduct from total cost of sales.

$$\text{\$ } 354,090 \div \text{\$ } 272,412 = 1.30$$

### FROZEN CAPITAL - USED

Used Vehicle Inventory should not exceed a 1.0 month dollar supply at

$$\begin{array}{rcl} \text{\$ } 2,193,084 & \times & 1.0 \\ \text{Avg Month used veh c.o.s} & & \end{array} = \begin{array}{r} \text{\$ } 2,193,084 \\ \text{Guide Objective} \end{array}$$

$$\begin{array}{rcl} \text{\$ } 2,226,434 & - & \text{\$ } 2,193,084 \\ \text{Actual Used Veh. Inventory} & & \text{Guide Objective} \end{array} = \begin{array}{r} \text{\$ } 33,350 \\ \text{Frozen Capital} \end{array}$$

$$\text{\$ } 2,226,434 \div \text{\$ } 2,193,084 = 1.02$$

**FROZEN CAPIT**

Excess Vehicle Receivables

Excess Contracts in Transit

Excess Customer Receivables

Excess Warranty Receivables

Excess Parts & Accessories Inventory

Excess Used Vehicle Inventory

**Total "Frozen Capital"**

Multiply by Floor Plan Rate 3.50%

Annual Cost Of Frozen Capital

## VEHICLE RECEIVABLE

$$- \quad \boxed{19.0} \quad = \quad \boxed{21.3}$$

Number of  
New & Used Retail  
Units Delivered  
During Last 3 Days  
of the Month

Variance: Number  
Contracts in Transit  
Over (Under) Guide

$$\text{Mth's Supl} \quad \times \quad 30 \quad = \quad 4.60 \text{ Days Supp}$$

## CONTRACTS IN TRANSIT

$$- \quad \boxed{19.0} \quad = \quad \boxed{80.0}$$

Number of  
New & Used Retail  
Units Delivered  
During Last 3 Days  
of the Month

Variance: Number  
Contracts in Transit  
Over (Under) Guide

$$\text{Mth's Supl} \times 30 = 11.29 \text{ Days Supp}$$

## PARTS & BODY SHOP RECEIVABLES

Month's customer (retail and wholesale) fixed ops sales.

$$\text{Mth's Supl} \times 30 = 5.14 \text{ Days Supp}$$

## WARRANTY RECEIVABLE

Percentage of month's warranty parts and labor sales

Manufacturer each month,

≥ 25%

Our warranty claims use 50%

se 100%

are paid warranty credits

$$\text{Mth's Supl} \quad \times \quad 30 \quad = \quad 12.52 \text{ Days Supp}$$

## ACCESSORIES INVENTORY

allowance & adjustment parts inventory. Then add or  
the sign as it is on purchase allowance & adjustment parts

$$\text{Mth's Supl} \quad \times \quad 30 \quad = \quad 38.99 \text{ Days Supp}$$

## D VEHICLE INVENTORY

cost.

$$\text{Mth's Supl} \quad \times \quad 30 \quad = \quad 30.46 \text{ Days Supp}$$

## TOTAL SUMMARY

+	\$ 382,461
+	\$ 1,436,198
+	\$ -
+	\$ 30,636
+	\$ -
+	\$ 33,350
=	<b>\$ 1,882,644</b>
X	3.50%
=	<b>\$ 65,893</b>

# Cash Days Supply

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## Cash Days Supply

Cash

Contracts in Transit

Vehicle Receivables

Marketable Securities

### **Net Cash Available**

Average Month's Total Dealership Expenses

### **Cash Months Supply**

Convert to Days

### **Cash Days Supply**

### **Opportunity (Cash Required to Meet Guide)**

*Guide: Cash days supply should be at 90 days or greater.*

90

Note: If you are below a 90 days supply of cash, look for frozen capital in the following: Used vehicle inventory, parts & accessories inventory, warranty receivable and par body shop receivable.

\$ 3,134,063

+ \$ 1,777,239

+ \$ 723,502

+ \$ -

= \$ 5,634,804

÷ \$ 897,043

= 6.3

x 30

= 188.4

\$ -

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# Inventory Trust Position

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[summary of cash flow opportunities - variable operations](#)

### Inventory Trust Position

New Vehicle Inventory		\$	274
Demonstrator Inventory	+	\$	-
Factory holdback receivable	+	\$	52,009
Total Inventory Value	=	\$	<b>52,283</b>
-			
Less: Notes Payable New Vehicles	-	\$	<b>1,950,193</b>
<b>Inventory Trust Position</b>	=	\$	<b>(1,897,910)</b>
<b>Opportunity (Available Flooring)</b>		\$	<b>-</b>

- \* If your inventory trust position is a positive number, you have an positive and an in trust position.
- \* If your inventory trust position is a negative number, you have a negative position and an out of trust position.
- \* Even though the dealership may show an out of trust position, it may stil compliance with the flooring source's agreement.
- \* Many units are delivered on the last 2 -3 days of the month and are not until the 1st, 2nd or 3rd of the following month. This causes the dealershi out of trust on the financial statement, due to the inventory having been re at month end while the floor plan payable liability still remains on the gen
- \* General Motors does not break-out the factory holdback receivable on th statement. It is included in the factory receivable account on the financial
- \* The inventory trust position should either be a zero balance or a positive
- \* If you have a negative inventory trust position, the balance should not ex contracts in transit balance.

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equity

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statement.  
balance.  
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# Summary of Monthly Profit C

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**GRAND TOTAL**

# Opportunities - Variable Operations

Number & Name to Go Directly to That Tab)

## of Monthly Profit Opportunities - Variable Operations

	\$ 425,824
<a href="#">Break-Even Point Above the Line</a>	\$ -
<a href="#">Break-Even Point With Below the Line Factory Money</a>	\$ -
<a href="#">Return on Sales</a>	\$ -
<a href="#">Gross Return on Investment (GROI)</a>	\$ -
<a href="#">Net Return on Investment (NROI)</a>	\$ -
<a href="#">In-Store Inventory on Total Dealership Net Profit</a>	\$ -
<a href="#">Vehicle Inventory on Total Dealership Net Profit</a>	\$ (4,617)
<a href="#">Return on Sales</a>	\$ -
<a href="#">Break-Even Point Above the Line</a>	\$ -
<a href="#">Break-Even Point With "Below the Line" Factory Money</a>	\$ -
<a href="#">Break-Even Point With Below the Line Factory Money</a>	\$ -
<a href="#">Break-Even Point</a>	\$ -
<a href="#">Return on Investment (GROI)</a>	\$ 37,547
<a href="#">Net Return on Investment (NROI)</a>	\$ -

\$ 94,827

as % Total Dealership Gross Profit

#VALUE!

as % Total Dealership Gross Profit

\$ 168,167

#VALUE!



# Summary of Monthly Profit C

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## Summary c

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**GRAND TOTAL**

# Opportunities -Fixed Operations

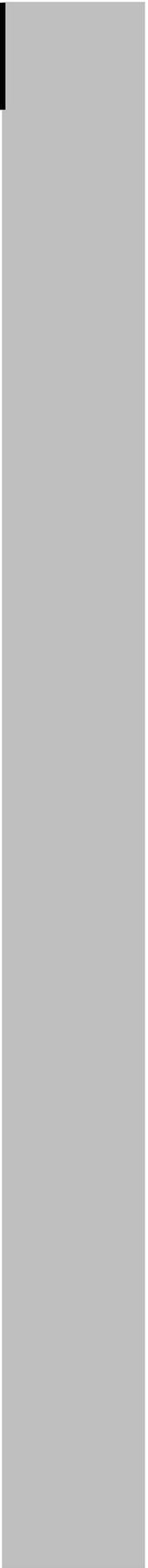
Number & Name to Go Directly to That Tab)

## of Monthly Profit Opportunities - Fixed Operations

<a href="#">Profit Return on Sales</a>	\$ -
<a href="#">ing Profit Return on Gross Profit</a>	\$ 5,119
<a href="#">Even Point</a>	\$ -
<a href="#">eded to Achieve a 20% Operating Profit</a>	\$ 49,872
<a href="#">r - Not Scheduled</a>	\$ 1,352
<a href="#">r - If Scheduled</a>	\$ -
<a href="#">r Calculator - Mechanical</a>	\$ 3,655
<a href="#">sis - Hours per RO</a>	\$ 26,013,920
<a href="#">sis - Customer Pay ELR</a>	\$ -
<a href="#">op per Day</a>	\$ 33,954,863
<a href="#">per Day</a>	\$ 4
	\$ 382,274
	\$ 2,617,855
	\$ 354,822
<a href="#">or &amp; Customer Pay Effective Labor Rates</a>	\$ -

<u>Effective Labor Rate &amp; Customer Pay Effective Labor Rate</u>	\$ -
<u>Order</u>	\$ 68,302,158
<u>Order Were at Guide</u>	\$ -
<u>Profit Return on Sales</u>	\$ 5,791
<u>ing Profit Return on Gross</u>	\$ -
<u>ven Point</u>	\$ -
<u>ountertermen per Day to Achieve a 20% Operating Profit</u>	\$ 27,500
<u>Parts Gross Turns</u>	\$ -
<u>Parts True Turns</u>	\$ -
<u>calculator</u>	\$26,477
<u>Return on Investment (GROI)</u>	\$ 13,865
<u>urn on Investment (NROI)</u>	\$ -
<u>ry Reconciliation</u>	\$ 4,471
<u>in</u>	\$ 69,726
<u>by .3 Hours</u>	\$ -
<u>er Pay RO</u>	\$ 252,845
	\$ 160,095
<u>hour of Labor per Technician per Day</u>	\$ 686,946
<u>nth of Technician Idle Time</u>	\$ 7,625,100
	\$ 140,558,710





# Summary of Monthly Cash Flow Opportunities - Variable

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**GRAND TOTAL**

## Operations

Tab)

### Variable Operations

\$ 251,429

\$ 1,305,166

\$ -

\$ 33,350

\$ 382,461

\$ 1,436,198

\$ 33,350

\$ -

\$ -

\$ -

\$ 14,282,084

\$ -

\$ 17,724,037

# Summary of Monthly Cash Flow Opportunities - Fixed O

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## Summary of Monthly Cash Flow Opportunities -

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[Tab 40 -Parts, Service & Body Shop Receivable Days Supply](#)

[Tab 41 - Warranty Claims Receivable Days Supply](#)

[Tab 42 - Frozen Capital - Service, Parts & Body Shop Receivable](#)

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[Tab 45 - Service, Parts & Body Shop Receivables Past Due](#)

**GRAND TOTAL**

# Operations

Tab)

## Fixed Operations

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

# Grand Total Summary of All Monthly Profit & Cash Fl

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[Tab 80- Summary of Cash Flow Opportunities - Variable](#)

[Tab 81 - Summary of Cash Flow Opportunities - Fixed](#)

**GRAND TOTAL**

## Low Opportunities

(that Tab)

### Low Opportunities

#VALUE!

\$ 140,558,710

\$ 17,724,037

\$ -

#VALUE!