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:

ACTION PLAN TOPICS

If Not Scheduled) (Tab 9 If Scheduled):

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

)rder Performance:

nventory Reconciliation:

ys' Supply:

npact of Excess New Vehicle Inventory on Total Dealership Net Profit:

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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 Inver
6	26	PARTS SUMMARY REPORT OR MGR	Parts Inver
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 Vehic
16	56 & 57	BALANCE SHEET, SCHEDULE, VAUTO, ETC.	Impact of A
		]	
17	58	PB-C3 PB-C4	Used Vehi
18	63	P6-C8	Used Vehi
19	65 & 66	PB-C3 PB-C4	Used Vehi
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

l Management Action Plan Topics

ACTION PLAN TOPICS
epartment Gross Profit Return on Sales:
ocess Labor Inventory Days' Supply:
g Work in Process Labor Inventory:
on of Internal ELR and Customer Pay ELR and Comparison of Warranty ELR and Cus
ntory Days' Supply:
ntory Gross Turns, True Turns and Stock Order Performance:
artment Gross Return on Investment (GROI):
apital:
Grease Inventory Reconciliation and Tire Inventory Reconciliation:
Hours per RO by an Additonal .3 Hours:
vice & Body Shop Accounts Receivable Days' Supply:
Claims Receivable Days' Supply:
ceivable Days' Supply:
le 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

tomer Pay ELR:

alership Net Profit:

Financial Management Actio

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:

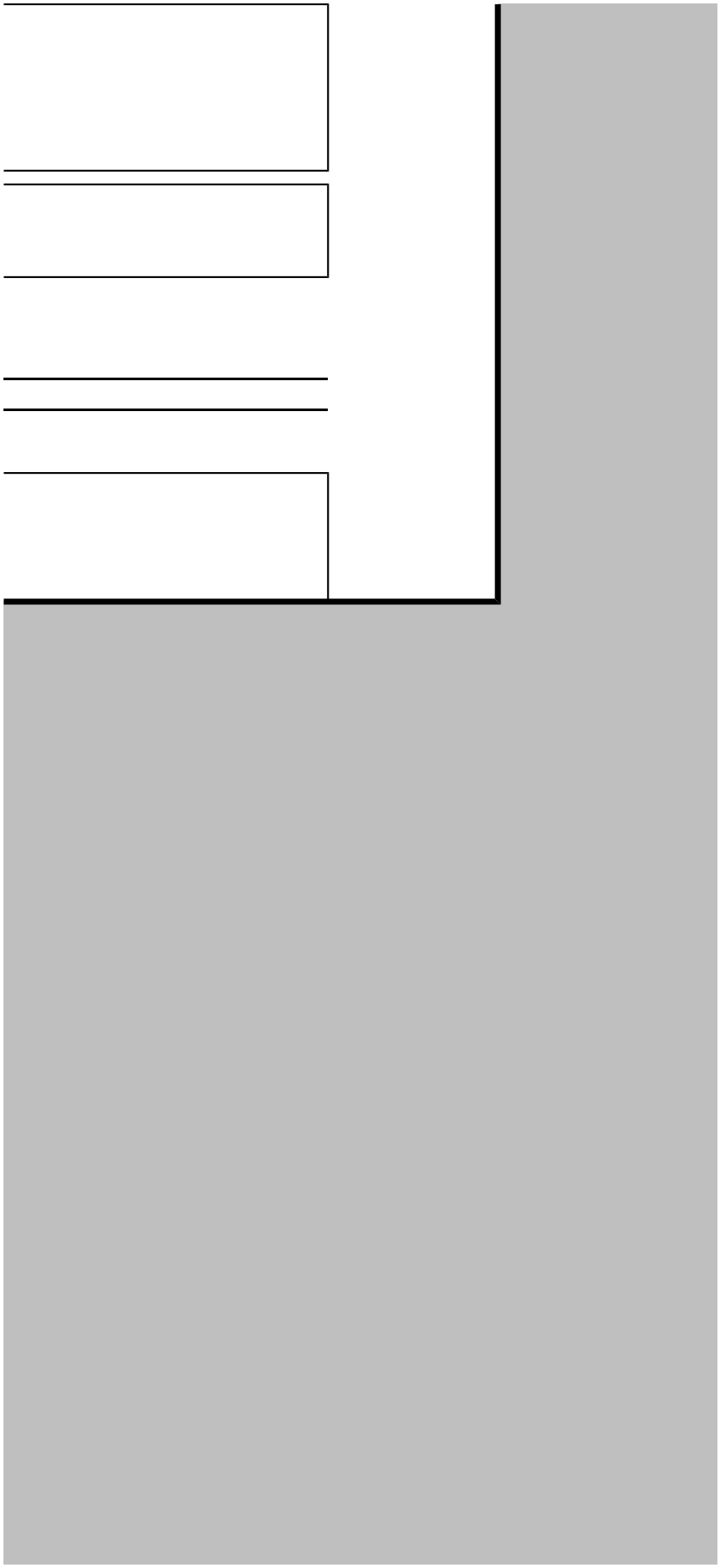
Sponsor's Name: _____

Sponsor's Signature: _____

Evaluation of Results: Include measured results.

Impact Areas:
Sales / Gross / Expenses / Net Profit / CSI /

n Plan



Penske
Financ
Ac
Tab

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

Automotive Group
cial Management
cademy Ware
le of Contents

able & Fixed Operations

ate Name & Click Hyperlink

fit

:ffective Labor Rate

Effective Labor Rate

)ay

)perating Profit

r Day

ofit

Profit

e Factory Money & DOC Fees

st on Used Vehicle Gross per Copy BLT

Penske Automotive Group
Academy Ware
Data Entry Sheet

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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 (ccurrent month & YTD)
Customer Labor Gross Profit Other (current month)
Warranty Labor Sales & RO Count (current month & YTD)
Warranty Labor Gross Profit (current month)
Warrant Labor Sales Other & RO Count (ccurrent 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 monrh)

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 Mor

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 O

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)

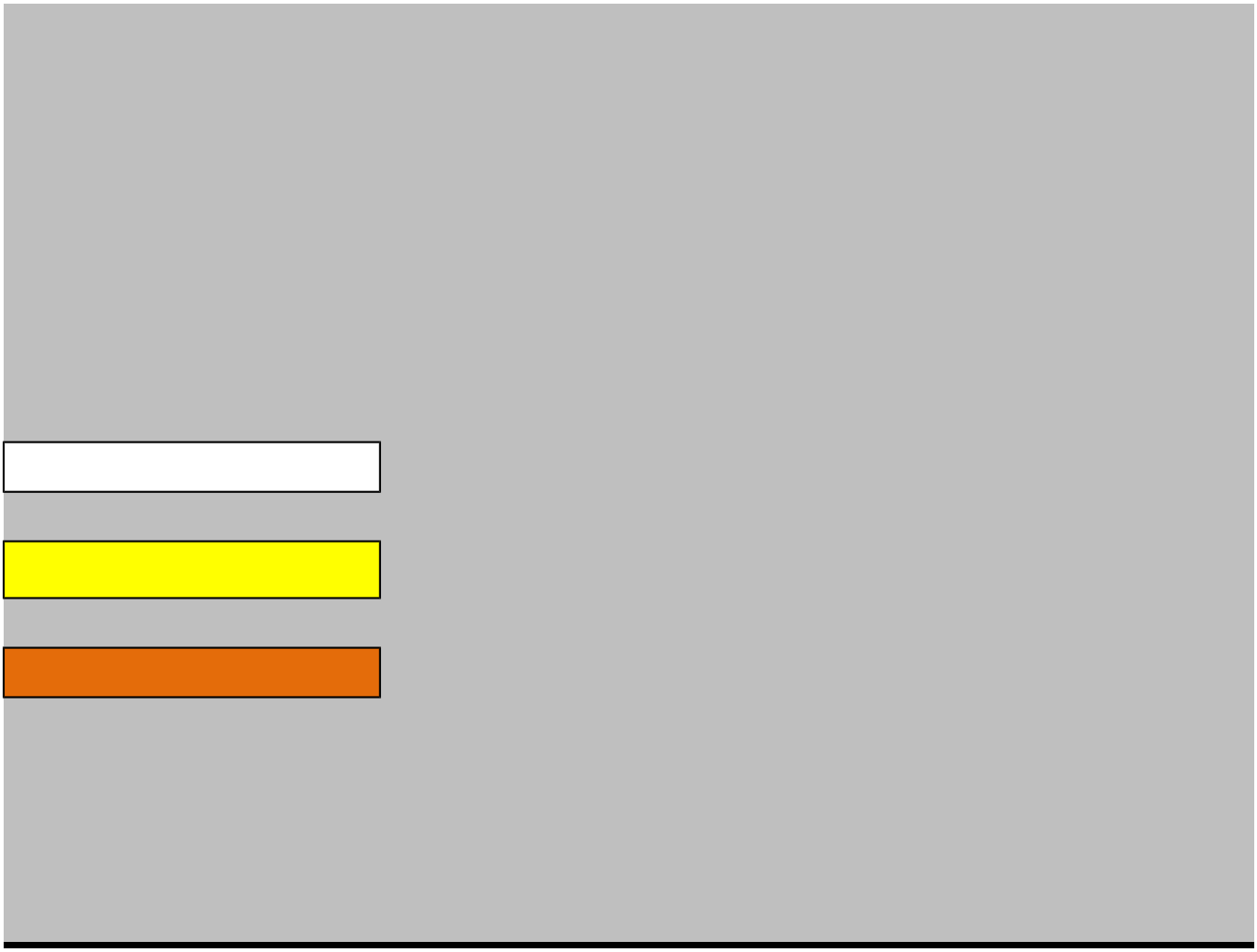
Parts Counter Retail Gross Profit Retention % (current month)

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



1,266	
12	
12	(fixed amount - do not change)
25	
2,393,891	

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.

432,674	5,542,653	
291,366	3,784,434	
307,832	3,901,347	
120,475	1,390,543	Current Month R.O Count
107,632	1,627,717	838
79,111	1,217,092	
0	0	0
0		
0	0	0
0	0	
127,185	1,219,253	958
102,294	985,900	
0	0	0
0		
30,940	365,643	170
24,375	295,703	
116,184	1,498,533	209
82,446	1,099,824	
71.00%	73.40%	
73.50%	74.80%	
80.40%	80.90%	
78.80%		
74.50%	75.00%	
70%		
125.00%	(fixed amount - do not change)	
303	(parts RO sales divided by CP Repair Order Count)	
145	(customer pay mechanical labor sales divided by CP Repair Or	

$ 132.50	
$ 125.00	
$ 119.00	
4,481	(per service DMS report to get figure)
7	(per personnel summary)
23	(per personnel summary)
23	(per service manager)
8	(per service manager)

1,701.00	23,211.00
741.90	6,374.00
1,440.00	16,275.00
229.00	2,748.00
6	(fixed number - do not change)
237,248	

470,771

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

Current Month	Y.T.D.
64,528	871,418

Current Month	Y.T.D.
460,861	5,525,306
161,558	1,994,509
97,030	1,123,091

Current Month	Y.T.D.
125,612	1185734
49,126	470,696
0	0
0	
295,885	3393502
10,882	1,241,963
0	0
0	
0	0
0	
0	0
0	
56,591	712,946

16,823	209,515
72,430	948,201
27,019	349,195
31,519	496,510
6,778	
37.40%	38.80%
35.2%	

5,501	
67,328	
251.93	(Fixed Amount- Do Not Change)
20%	(Fixed Amount- Do Not Change)

44,098
20,605
679,853
3,117,369
291,366
0
161,558
74,091
(374)
613
40,444
3,188
648

	(per Controller)
	(per Controller)
	(per Controller)
	(per Controller)
15.0	(per Controller)
	(per Controller)
38.50%	

2,208,930
152,843

110,969

Dollars	Units
9,426,330	328

3.76% (per floor plan bank wholesale statement)

$ 1,619,740

3.76% (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

74,091

209
-374
39,156
10,297
319,735

406

YTD Sales Dollars	YTD Gross Profit	YTD Units
56,208,682	1,255,790	2,076

Current Month DOC Fees & Factory Incentive Money	YTD DOC Fees & Factory Incentive Money
187,180	2,017,995

YTD Sales Dollars	YTD Gross Profit
1,875,655	1,115,022

YTD Sales Dollars	YTD Gross Profit	YTD Units
58,084,337	4,388,807	2,076

Current Month Sales Dollars	Current Month Retail Units (Cars & Trucks)
5,159,795	183

Current Month Gross Profit
74,368

Current Month F&I Income
92,188

Current Month Retail Gross Front & Back	Current Month Retail Units (Cars & Trucks)
166,556	183

183

# of New Units
Sold at Retail
Last 3 Days of Month

49	**(per delivery log)**

Dollars	Units
2,753,036	**222**

# of Used Units
Sold at Retail
Last 3 Days of Month

12	**(per delivery log)**

YTD Sales Dollars	YTD Gross Profit	YTD Retail Units Sold
2,132,254	**791,163**	**1803**

Current Month Sales Dollars	Current Month # Units Retailed
1,977,710	**116**

Average Gross
Front & Back Above the Line

	Domestic
	Highline
$ 2,500	**Import**

Used Vehicle Daily
Holding Cost

$ 50	

133,180
122,667
2,055,422

YTD Sales Dollars	YTD Gross Profit	YTD Units
29,308,924	791,163	1,803

TD Retail Gross Front & Back
791,163

Current Month Retail Sales Front & Back	Current Month Retail Gross Front & Back	Current Month Retail Number of Units
1,977,710	122,667	116

Current Month	YTD
72,825	1,053,201

Y.T.D. Units Sold
1,803

Y.T.D. Sales Dollars	YTD Gross Profit
1,655,631	-46,467

YTD Used Vehicle F&I Gross
1,560,384
40,444
648
3,188
2,055,422
1,020,765

YTD Sales Dollars	YTD Gross Profit Dollars	YTD Units Sold
56,208,682	**1,255,790**	**2,076**

YTD Sales Dollars	YTD Gross Profit
29,308,924	**791,163**

YTD Recon Dollars
0

YTD Recon Dollars
0

Current Month
183

500
5,248,244
0
81,712
616,753
9,313,583

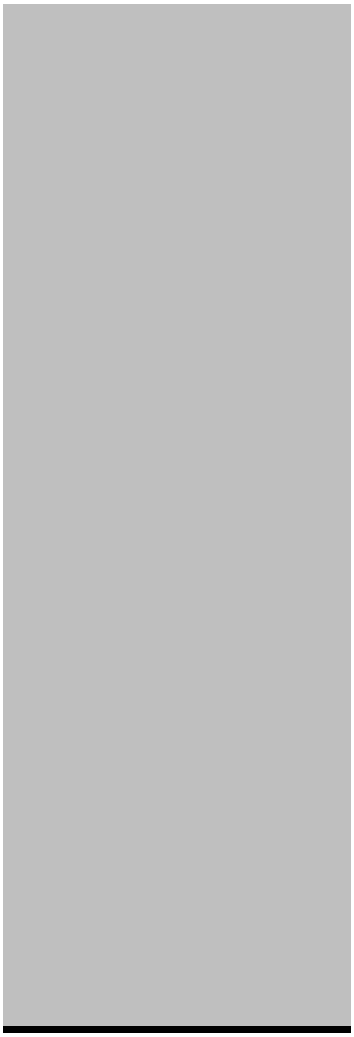
dollars
0
4,354,408
5,071,921
0
0
0
0

0		
0		
0		
0		
0		
497,161		
0		
20,876,139		
11,448,749		
14,134,906		
0		
0		
0		
0		
14,134,906		
8,034,003		
0		
0		
2,178,400		
30	(fixed number - do not change)	
91	(per personnel summary on financial statement)	
0	(per personnel summary on financial statement)	
14	(per controller or office manager)	
0	(per controller or office manager)	
40	(per controller or office manager)	
7,869,120		
616,753		8,055,498
98,241,196		
679,853		
9,313,583		
269,841		
3,117,369		
3,415,000		

0
0
0
26,500
36,211
46,010
166,556
0
40,444
648
3,188
73,926
44,280
26,906
36,522
8,206
10,093
166,556
2,114
0
0
1,023
4,557
427
0
0
9,982
0
43,103
8,809

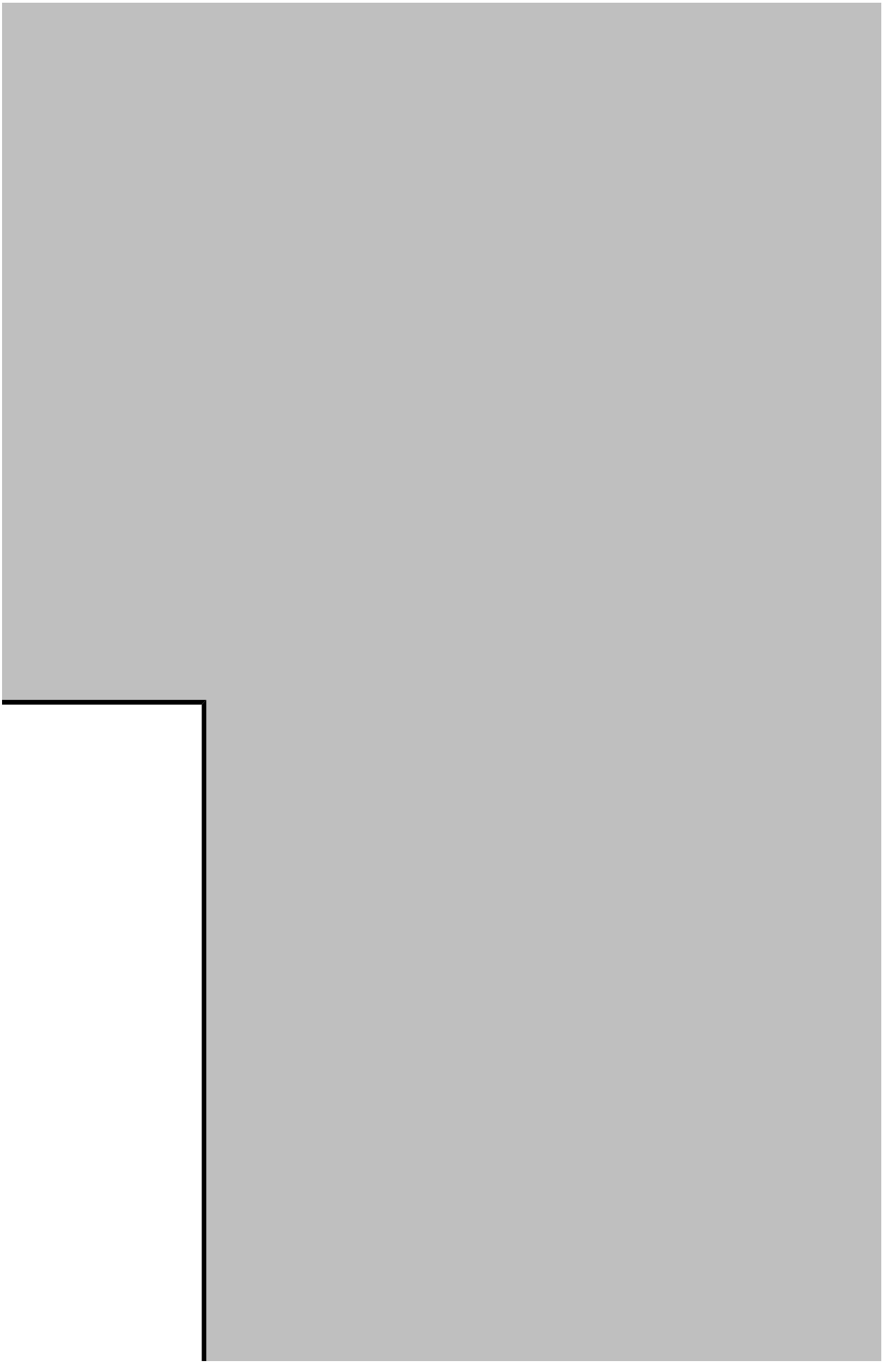
2.5
29.73%
39.11%
37.30%

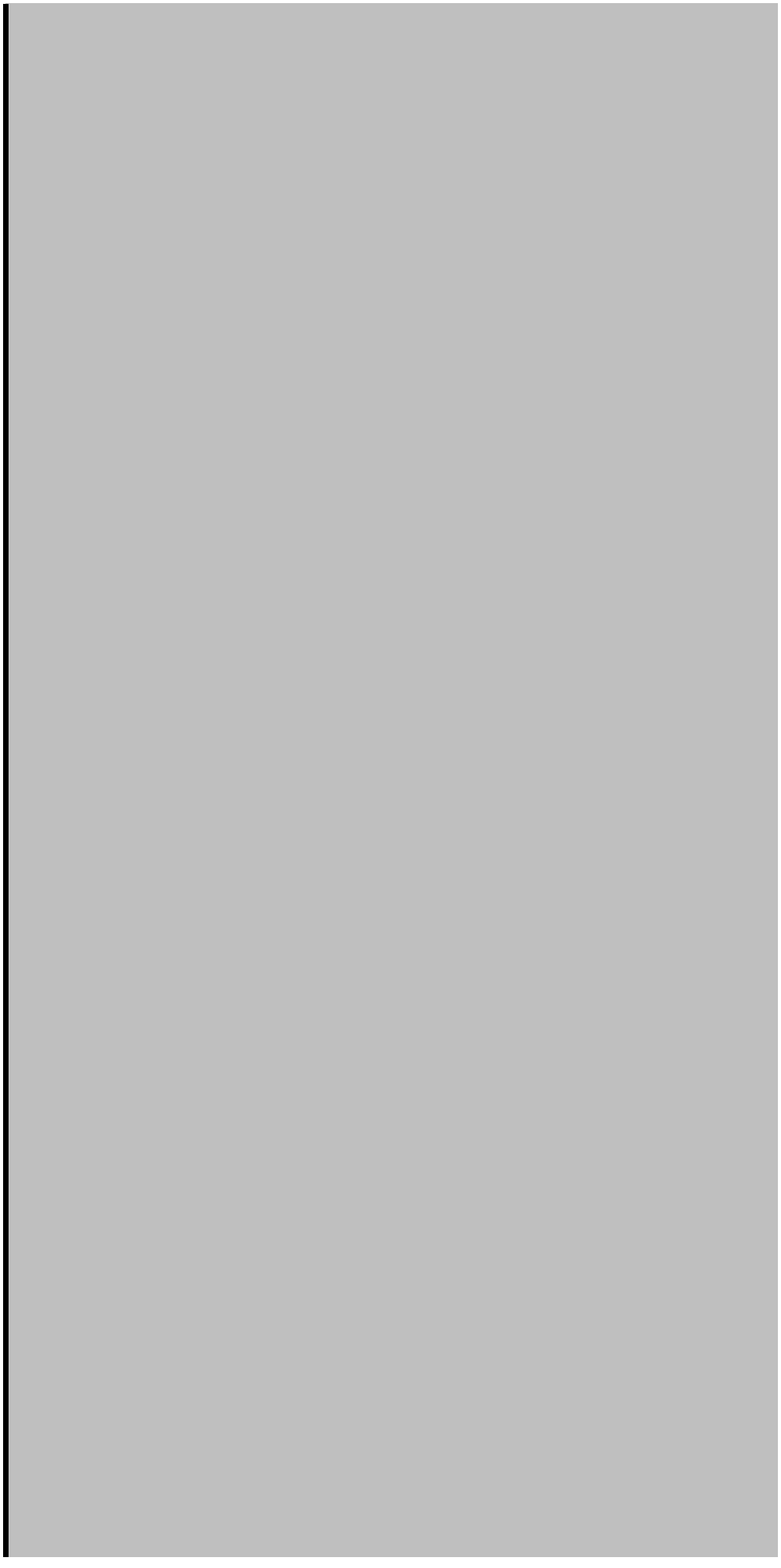
	21.50%
	0.00%
$	**50,187**

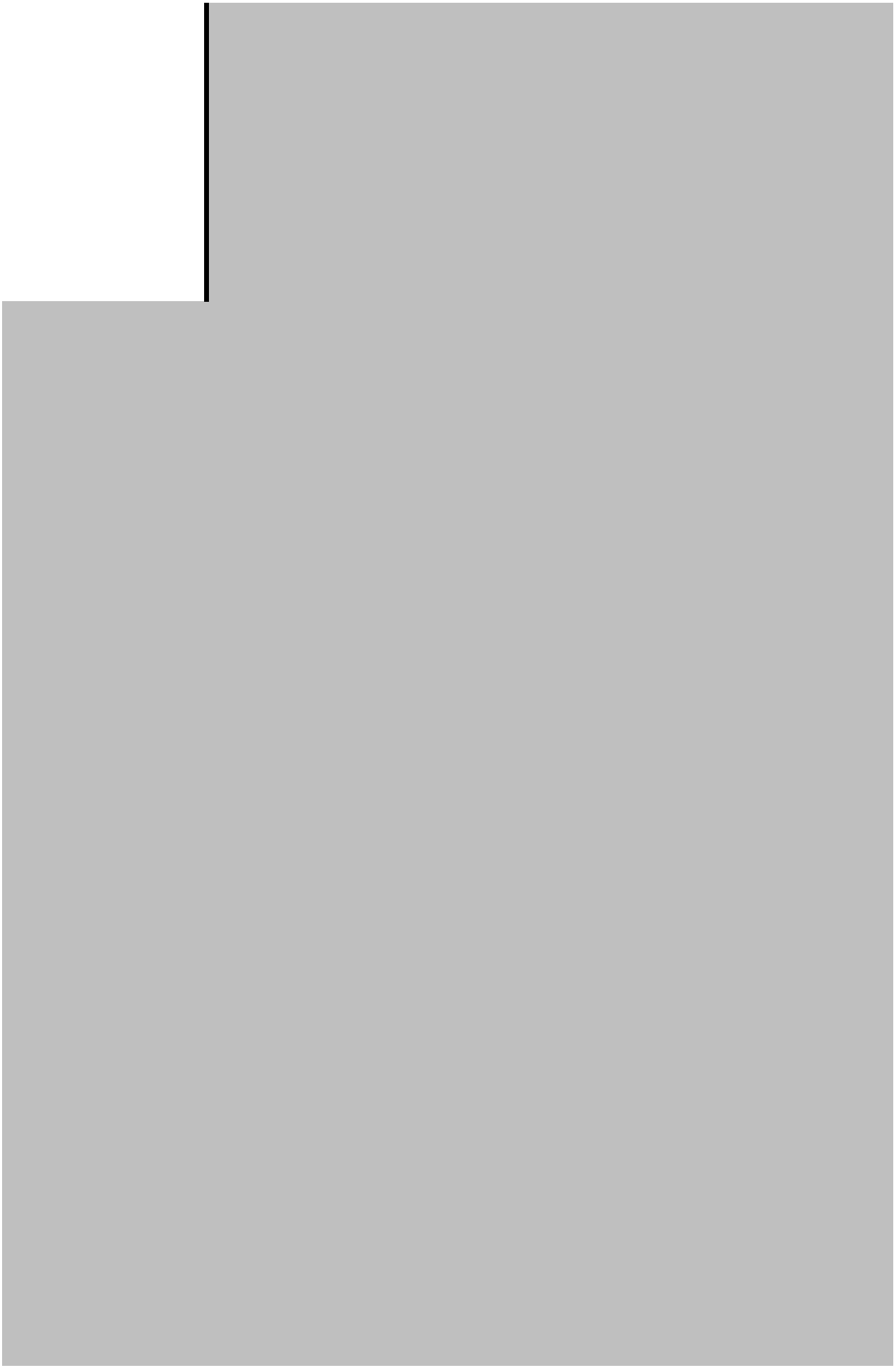


YTD R.O. Count
11,199
0
0
9,579
0
2,051
3,008

der Count)







Additional Sales Dollars to Recover $100 "Lost Dollars"

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Additional Sales Dollars to Recover $100 Lost D

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

Note: Put a $ sign in front of your net profit as % of sales. If your net profit
a percentage of sales is 2.0%, this means you are retaining two cents for e
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, Unappllied Time, parts and other inventory shortages, bad debt expenses, etc.

ollars

plied time,

as
every

	12
	$ 259,781
÷	$ 8,186,766
=	**3.17%**

	$ 100
÷	3.17%
=	**$ 3,151**
	$ 5,841
÷	3.17%
=	**$ 184,074**

	$ 1.00
÷	3.17%
=	**$ 32**

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,

$ 0.08 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 **$ 311,120**

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, **$ 0.39** 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 Proft BIT would increase by $ -

Net Profit BIT as % Total Dealership Sales

Net Profit BIT

Total Dealership Sales Dollars ÷

Net Profit BIT as % of Sales Dollars =

Guide: **4%**

Interpretation: For every dollar of sales generated, **$ 0.03** 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 $ 67,690

hip Sales

$	671,292
$	8,186,766
	8.20%

Profit

$	259,781
$	671,292
	38.70%

s

$	259,781
$	8,186,766
	3.17%

les dollars,

Accounting Office Staffing

Table of Contents

Accoun

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

Accounting Office Staffing for One Dealership:

91	÷	17	=	**5.4**	-
Total Dealership Employees		Factor		# Accounting Staff Needed	

Accounting Office Staffing for a Consolidated Accoun

0	÷	17	=	**0.0**	-
Total Dealership Employees In All Stores		Factor		# Accounting Staff Needed	

*Guide: 1 accounting person for every 17 employees in the
multiple dealerships using a consolidated accounting offic
count of all dealerships divided by the factor of 17, and de
This takes into account the efficiencies in the Deal Costin
consolidated accounting office.*

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

ting Office Staffing

personnel

0.0	=	(5.4)
Actual # Accounting Staff		Variance Over (Under)

ting Office:

4.0	=	-4.0	-	40.0	=	44.0
Reduction in Staff Efficiency Factor		# Accounting Staff Needed		Actual # Accounting Staff in Consolidated Accounting Office		Variance Over (Under)

e dealership. If there are
ce, take the total employee
educt 4 accounting staff
g, 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. Experie
C.P.A'.s have a different approach to the automobile business than does the
The following standards of performance should serve as the basis in evalua
performance of the accounting office.

1. Completion and transmission of the financial statement(s) no later than th
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 e

8. Low staff turnover.

9. Respect and cooperation between the accounting staff and other departm

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.

nced automotive
e Controller.
ting the

ne

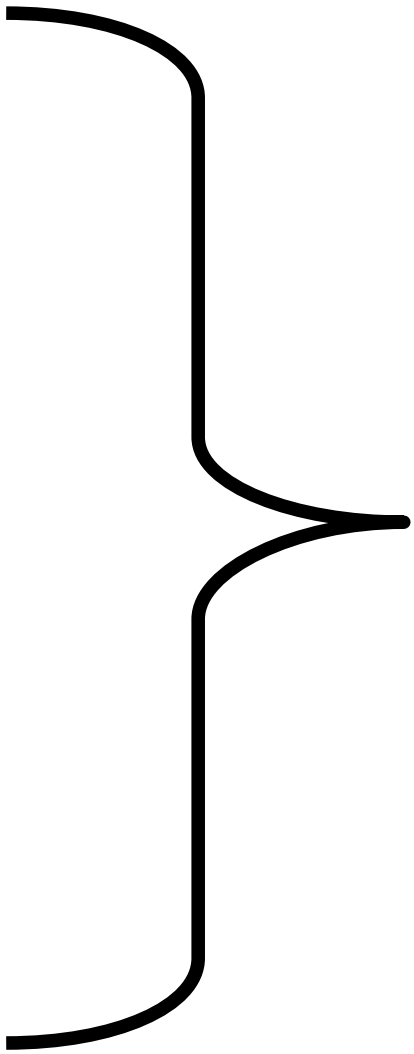
expect.

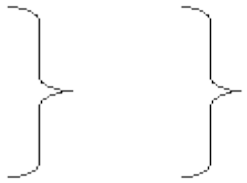
nents.

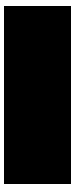
readily

and

, accounts receivable







Service Department Gross Profit Return on Sales

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summary of monthly profit opportunities - Fixed Operations

Service Department

Average Month

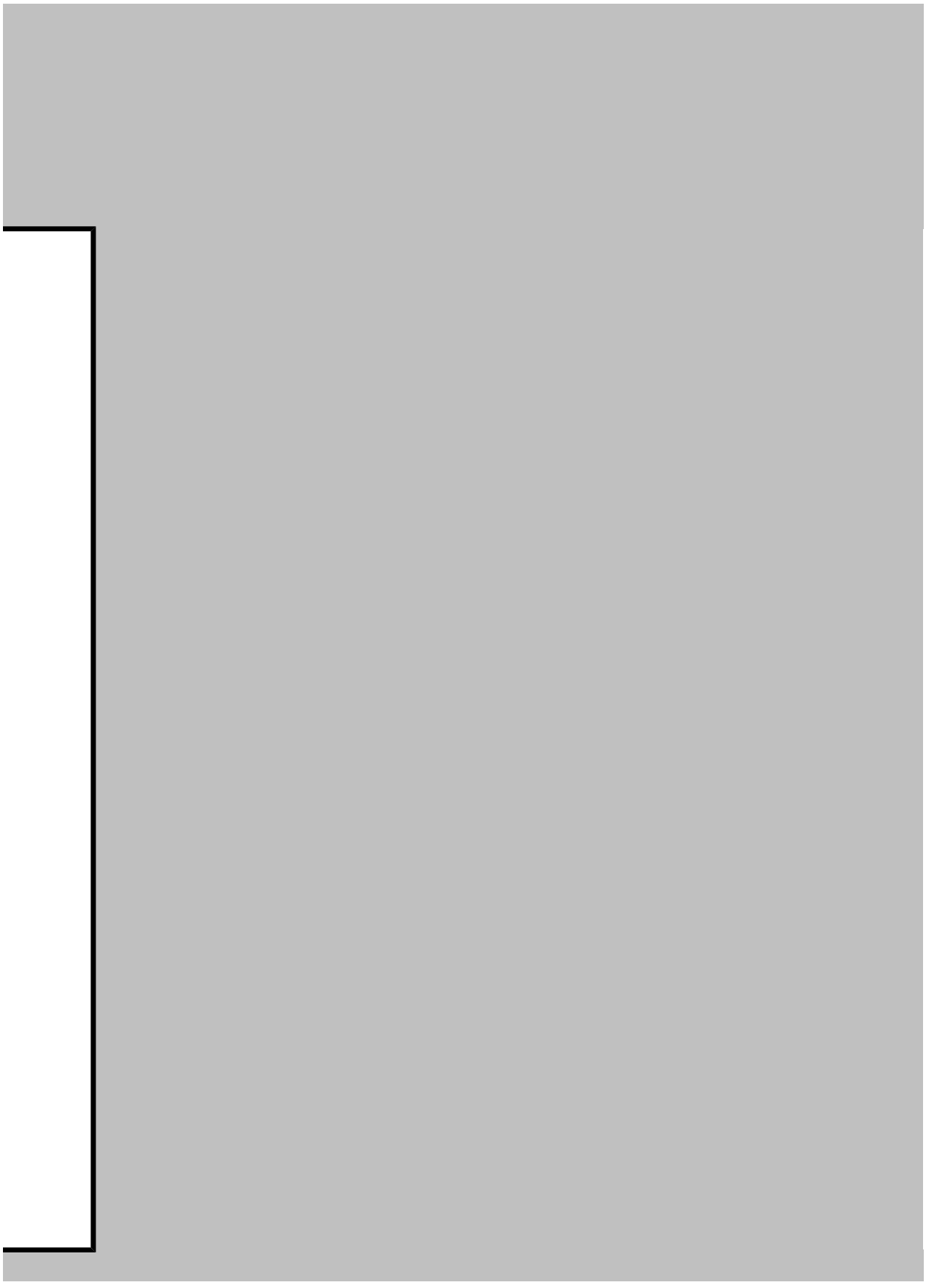
NADA Guides:	
Customer Pay Profile	**73%**
Internal Labor Profile	**73%**
Warranty Labor Profile	**73%**
PDI/Get Ready	**73%**

$ 101,424	÷	$ 135,643	=	
Customer Pay Gross Profit		Customer Pay Sales		
$ 91,652	÷	$ 124,878	=	
Internal Labor Gross Profit		Internal Labor Sales		
$ 82,158	÷	$ 101,604	=	
Warranty Labor Gross Profit		Warranty Labor Sales		
$ 24,642	÷	$ 30,470	=	
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

74.77%	-	**73.00%**	=	1.77%	**$**	**-**	
Gross Profit Return on Sales		Guide		Variance Over (Under)		**Opportunity**	
73.39%	-	**73.00%**	=	0.39%	**$**	**-**	
Gross Profit Return on Sales		Guide		Variance Over (Under)		**Opportunity**	
80.86%	-	**73.00%**	=	7.86%	**$**	**-**	
Gross Profit Return on Sales		Guide		Variance Over (Under)		**Opportunity**	
80.87%	-	**73.00%**	=	7.87%	**$**	**-**	
Gross Profit Return on Sales		Guide		Variance Over (Under)		**Opportunity**	
				Grand Total	**$**	**-**	



Service Department Operating Profit Return on Gross

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summary of monthly profit opportunities - Fixed Operations

Service Department Operating Prof

Average Month

NADA Guides:	
Guide: Domestic	**20%**
Guide: Import	**20%**
Guide: Highline	**20%**

$ 115,879	÷	$ 315,370	=	36.74%	-	
Service Department Operating Profit		Service Department Gross Profit		Operating Profit Return on Gross		

it Return on Gross

20%	=	16.74%	$ -
Guide		Variance Over (Under)	Opportunity

Service Department Break-Eve

table of contents

summary of monthly profit opportunities - fix

Total Service Department Expens

Statement Month

Average Month Service Departme

Factor to Break-Even: Total Servic

Service Sales Needed per Month

Actual Service Sales Dollars in the

Variance: Actual Service Departm

Overall Effective Labor Rate

Hours Produced Needed per Mo

Total Actual Hours Produced in the

Variance: Total Actual Hours Proc

Additional Service Sales Needed

Number of Working Days in Month

Total Actual Hours Produced per D

How many hours do you need t

Number of Flat-Rate Technicians

How many hours does each tec

Guide: Hours Needed per Day pe

Variance: Hours Produced Neec

Service Sales Needed per Day t

Actual Service Sales per Day (A

Variance: Actual Service Sales p

Monthly Gross Profit Opportuni

Total Actual Hours Produced pe

Number of Days to Achieve Bre

n Point

ed operations

Service Department Break-Even Point

es YTD

nt Expense

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

to Break-Even

e Month (Average Month)

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

onth to Break-Even

e Month

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

per Month to Break-Even

n

Day

o produce per day to break even

h need to produce to break even

er Technician to Break-Even (10 hours or less)

ded per Day per Technician to Break-Even Over (Under) Guide

o Break-Even

verage Month)

per Day Over (Under) Guide

ty

r Day

ak-Even Point

	2,393,891
÷	12
=	199,491
÷	75.00%
=	**265,988**
	461,888
=	**195,900**
÷	$ 96.94
=	**2,744**
-	**4,050**
=	**1,306**
	(126,608)
÷	25
	162
=	**110**

÷	**23**
=	**4.8**
-	**10.0**
=	**-5.2**
	10,640
	18,476
	7,836
	$ -
	162
	21.9

Hours per Tech per Day Neede

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summary of monthly profit opportunities - fix

Average Month Service Departmen

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 t

Actual Hours Produced per Tech

Variance: Actual Hours Produce

Guide: Hours Needed per Day per

Monthly Operating Profit Opportu

Total Actual Hours Produced per

Number of Days to Achieve Oper

ed to Achieve a 20% Service Operating Profit

ked operations

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

t Expenses

ofit Guide Above
ss Margin Less Guide % Above

Operating Profit Guide Above

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

e

eve Operating Profit Guide Above

onth

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

e 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%

	$ 199,491
÷	55.00%
=	**$ 362,711**
-	**$ 461,888**
=	**$ 99,177**
÷	$ 96.94
=	**3,742**
	4,050
	308
÷	25
	162
=	**150**

÷	23
=	**6.5**
	7.0
	0.5
-	**10.0**
	$ -
	162
	28.10

Work in Process Labor Inventory Days' Supply

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summary of cash flow opportunities - fixed operations

		Work in Proces Average Month's
Total Labor Sales YTD		$ 3,212,613
Total Labor Gross Profit YTD	-	$ 2,498,695
Total Labor Cost of Sales YTD	=	$ 713,918
Number of Month's Business	÷	12
Average Month's Cost of Labor Sales	=	**$ 59,493**

Work in Process Labo

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

$ 1,266 Work in Process Labor Inventory	÷	$ 59,493 Avg Month Cost of Labor Sales	=	0.02 Months Supply of Work in Process
0.02 Months Supply of Work	x	30	=	**0.64** Days Supply of Work in Process

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

ss Labor Inventory
s Cost of Labor Sales

or Inventory Days Supply

eet,
of

-	**1.5**	=	**-0.86**		**$ -**
	NADA Guide		Variance Over (Under)		**Monthly Cash Flow Opportunity**

Service Department Analysis

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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

Acct Name	*Avg Month Labor Sales*	
Customer Pay - R.O.	$ 135,643	÷
Internal - R.O.	$ 124,878	÷
Warranty - R.O.	$ 101,604	÷
PDI/NVI/ -R.O.	$ 30,470	÷
Total	**$ 392,596**	

Hours Produced Per R.O. Domestic Guide: 2.0	0.0
Hours Produced Per R.O. Import Guide: 2.5	2.5
Hours Produced Per R.O. Highline Guide: 3.0	0.0

OVERALL EFFECTIVE LABOR RATE

$	**392,596**

÷

Total labor sales for month

CLOCK HOURS AVAILABLE

23 x

Service mechanical technicians

CUSTOMER PAY EFFECTIVE LABOR RATE (ACTUAL)

$ 135,643 ÷

Total customer labor

sales for month

CUSTOMER PAY EFFECTIVE LABOR RATE (GUIDE)

$ 132.50 x

Customer Pay Posted "Door Rate"

x

Guide: 90% of Customer Pay "Door Rate"

HOURS PRODUCED IN THE SHOP PER DAY

4,050 ÷

Hours Produced

in the month

Guide: Number of Technicians Times 10 Hours

HOURS PRODUCED PER TECH PER DAY

4,050 ÷

Hours Produced

in the month

Guide: 10 hours per day per tech

R.O.'s PER SERVICE ADVISOR PER DAY

2,153 ÷

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 ?

4,050 ÷
Total Hours Produced

*Must obtain this information from your Service Department DI

Interpretation: Efficiency measures the hours produced within

Tech Efficiency Guide: 135%

How PRODUCTIVE is your shop ?

4,481 ÷
Clock Hours Worked*

*Must obtain this information from your Service Department DI

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

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

Intrepretation: Productivity measures the clock hours worked v
This measurement tells you how well management is managir

How PROFICIENT are your technicians ?

4,050 ÷
Total Hours Produced

Technician Proficiency Guide: 120% - 125% (Obtainable, but c

Intrepretation: Proficiency measures the hours produced withi

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, Producitiv

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:

Efficiency	9.0 hours sold	÷
Productivity	6.5 clock hours worked	÷
Proficiency	9.0 hours sold	÷

Why is Proficiency Important? Efficiency t
Proficiency indicates how much

Service Department Analysis

1,934
531
1,356
229.00
$ 132.50
$ 125.00
$ 119.00
7
23
23
4,481
12

Hours Produced		*E.L.R.*		*Number R.O.'s*		*Hours per R.O.*
1,934	=	70.14	÷	933	=	**2.1**
1,356	=	92.09	÷	251	=	**5.4**
531	=	191.35	÷	798	=	**0.7**
229.00	=	133.06	÷	171	=	**1.3**
4,050		**96.94**	=	**2,153**	=	**1.9**

$ -
$ 94,308
$ -

Monthly Gross Profit Opportunity

$ 4,050	=	**$ 96.94**
Total hours billed		O.E.L.R.

8	x	25.0	=	4,600			
# Hours/Day		Working Days/Month		Clock Hour Avail			
1,934	=	$ 70.14					
Total customer labor hours		Customer Pay E.L.R.					
90%	=	$ 119.25	-	$ 70.14	=	$ (49.11)	
Guide		Customer Pay Effective Labor Rate at Guide		Customer Pay Effective Labor Rate at Actual		Various: Over (Under)	
1,934	=	$ 94,986					
Total customer labor hours		Customer Pay ELR Opportunity					
25	=	162	-	230	=	$ 164,793	
Working Days/Month		Hours Produced in Shop Per Day		NADA Guide		**Opportunity If At Guide**	
23	÷	25	=	7.0	-	10.0	
# of Techs		Working Days/Month		Hours Produced Per Tech Per Day		NADA Guide	
7	÷	25	=	12	-	17	
# of Advisors		Working Days/Month		R.O.'s Per Advisor Per Day		NADA Guide	

Orders (Includes Customer Pay & Warranty Only)

4,481	=	90.38%	135%	$ 127,874
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

---

4,600	=	97.41%	87.50%	$ -
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.
ng the shop.

4,600	=	88.04%	125%	$ 105,915
Clock Hour Available		Tech Proficiency	NADA Guide	Proficiency Opportunity

often difficult to sustain, minimum guide: 100%

n the total hours available.

4.0

÷	2.0
=	**200.00%**

	2.0
÷	8.0
=	**25.00%**

	4.0
÷	8.0
=	**50.0%**

ity & Proficiency

6.5 clock hours worked	=	**138.5%**
8.0 hours available	=	**81.3%**
8.0 hours available		**112.5%**

imes Productivity equals Proficiency.
available time is being sold!

=

$ 164,793

Opportunity

If At Guide

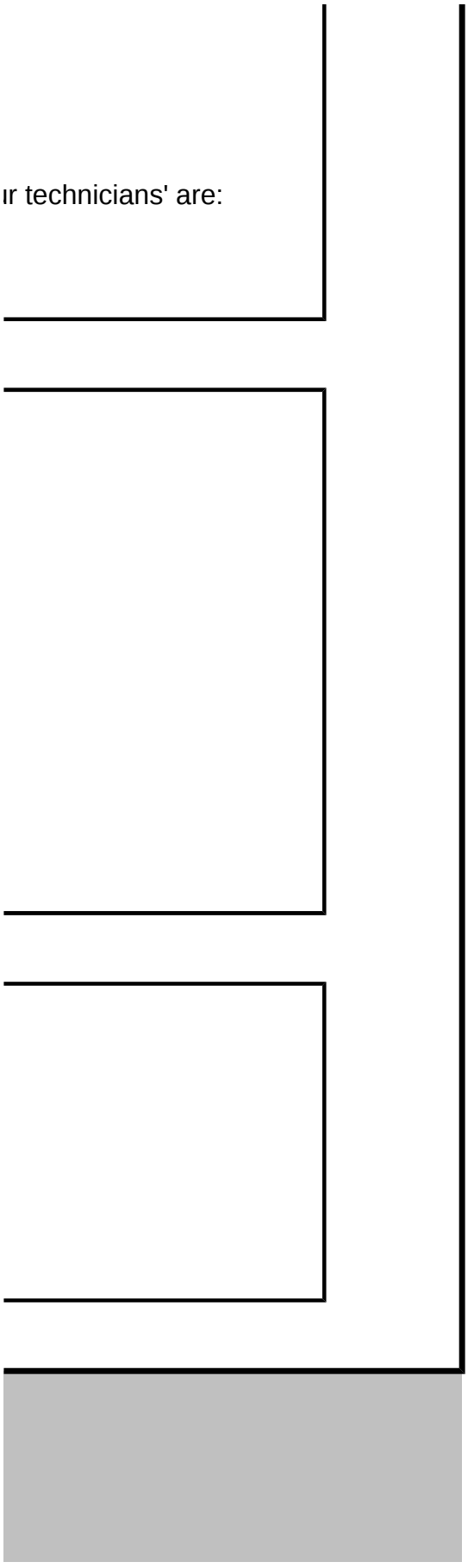
=

5

Opportunity

If At Guide

ır technicians' are:



RATIO OF TECHNICIANS TO SERVICE ADVISORS

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RATIO OF TECHNICIANS TO SERVICE ADVI

Number of Technicians

Number of Service Advisors ÷

Ratio of Technicians to Service Advisors =

Guide: -

Variance: Technicians to Advisors Over (Under) Guide

Interpretation: You have **3.3** technicians for
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 advi


SORS
23
7
3.3 to 1.0
4 to 1.0
-0.7
'sor.

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 I

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 Effecive Labor Rate

Pay Effecive Labor Rate

	$ 70.14
-	$ 92.09
=	**$ -**
x	1,356
=	**$ -**
x	73.00%
=	**$ -**

Additional Gross Profit Opportunity

posted "door" rate

Comparison of Warranty Effective Labor Rate and Customer

table of contents

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 poste
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

	$ 70.14
-	$ 191.35
=	**$ -**
x	531
=	**$ -**
x	73.00%
=	**$ -**

Additional Gross Profit Opportunity

ed "door" rate.
in your market.

"Add a Zero" Technique & Total Hours Produced per Day in th

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summary of monthly profit opportunities - fixed operations

"Add a Zero" Technique & Total Hours Produced |

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 pe
If ten hours are produced in eight hours available, this would yield a proficier

NADA Proficiency Guide: 125%

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

he Shop

per Day in the Shop

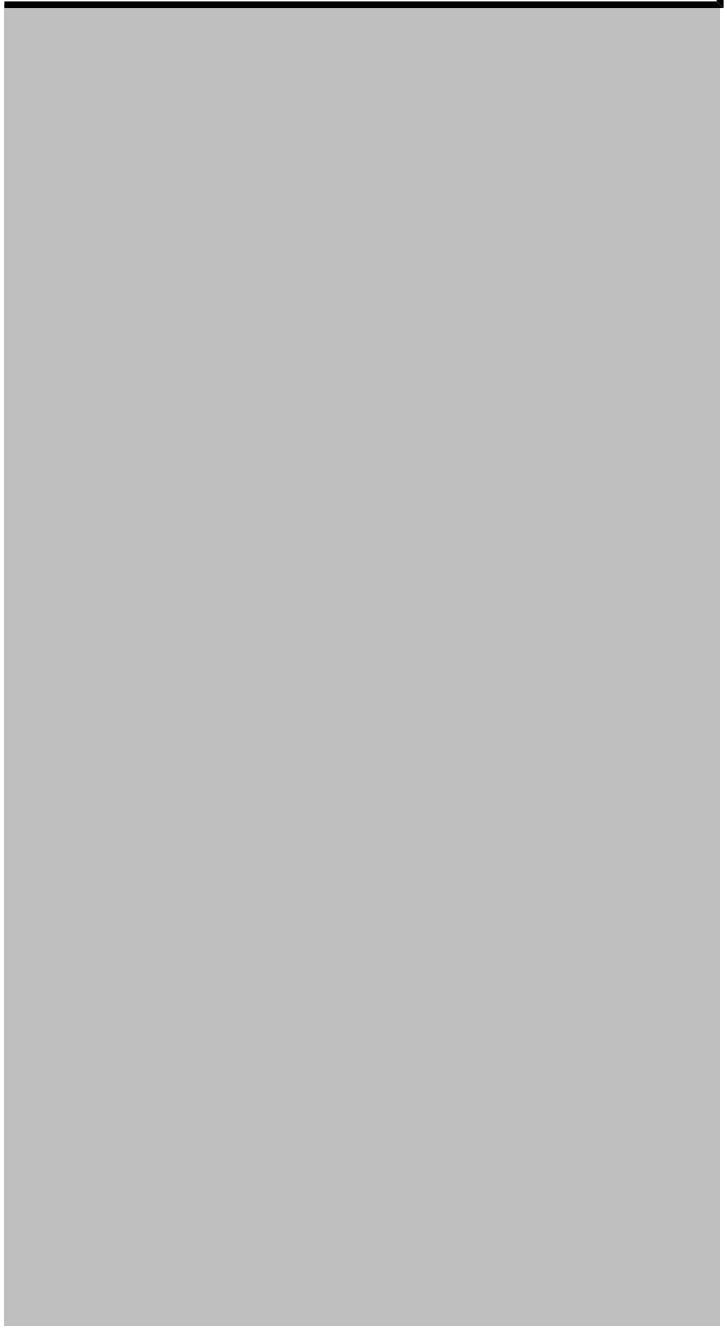
	23
x	**10**
=	**230**

vs. Objective

	23
x	**10**
=	**230**
-	162
=	**(68)**
	$ 722,182

r day per technician.
ıcy of 125%.

ld not focus exclusively on hours per R.O.
and repair. The competitive and
egory 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 Sa

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 (

Customer Parts Gross Profit %

Additional Customer Parts Gros

Monthly Additional Customer G

To Annualize

Annualized Additional Custome

Were at Guide

d operations

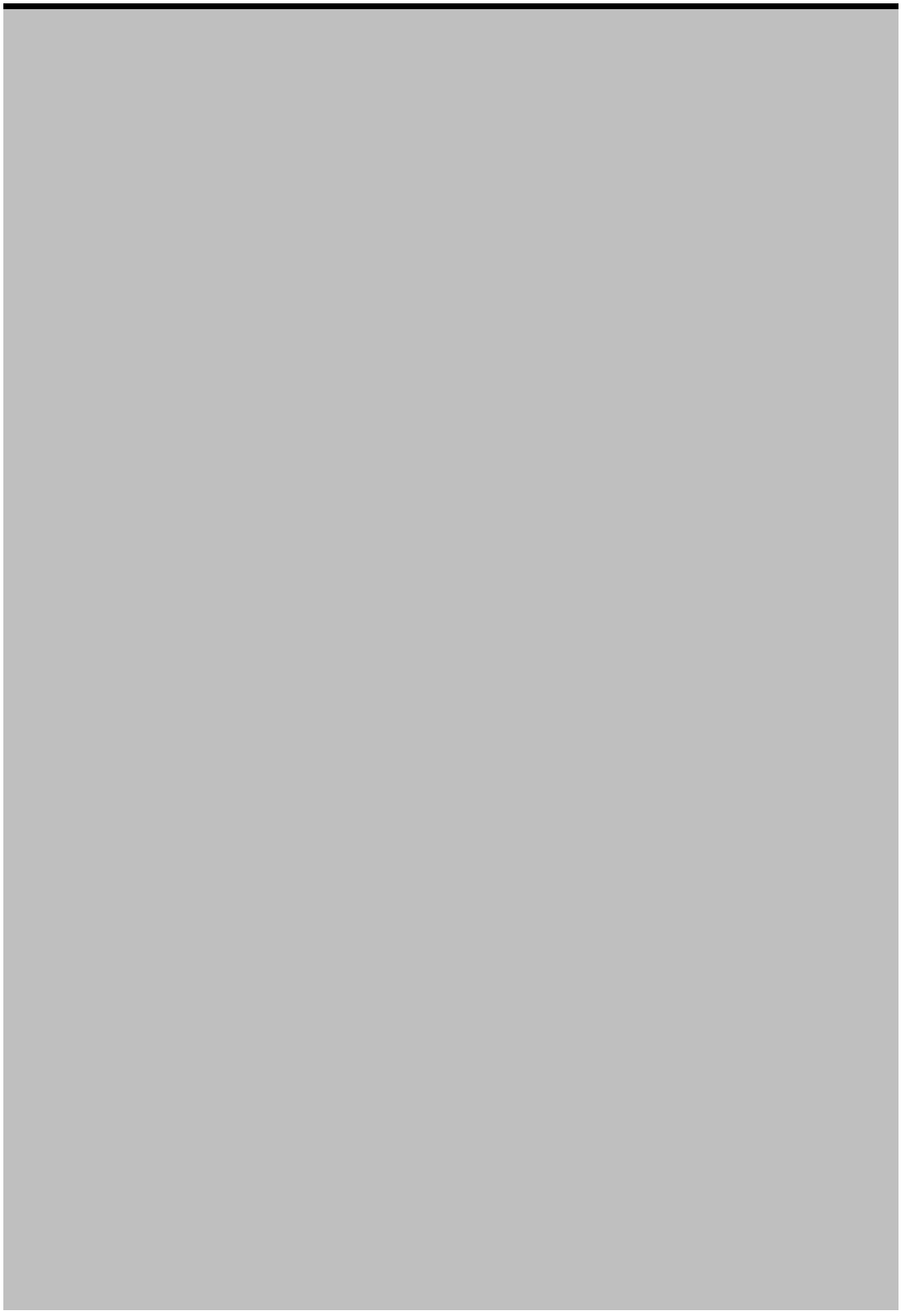
What if Hours Per Repair Order Were at Guide

Guide hours - Import, 3.0 hours - Luxury)	
tual	-
Per R.O. Over (Under) Guide	=
Written During the Month	
er R.O. if at Guide	x
ours Generated	=
te	x
ales Generated	=
%	x
Gross Profit Generated	=
Labor Sales Per $1.00 of Labor Sales	
Generated	x
Generated	=
	x
ss Profit Generated	=

ross Profit Generated From Labor (A) & Parts (B)

x

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



	2.5
	2.07
	0.43
	933
	0.43
	399
	$ 70.14
	$ 27,993
	74.77%
	$ 20,931 **(A)**
	2.75
	$ 27,993
	$ 76,954
	35.20%
	$ 27,088 **(B)**
	$ 48,019 **(A) + (B)**

	12
$	**576,229**

Parts Department Gross Profit Return on Sales

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summary of monthly profit opportunities - fixed operations

Parts Department G

Average Month NADA Guides:	Statement Months
Parts R.O.	41%
Parts Internal	41%
Parts Warranty	28%
Parts Wholesale	25%
Parts Counter Retail	41%
Parts Body Shop	30%

103,497 Parts R.O. Gross	÷	282,792 Parts R.O. Sales	=	
17,460 Parts Internal Gross	÷	59,412 Parts Internal Sales	=	
39,225 Parts Warranty Gross	÷	98,811 Parts Warranty Sales	=	
0 Parts Wholesale Gross	÷	41,376 Parts Wholesale Sales	=	
29,100 Parts Counter Retail Gross	÷	79,017 Parts Counter Retail Sales	=	
0 Parts Body Shop Gross	÷	0 Parts Body Shop Sales	=	

ross Profit Return on Sales

12

36.60%	-	41.00%	=	-4.40%	$	12,448
Gross Profit Return on Sales		Guide		Variance Over (Under)		Opportunity
29.39%	-	41.00%	=	-11.61%	$	6,899
Gross Profit Return on Sales		Guide		Variance Over (Under)		Opportunity
39.70%	-	28.00%	=	11.70%	$	-
Gross Profit Return on Sales		Guide		Variance Over (Under)		Opportunity
0.00%	-	25.00%	=	-25.00%	$	10,344
Gross Profit Return on Sales		Guide		Variance Over (Under)		Opportunity
36.83%	-	41.00%	=	-4.17%	$	3,297
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	**$ 32,988**

Parts Department Operating Profit Return on Gross

table of contents

summary of monthly profit opportunities - fixed operations

Parts Department Operating P

$ 93,591	÷	$ 166,209	=	56.31%	-
Parts Operating Profit		Parts Total Gross Profit		Operating Profit Return on Gross	

NADA Guide:
20% Operating Profit Return on on Gross Profit

Purpose:
To identify the operating profit retained in the parts department

rofit Return on Gross

20.00%	=	**36.31%**	**$ -**
Guide		Variance Over (Under)	**Operating Profit Opportunity**

on total parts department gross profit

Parts Department Break-Eve

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 Montl

Variance: Actual Parts Sales for

Number of Working Days in Montl

Parts Sales Needed per Day to I

Actual Parts Sales per Day (Ave

Variance: Actual Parts Sales pe

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 %)	÷
o Break-Even	=
n	-
the Month Over (Under) Parts Sales Needed per Month to Break-Even	=
ı	÷
Break-Even	=
rage Month)	-
r Day Over (Under) Guide	=

ty

ay

ak-Even Point

$	871,418
	12
$	72,618
	38.80%
$	**187,160**
$	**460,442**
$	**273,282**
	25
$	**7,486**
$	**18,418**
$	**10,931**
$	**-**
	18,418
	15.16

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	÷
Average Month's Cost of Sales	=

	$ 5,525,306
	$ 1,994,509
	$ 3,530,797
	$ -
	$ 3,530,797
	12
	$ 294,233

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

$ 470,771	÷	$ 294,233
Parts Inventory		Avg Month Parts C.O.S.

1.6	x	30
Months Supply of Parts Inventory		

NADA Guide: Your supply of parts inve

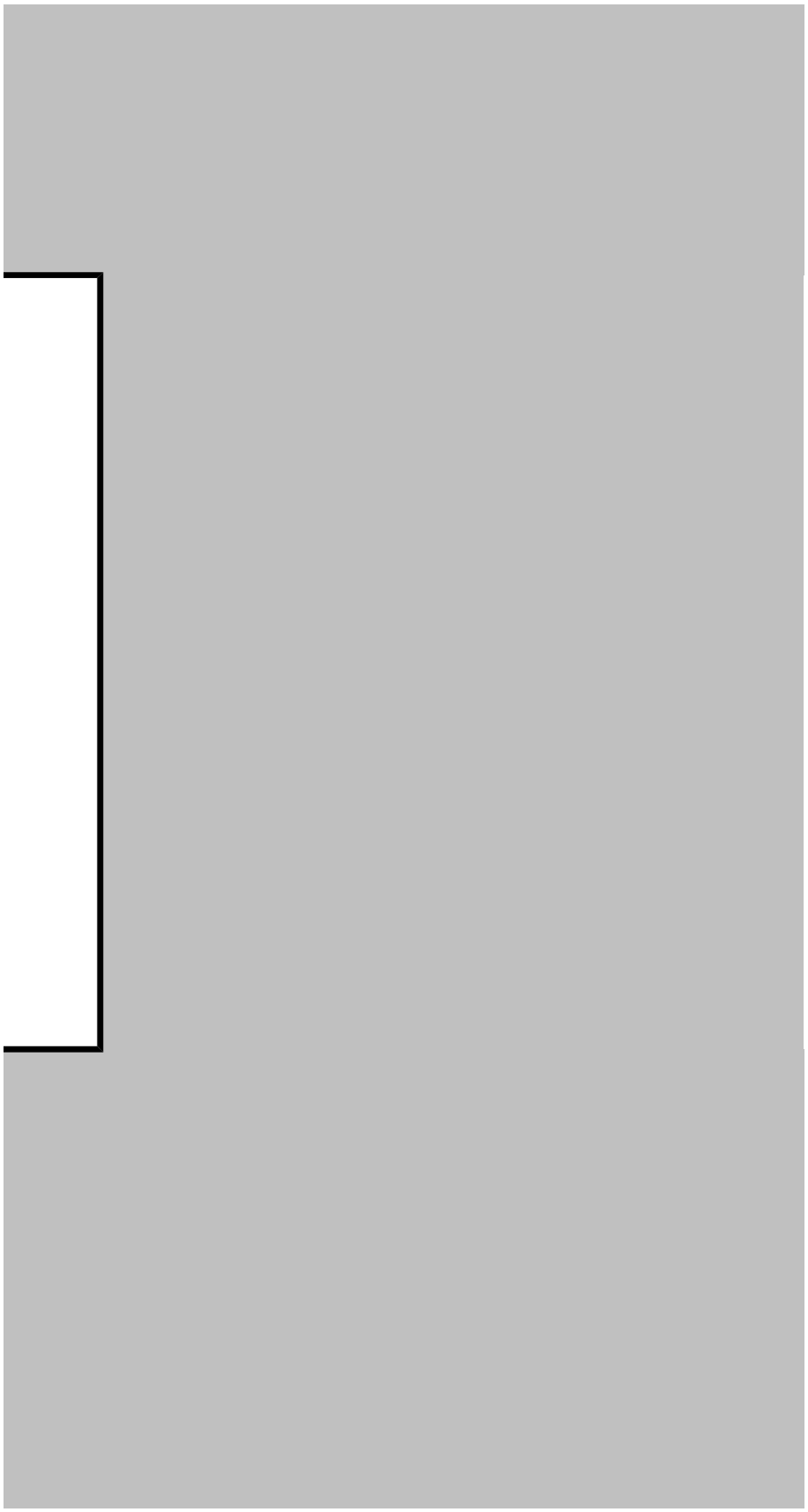
Parts Inventory Days Supply

the balance sheet
arts cost of
's, the days supply of parts

= **1.6**
Months Supply
of Parts Inventory

=	**48.0**	-	45	=	**3.00**	**$ 29,421**
	Days Supply of Parts Inventory		Guide		Variance	**Cash Flow Opportunity**

entory should not exceed 1.5 month or 45 days.



Break-Down of the Parts Inventory

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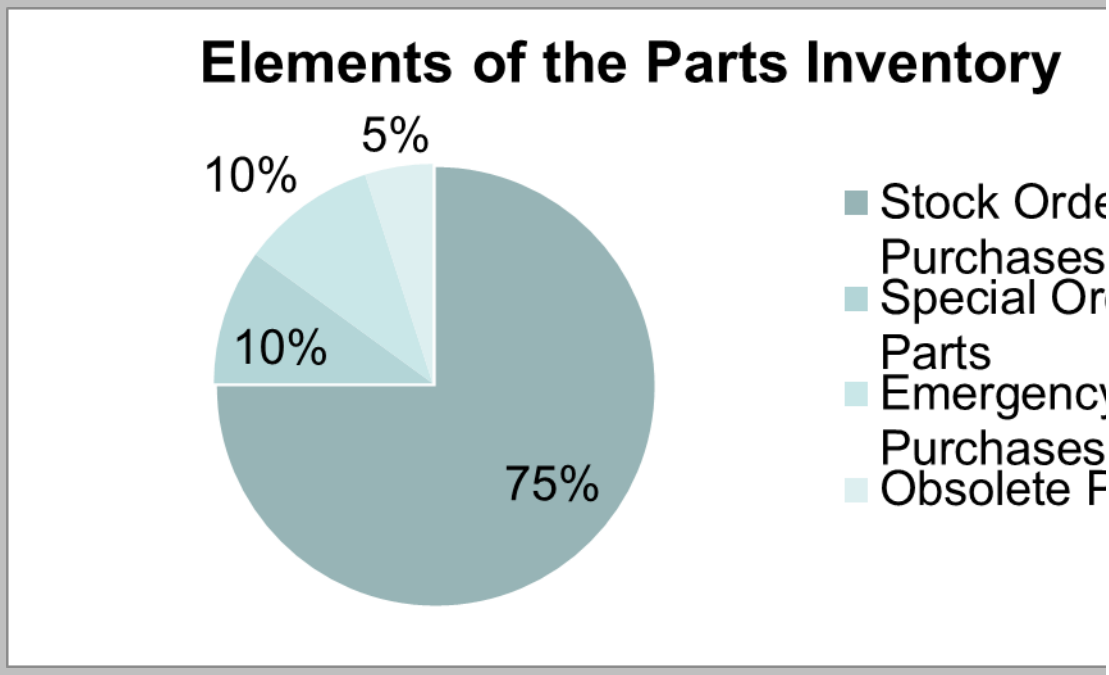
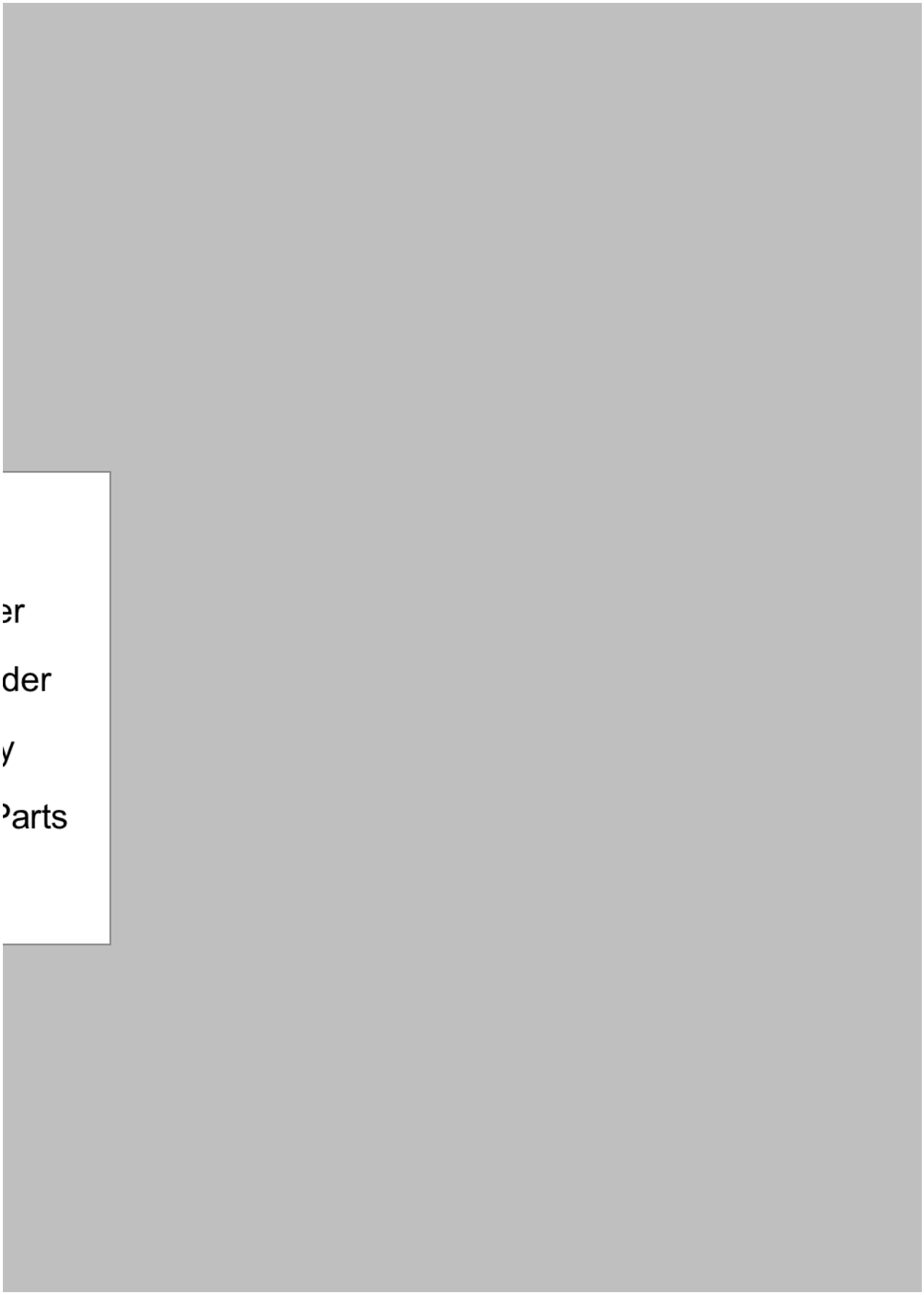
The parts inventory should consist of the following:

NADA Guides:
Stock Order Purchases – Guide 75%
Special Order Parts – Guide 10%
Emergency Purchases – Guide 10%
Obsolete Parts – Guide 5%




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
Adjusted Parts & Accessories Cost of Sales Y.T.D.	=
Number of Month's Business	÷
Average Month's Cost of Sales	=
Parts & Accessories Inventory	
Average Month Cost of Sales	÷
Month's Supply of Parts & Accessories Inventory	=
	x
Day's Supply of Parts & Accessories Inventory	=

Guide: Days supply of Parts & Accessories Inventory should be 45 days

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 m
year must be added together to get the YTD number. In (R&R), the parts summ
reflects YTD stock order purchases.

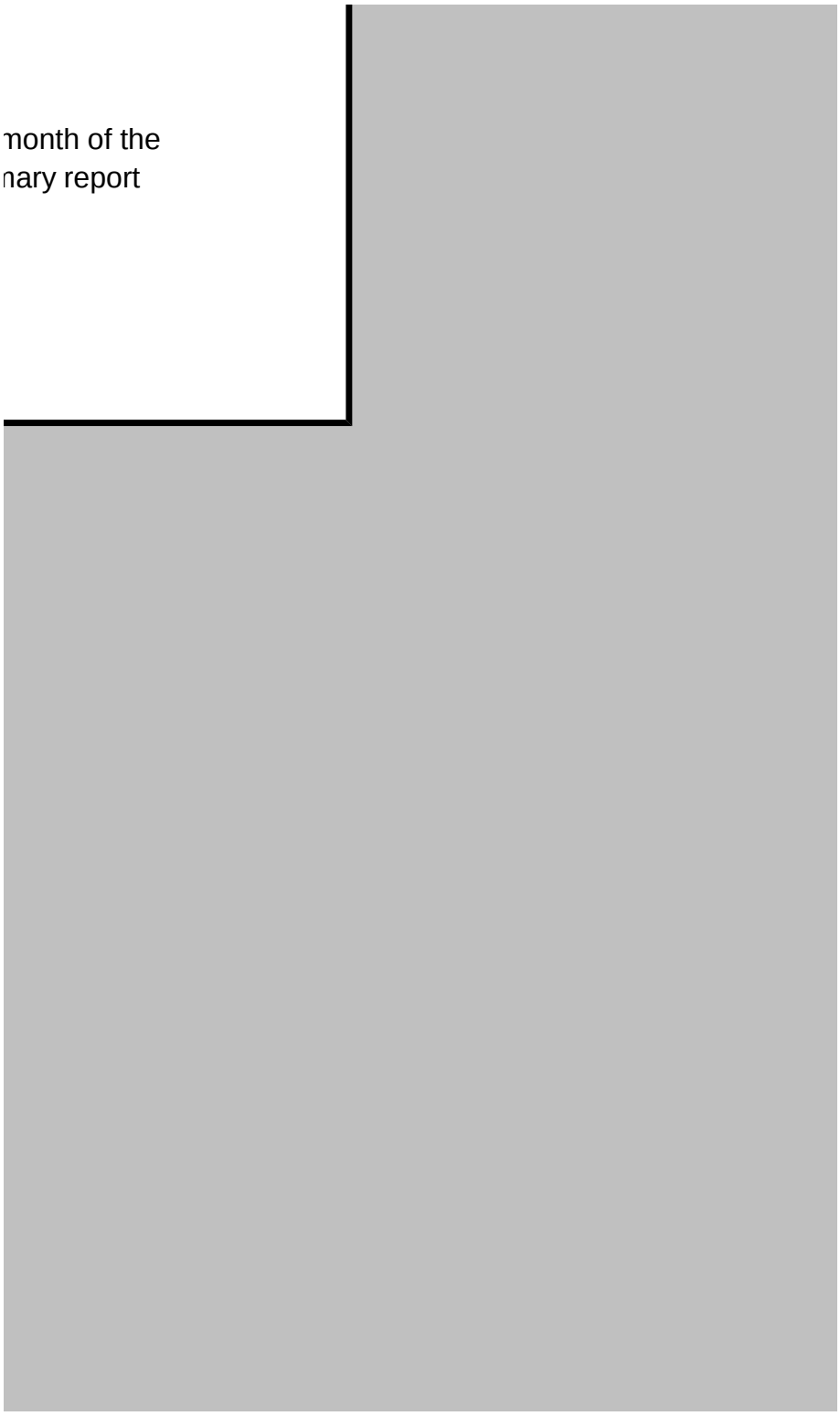
You have a 3 month supply of parts inventory based on 4 gross turns per year. 75% of your parts inventory is from stock order purchases, and 25% comes from other sources. **You are not turning your inventory often enough!**

$	5,525,306
$	1,994,509
$	3,530,797
$	-
$	**3,530,797**
	12
$	294,233
$	470,771
$	294,233
	1.6
	30
	48.0
$	3,530,797

$	470,771
	7.5
	12
	1.6
	7.5
$	**12,259**
$	-
	12
$	-
	12
$	-
$	470,771
	0.0
$	**-**
	0.0
	7.5
	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 ÷

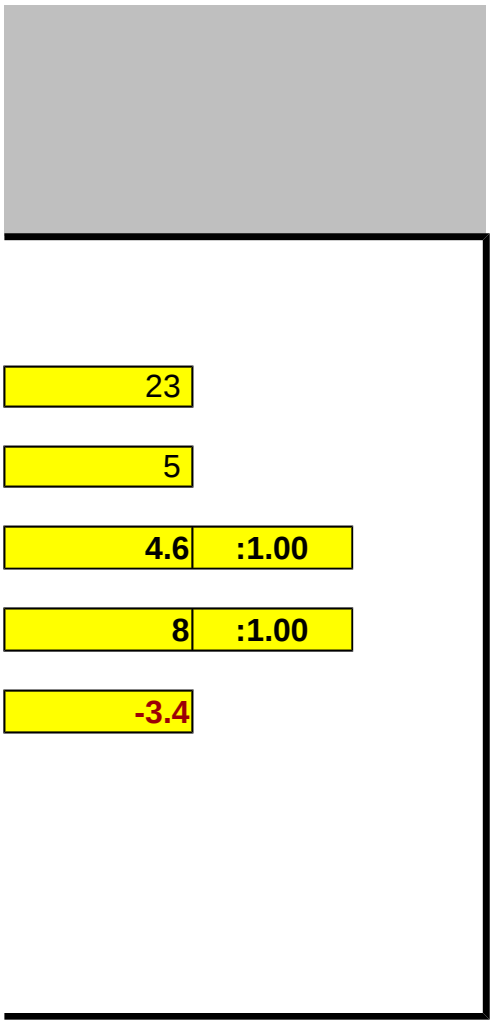
Ratio of Technicians to Parts Countermen =

Guide:

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

Interpretation: You have **4.6** technicians for
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.


23
5
4.6 :1.00
8 :1.00
-3.4

Parts & Accessories Inventory Calendar Year Turns

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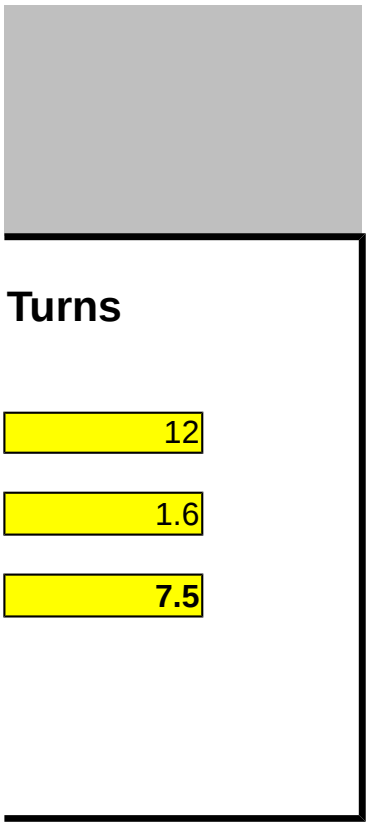
Parts & Accessories Inventory Calendar Year

Twelve Calendar Months

Month's Supply of Parts Inventory ÷

Parts & Accessories Inventory Calendar Year Turns =

Guide: 8 Turns per Calendar Year


Turns
12
1.6
7.5

Parts Department Gross Return on Investment (GROI)

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summary of monthly profit opportunities - fixed operations

Parts Department Gross Return on Investmen

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)

	$	5,525,306
÷		12
=	$	**460,442**
	$	1,994,509
÷		12
=	$	**166,209**
	$	166,209
÷	$	460,442
=		**36.10%**
x		7.5
=		**270.7%**
	$	**55,291**

s

Total Parts Department Net Retu

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summary of monthly profit opportunities - fixe

		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 D	
	Net Return on Parts & Accesso	
	Monthly Operating Profit Oppor	
	Guide: **16%** *(Update thi*	
	NADA Guide: Prime rate plus 3%	

urn on Investment (NROI)

d operations

al Parts Department Net Return on Investment (NROI)

s Profit	
(step 1)	-
Profit	=
	÷
Operating Profit	=
ar	x
erating Profit	=
Dollars	÷
ies Inventory Investment (NROI) (as % of Parts Operating Profit)	=

tunity

s guide as the prime rate changes)

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

$	**871,418**
$	1,994,509
$	871,418
$	1,123,091
	12
	93,591
	12
	1,123,091
$	470,771
	238.6%
$	**-**

Fixed Operations Gross Profit Retention Opportunities

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Gross Profit Retention Opportunities - Ser

Average Month

Account Name	Actual Sales $	Profile %	Profile Gross Profit %
Customer Labor - Mech	$ 135,643	73.00%	$ 99,019
Warranty Labor	$ 101,604	73.00%	$ 74,171
Internal Labor	$ 124,878	73.00%	$ 91,161
PDI/NVI Labor	$ 30,470	73.00%	$ 22,243
Totals	$ 392,596		$ 286,595

Gross Profit Retention Opportunities - Pa

Average Month

Account Name	Sales $	Profile %	Profile Gross Profit
Customer RO Parts Sls - Mech	$ 282,792	41%	$ 115,945
Customer RO Parts Sls - BS	$ -	30%	$ -
Warranty Parts Sales*	$ 98,811	28%	$ 27,667
Internal Parts Sales	$ 59,412	41%	$ 24,359
Counter Retail Sales	$ 79,017	41%	$ 32,397
Wholesales Parts Sales	$ 41,376	25%	$ 10,344
Totals	$ 561,408		$ 210,712

*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
74.77%	$ 101,424	**$ -**
80.86%	$ 82,158	**$ -**
73.39%	$ 91,652	**$ -**
80.87%	$ 24,642	**$ -**
	$ 299,877	**$ -**

rts Department

Actual %	Actual Gross Profit $	$ Opportunity
36.60%	$ 103,497	**$ 12,448**
#DIV/0!	$ -	**$ -**
39.70%	$ 39,225	**$ -**
29.39%	$ 17,460	**$ 6,899**
36.83%	$ 29,100	**$ 3,297**
0.00%	$ -	**$ 10,344**
	$ 189,281	**$ 32,988**

ention Opportunities

$	-
$	32,988
$	32,988

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

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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 availa
annually, with no additional customer pay repair orders.

ıal .3 Hours

	933
	0.3 hours
	280
	$ 70.14
	$ 19,636
	74.77%
(A)	**$ 14,683**
	208.48%
	$ 19,636
	$ 40,938
	36.60%
(B)	**$ 14,983**
(A) + (B)	**$ 29,665**

12	$ 355,984

able

SALES DOLLARS PER CUSTOMER PAY REPAIR ORDE

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summary of profit opportunities - fixed operations

SALES DOLLARS PER CUSTOMER F

$ 418,435	÷	**933**	=	**$ 448**
Total Parts RO & Customer Pay Labor Sales Dollars Average Month		Total # of C.P. Repair Orders Current Month		Average Parts RO & Cu Pay Labor Sales Dolla C.P. Repair Order Current Month

NADA Guide: $ 300 *Average parts & service sales dollars per c*

R - CURRENT MONTH

AY REPAIR ORDER - CURRENT MONTH

-	$ 300	=	$ 148	$ -
stomer	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

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

Fixed Absorption Percentage =

Monthly Profit Opportunity

Absorption

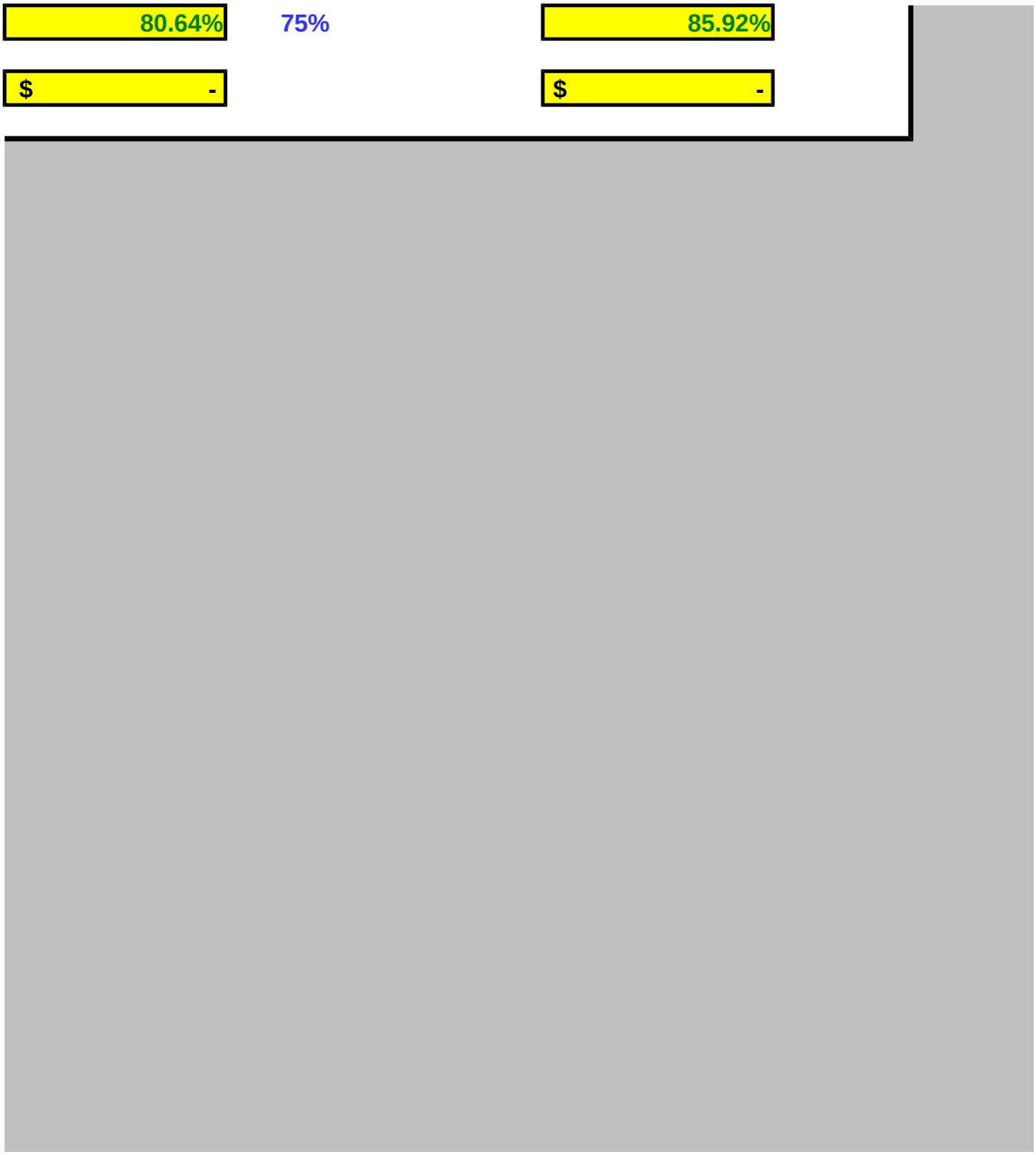
	% Adj Overhead Expense
$ 161,558	28.77%
$ 291,366	51.88%
$ -	0.00%
$ 452,924 **(A)**	80.64%

Additional Gross Profit Generated From .3 Hours

Without Additional GP From .3 Hours	With Additional GP From .3 Hours
	$ 29,665
$ 679,853	$ 679,853
$ 114,535	$ 114,535
$ 857	$ 857
$ 2,814	$ 2,814
equals	equals
$ 561,647 **(B)**	$ 561,647
$ 452,924 **(A)**	$ 482,589
$ 561,647 **(B)**	$ 561,647
equals	equals

NADA Guide

80.64%	75%	85.92%
$ -		$ -



Impact of Selling One Addi

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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

tional Hour of Labor per Technian per Day

rtunities - fixed operations

ling One Additional Hour of Labor per Technician per Day

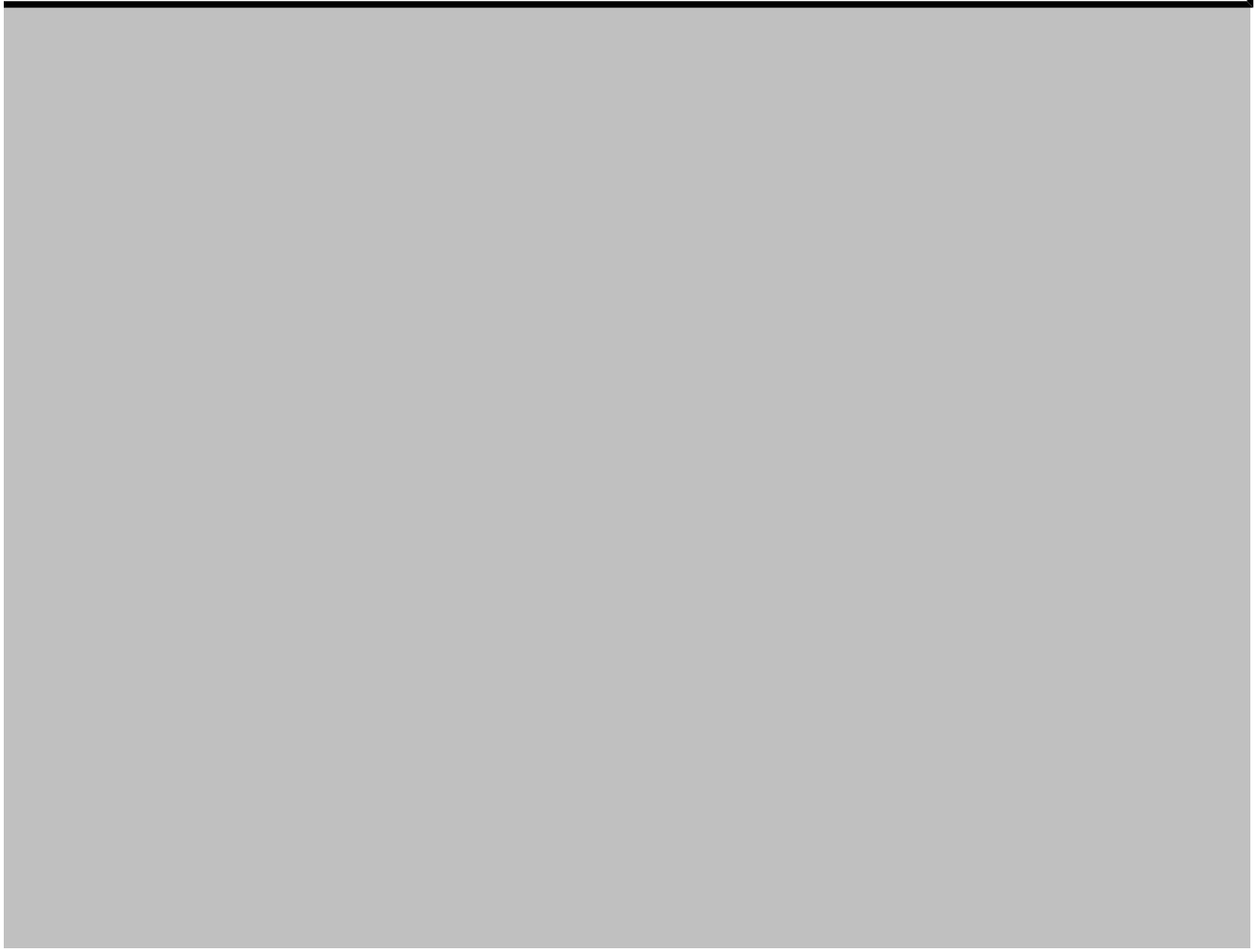
ıer Pay Labor		**1**
onth	x	25
	x	$ 96.94
	x	23
t Sales for the Month	=	**$ 55,739**
ross Profit Retention at Guide	x	73%
t Gross Profit for the Month	=	**$ 40,689**
at Guide	x	20%
t Operating Profit for the Month	=	**$ 11,148**
ervice Operating Profit per Month		**$ 11,148**
(average month)	÷	$ 259,781
rship Net Profit	=	**4%**

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 Su

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summary of cash flow opportunities - fixed operations

Parts, Service & Body Shop Acco

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

$ 44,098	÷	$ 538,828	=	**0.1**	
Parts, Service & Body Shop Receivable		*Total Parts, Svc, B/S Customer Paid Labor & Parts Sales		Months Supply of Parts, Svc & B/S Customer Paid Labor/Parts	
0.1	x	30	=	**2.46**	
Months Supply of Parts, Svc & B/S Customer Paid Labor/Parts				Days Supply of Parts, Svc & Body Shop Accounts Receivab	

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

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

On a percentage basis, the parts, service & body shop receivable rep **8%** % of the current month's service, parts & body sho customer paid labor and parts (excluding warranty, internal & PDI). Th

should not exceed 50%.

upply

ounts Receivable Days Supply

ance sheet
abor
and then
receivables

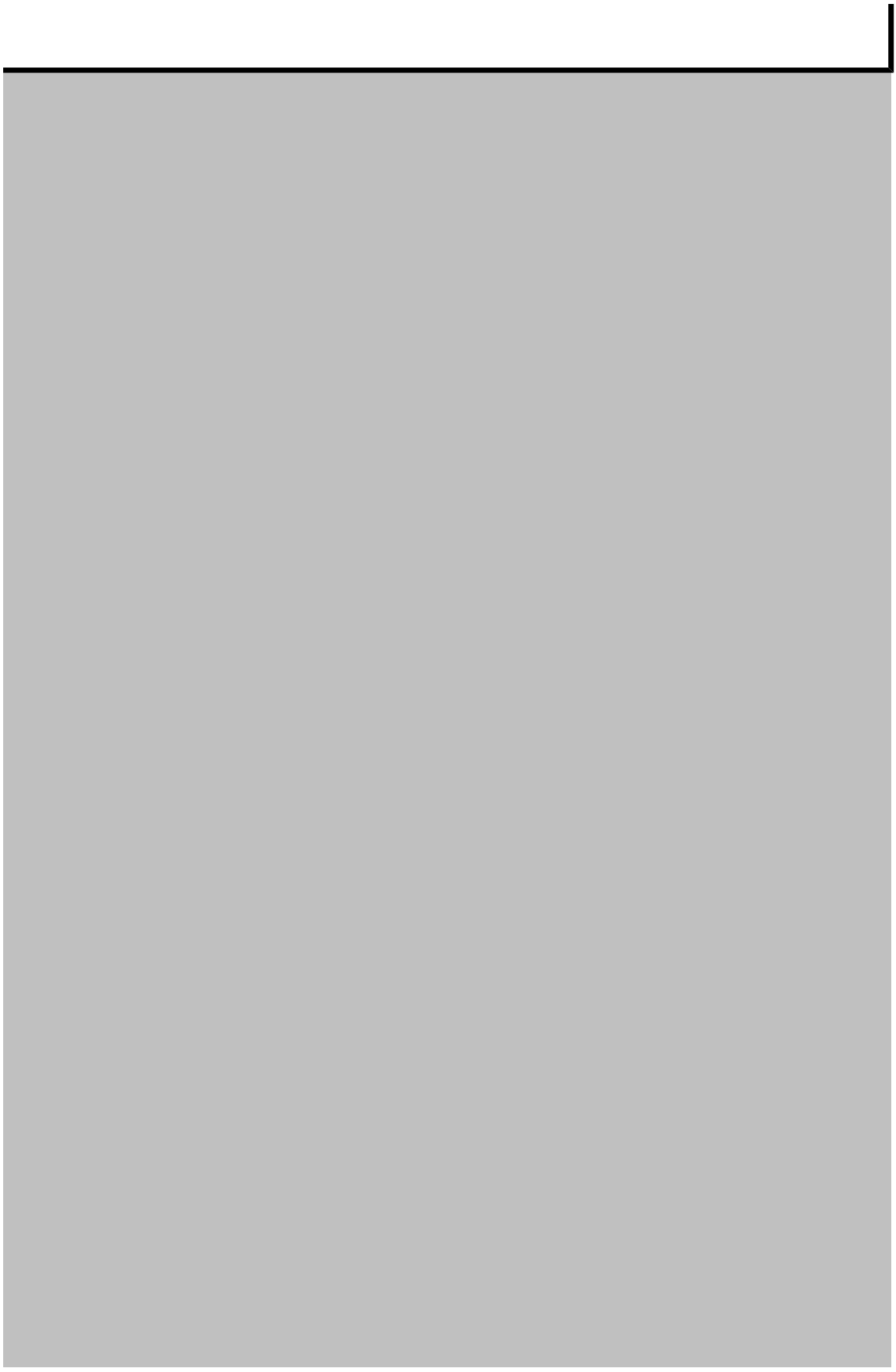
-	15	=	-12.54	$	-
	NADA Guide Days Supply		Variance: Over (Under)		**Cash Flow Opportunity**

le

gas/oil/grease and

ould not
upply.

resents
op
his percentage



Warranty Claims Receivable Days Supply

table of contents

summary of cash flow opportunities - fixed operations

Warranty Claims Receiva

By taking the warranty claims receivable total from the balance shee 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.

$ 20,605	÷	$ 200,416	=	**0.1**
Warranty Receivable		Current Month Warranty Sales In Fixed Ops		Months Supply of Warranty Receivables
0.1	x	30	=	**3.1**
Months Supply of Warranty Receivables				Days Supply of Warranty Receivables

NADA Guide:

If you are paid warranty credits weekly =	7.5
If you are paid warranty credits semi-monthly =	15
If you are paid warranty credits monthly =	30

Are Your Warranty Claims

$ 20,605	÷	$ 200,416	=	**10.3%**
Warranty Claims Receivable		Current Month Warranty Sales In Fixed Ops		Warranty Claims Receivable as % of Warranty Sale

Guide: If you are paid warranty credits on a weekly basis, your warra 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

ıble Days Supply

ːt

ˈ warranty

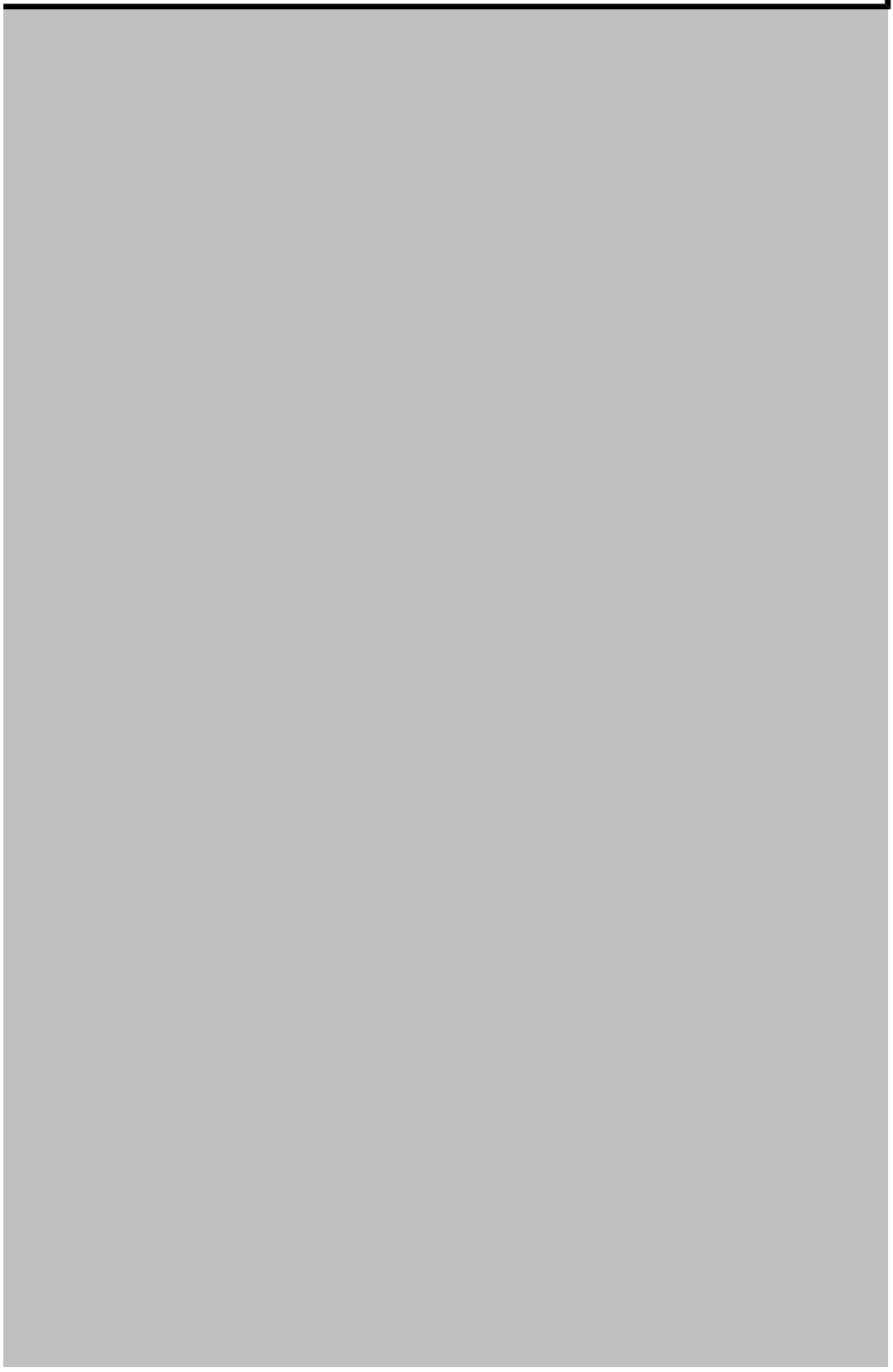
-	15.0	=	**-11.9**	**$ -**
	NADA Guide Days Supply (Select Guide Below)		Variance: Over (Under)	**Cash Flow Opportunity**

ˌ Receivable OLD?

ːes

ɑnty receivable
ˊ basis, your

ould be 100%.



Frozen Capital - Service, Parts & Body Shop Receivable

table of contents

summary of cash flow opportunities - fixed operations

Frozen Capital - Service, Parts & Body

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

$ 538,828	x	50%	=	$ 269,414
Current Month P,S,BS Sales				Your Guide Objective
$ 44,098	-	$ 269,414	=	$ -
Actual cust P,S & BS accts Rec		Guide Objective		Frozen Capital

$	44,098	÷	$	538,828	=	0.08 Mth's Supp

Shop Receivable

stomer (retail and wholesale) fixed ops sales.

x	30	=	2.46 Days Supp

Frozen Capital - Warranty Claim Receivable

table of contents

summary of cash flow opportunities - fixed operations

Frozen Capital - Warranty Claim

Warranty Receivables should not exceed 0% % of month

$ 200,416	x	0%	=	$ -
Current Month Warranty Sales		Guide		Guide Objective

$ 20,605	-	$ -	=	$ 20,605
Actual Warranty Receivable		Guide Objective		Frozen Capital

Interpretation: * Based on the frequency of warranty credits paid by Manufac
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 w
If you are paid monthly by the manufacturer on your warranty claims use 10

0% *Enter your guide % above based on how frequently you are*

$ 20,605 ÷ $ 200,416 = 0.10 Mth's Supp

Receivable

h's warranty parts and labor sales

cturer each month,

6
arranty claims use 50%
0%

e *paid warranty credits*

x	30	=	3.08 Days Supp

Frozen Capital - Parts & Accessories Inventory

table of contents

summary of cash flow opportunities - fixed operations

Frozen Capital -

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

$ 294,233	x	1.5	=	
Avg Month parts cost of sales*		NADA Guide		
$ 470,771	-	$ 441,350	=	
Actual Parts Inventory		Guide Objective		

*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.

$	**470,771**	**÷**	**$**	**294,233**	**=**

Parts & Accessories Inventory

cost.

$ 441,350
Guide Objective

$ 29,421
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

1.60 Mth's Supp	x	30	=	48.00 Days Supp

New Vehicle Department Brea

Table of Contents

summary of gross profit opportunities - var

New Vehic

Total New Vehicle Department Ex

Statement Month

Average Month New Vehicle Depa

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

Number of New Vehicles Neede

**Actual Number of New Vehicles
(YTD New Vehicles Sold at Reta**

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

Monthly Gross Profit Opportuni

Average Number of New Vehicle

Number of Days to Achieve Bre

ık-Even Point Above the Line

iable operations

le Department Break-Even Point Above the Line

penses YTD		$ 319,735
	÷	12
ırtment Expense	=	$ 26,645
ding F&I). This does not include Money nor DOC fees	÷	$ 1,142
d to Break-Even	=	**23**
Retail Sold (Average Month) **il Divided By Number of Month's Business)**	-	**173**
v Vehicles Retail Sold Over (Under)	=	**150**
ty		**$ -**
es Sold per Day		**5.77**
ak-Even Point		**4.05**

New Vehicle Department Break-Even Point With "Below the L

Table of Contents

summary of gross profit opportunities - variable operations

New Vehicle Department Break-Even Point With "Below the L

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

.ine" Factory Money & DOC Fees

.ine" Factory Money & DOC Fees

	$ 319,735
÷	12
=	$ 26,645
÷	$ 2,114
=	**13**
-	173
=	160
	$ -
	5.77
	2.19

New Vehicle Department Gross Profit Return on Sales

table of contents

summary of gross profit opportunities - variable operations

New Vehicle Department Gross P

$ 353,736	÷	$ 5,159,795	=	**6.86%**	-
MTD New Vehicle Retail Gross		MTD New Vehicle Retail Sales		MTD G.P. Return on Sales	

NADA Guide: 5%

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

rofit Return on Sales

5.00%	=	**1.86%**	**$ -**
NADA Guide		Variance: Over (Under)	**Gross Profit Opportunity**

ell 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 Mont

Total New & Used Retail Vehicle Units Sold Current Month

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

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

$ 152,843	÷	$ 7,137,505	=
Vehicle Receivables		Current Month New & Used Retail Sales Dollars	

0.02	x	30	=
Months Supply of Vehicle Receivables			

NADA Guide: Your days supply of vehicle receivables should

Current Month Average Retail Vehicle Sales Price

			$ 5,159,795
		+	$ 1,977,710
h	(A)	=	$ 7,137,505
	(B)		299
h	(A)		**$ 7,137,505**
	(B)	÷	299
nth		=	**$ 23,871**

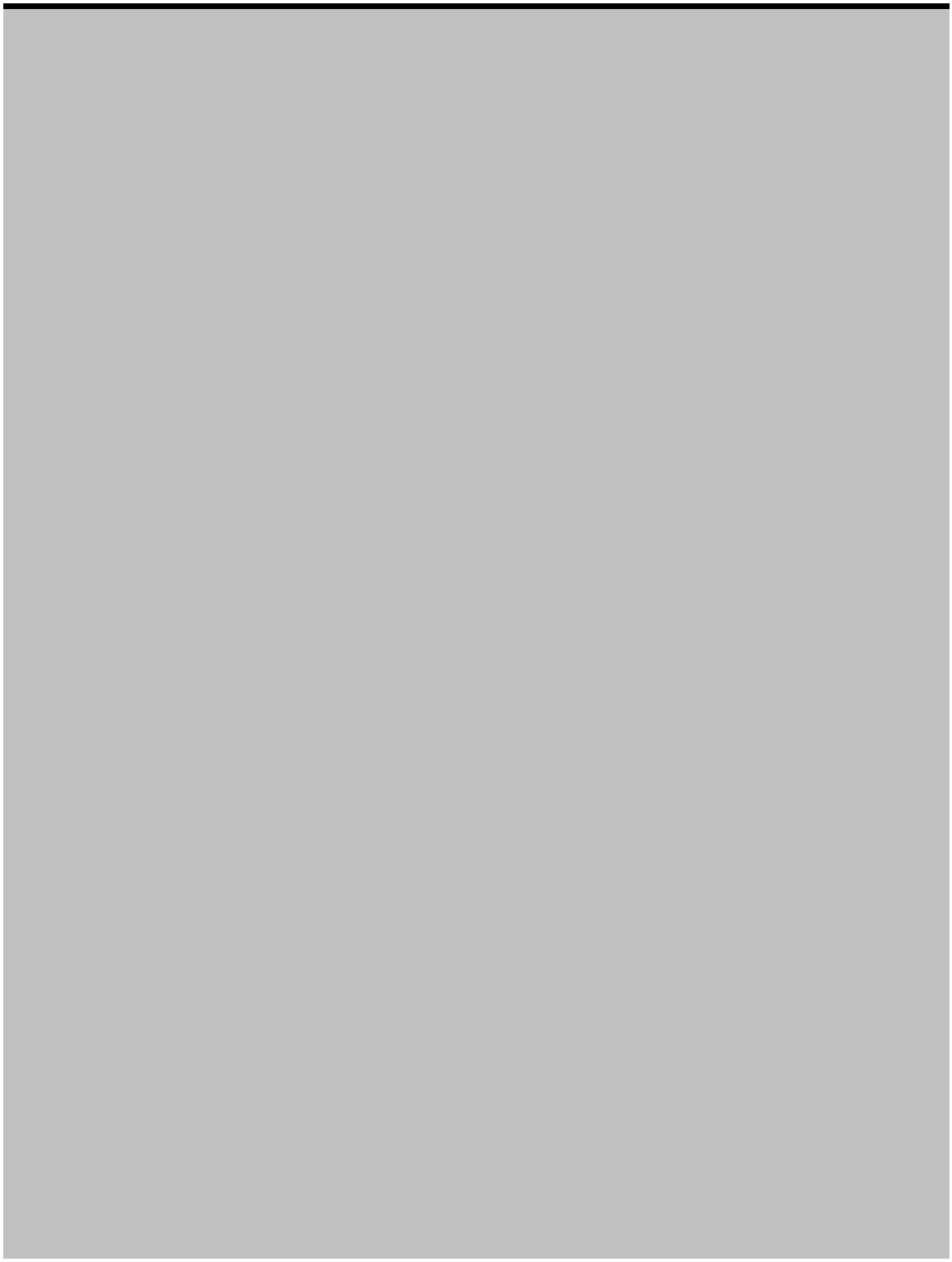
Vehicle Receivable Days Supply

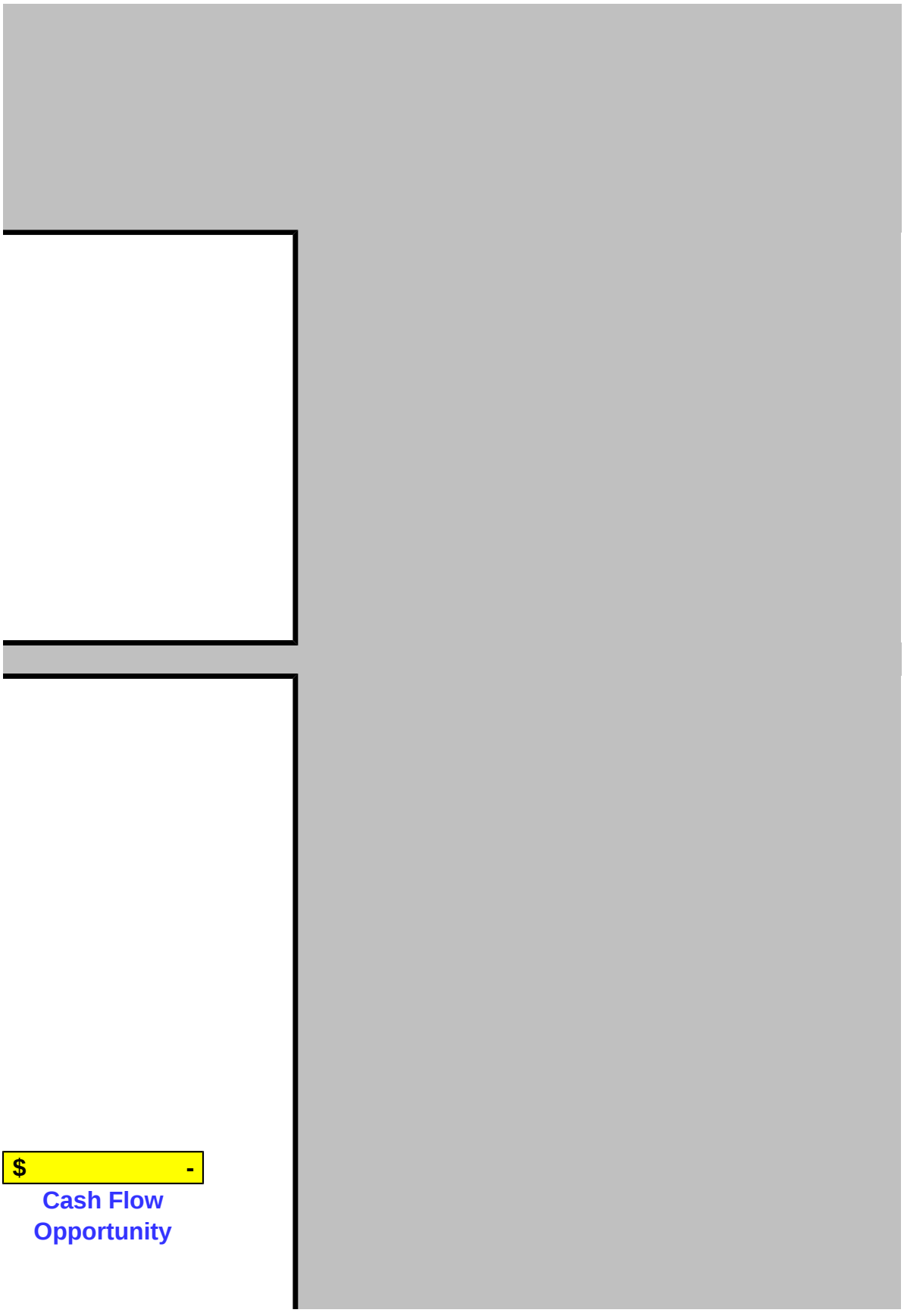
et
used) for the current month,
receivables is calculated.

0.02
Months Supply of Vehicle Receivables

0.64	-	3.0	=	**-2.36**
Days Supply of Vehicle Receivables		NADA Guide		Variance

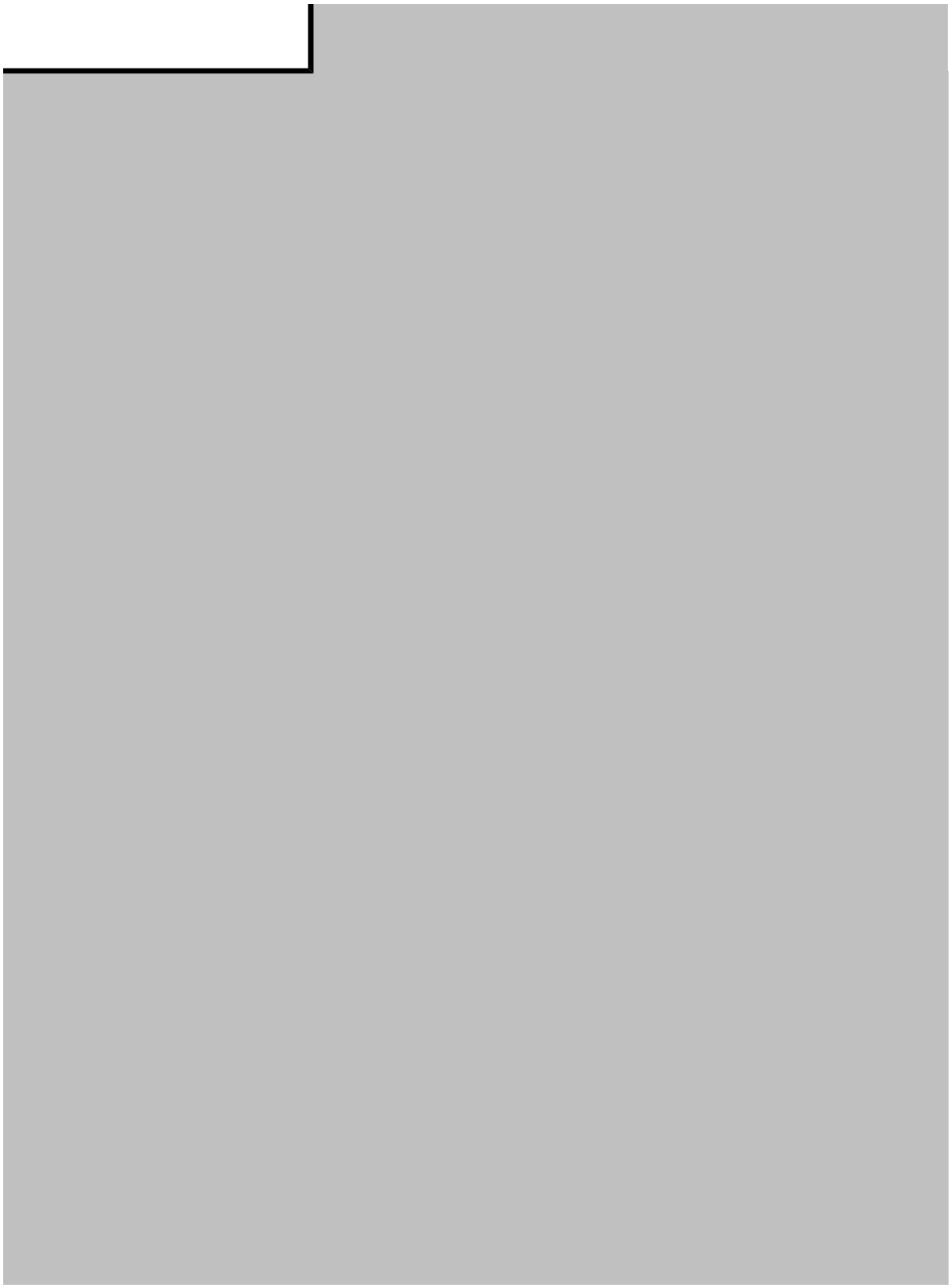
d not exceed a 3 day supply.





$ -

Cash Flow Opportunity



Contracts in Transit Days Supply

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summary of cash flow opportunities - variable operations

Contracts in Transit Cu

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

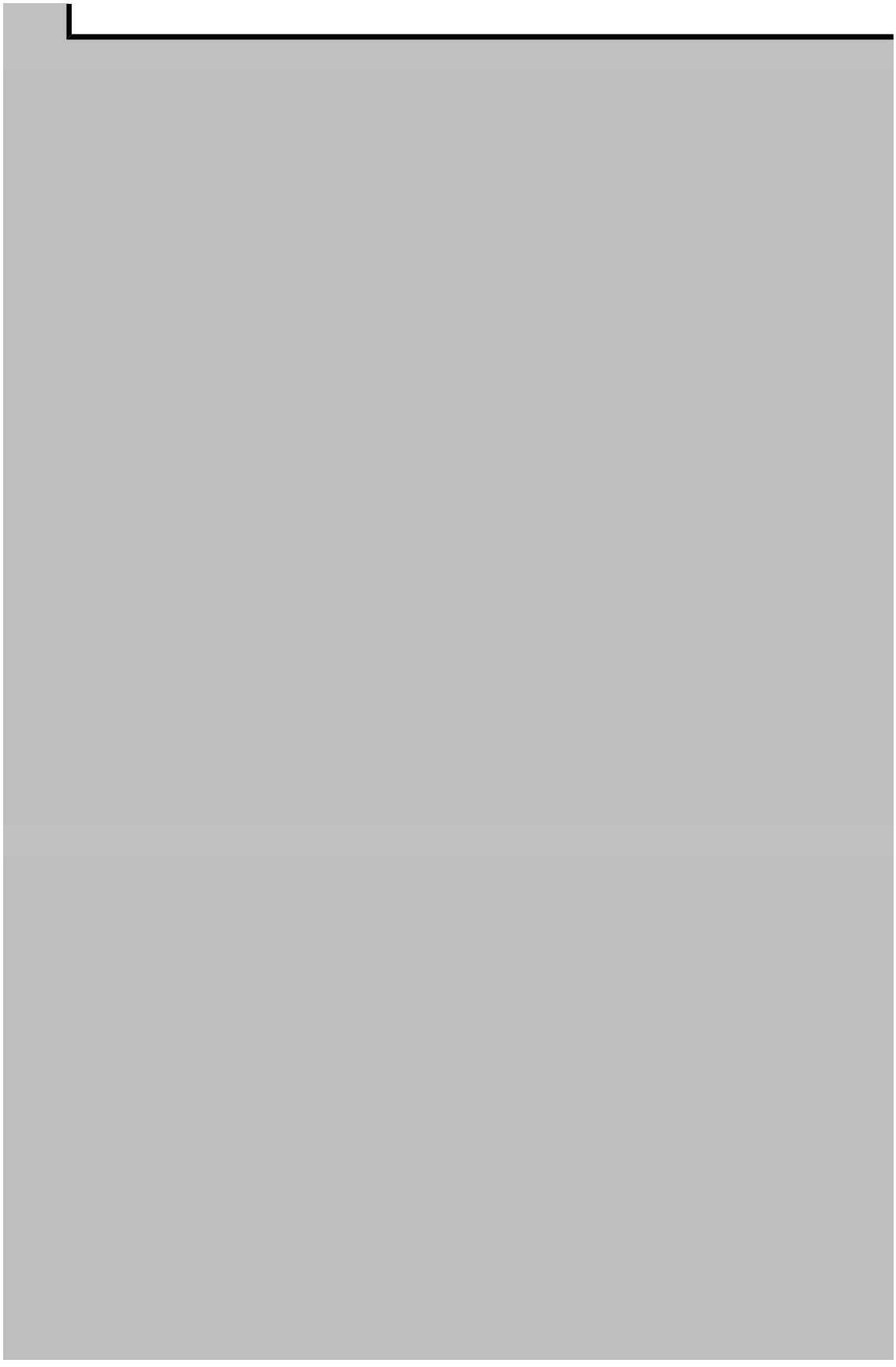
Total New & Used Retail Vehicle Sales Dollars Current Mo
Total New & Used Retail Vehicle Units Sold Current Month
Average New & Used Retail Vehicle Sales Price Current M

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

2,208,930	÷	$ 7,137,505	=	
Contracts in Transit		Current Month New & Used Retail Sales		
0.31	x	30	=	
Months Supply Contracts in Transit				

NADA Guide: Your days supply of contracts in transit shou



urrent Month Average Retail Vehicle Sales Price

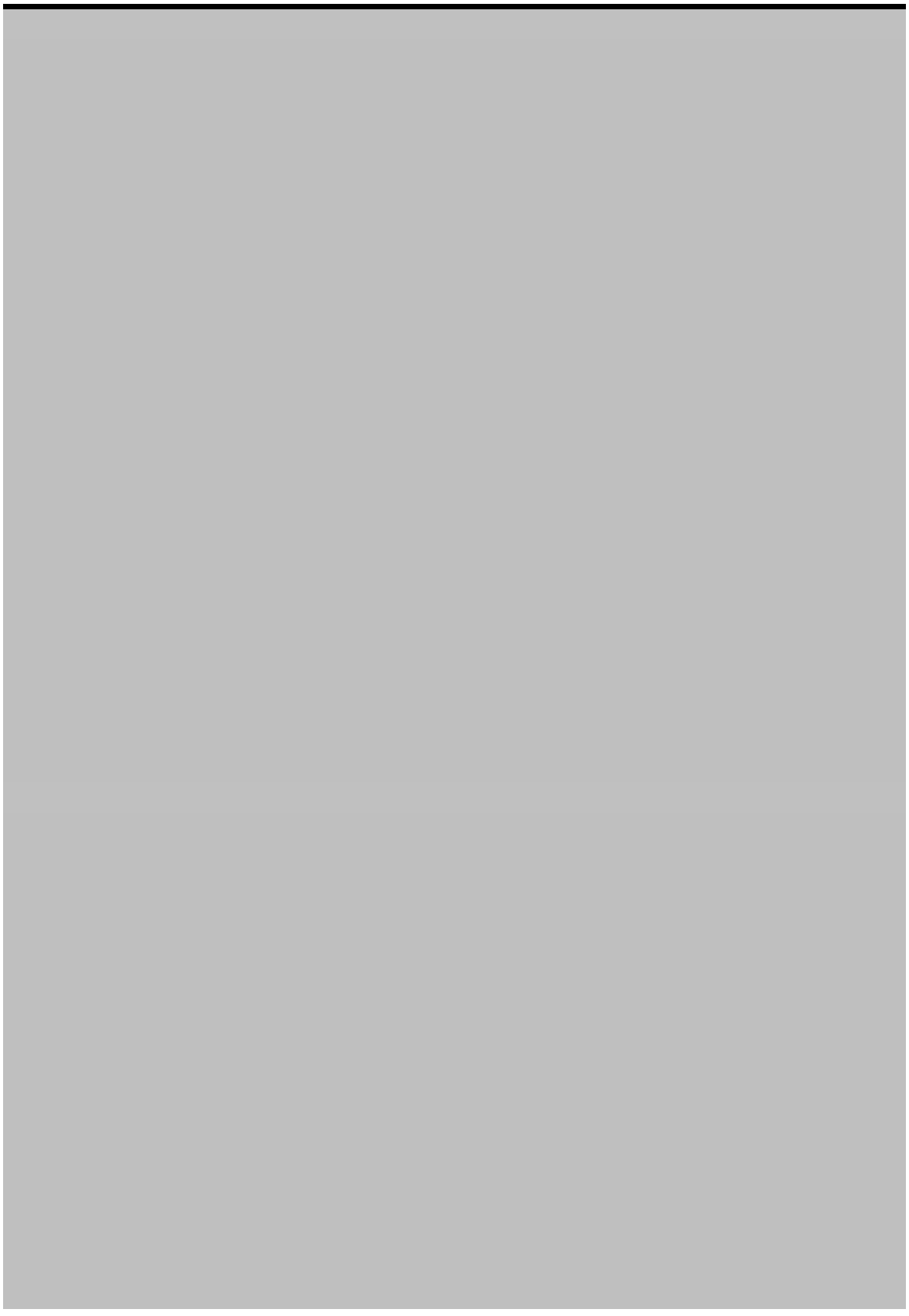
			$ 5,159,795	
		+	$ 1,977,710	
onth	(A)	=	$ 7,137,505	(A)
		(B)	299	
onth			**$ 7,137,505**	(A)
n	(B)	÷	299	(B)
Month		=	**$ 23,871**	

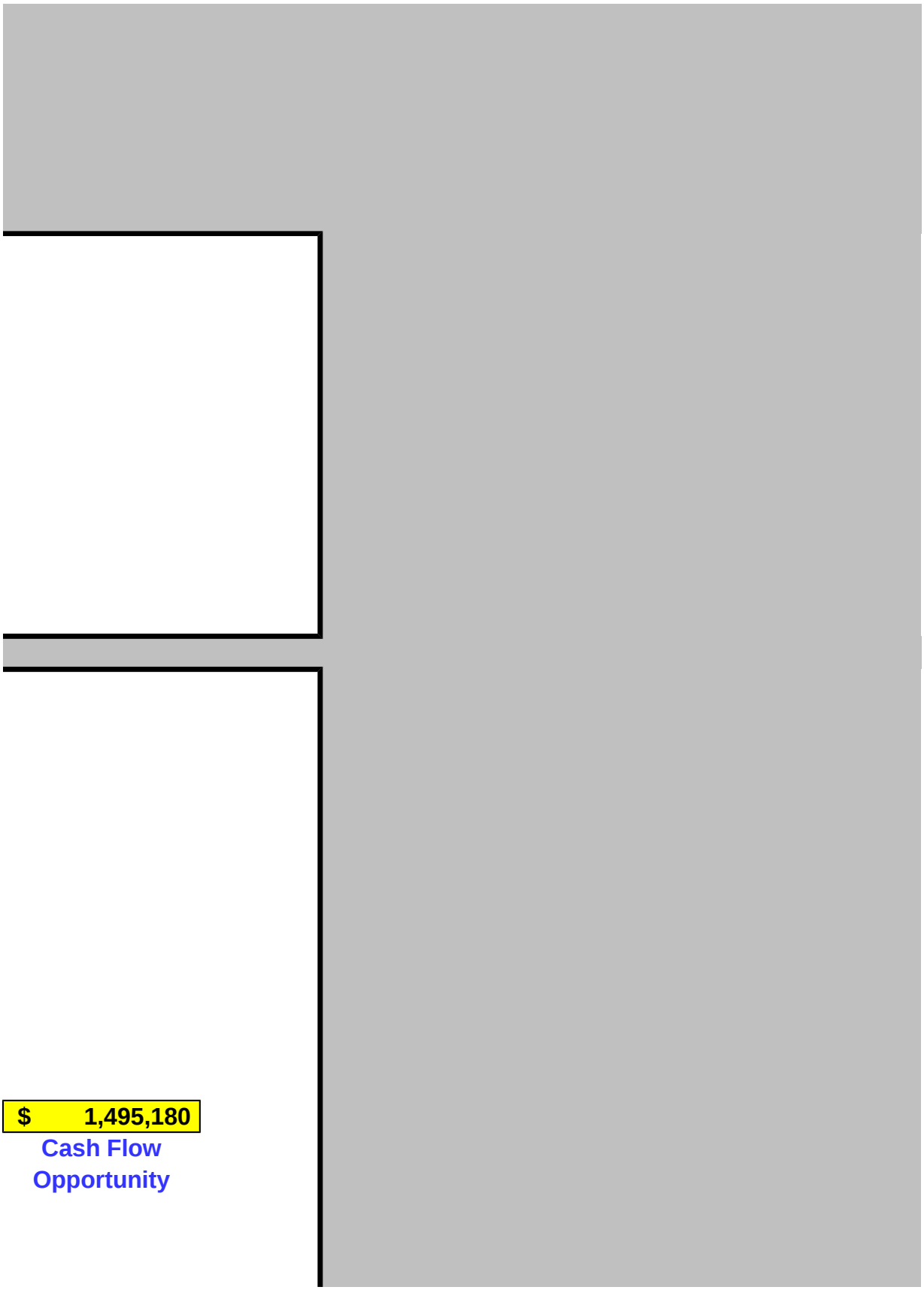
ontracts in Transit Days Supply

eet
& used) for the current month,
racts in transit is calculated.

0.31				
Months Supply Contracts in Transit				
9.28	-	3.00	=	**6.28**
Days Supply of Contracts in Transit		NADA Guide		Variance: Over (Under)

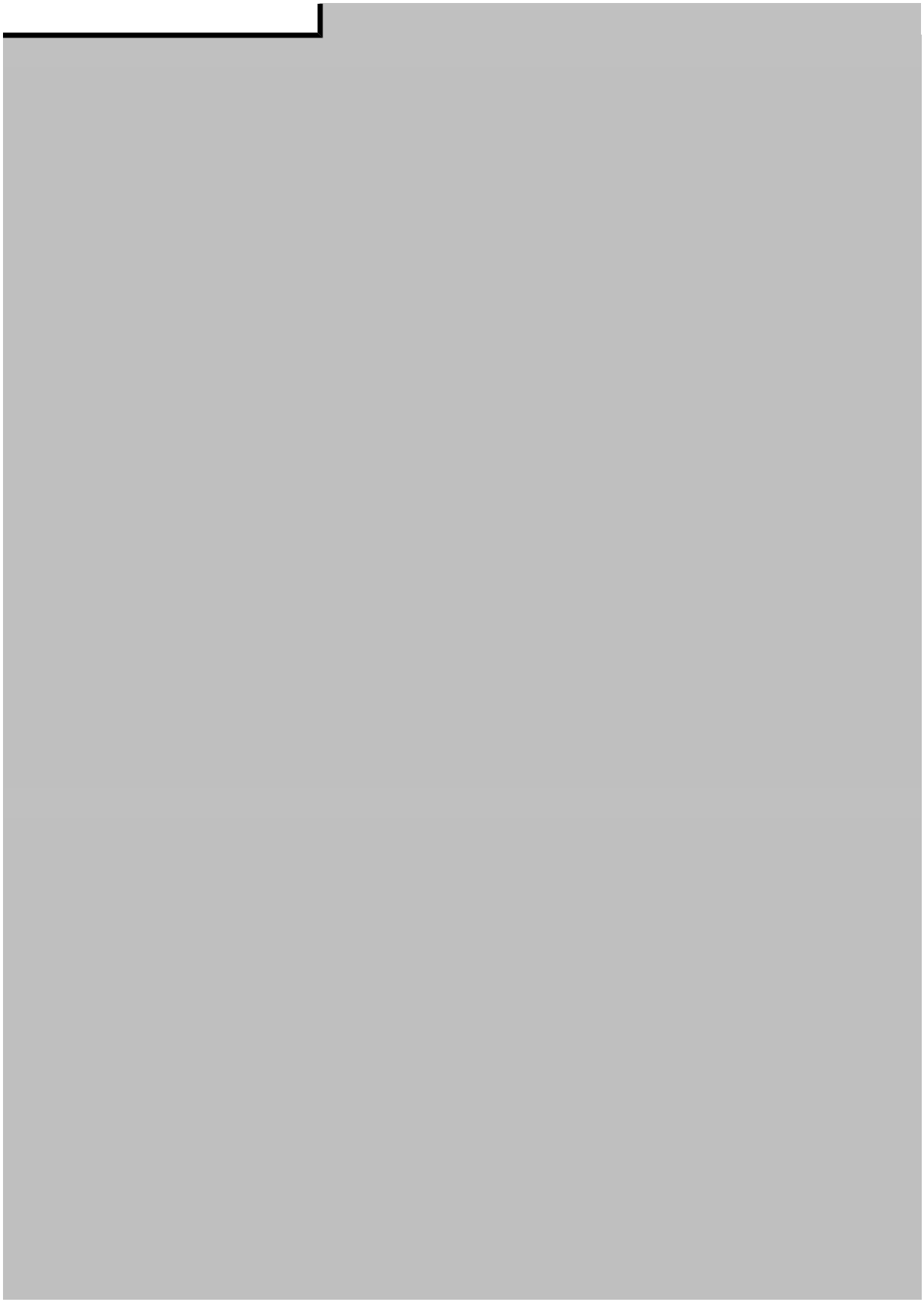
uld not exceed a 3 day supply.





$ 1,495,180

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 A

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.

$ 9,426,330	÷	$ 4,579,408	=	**2.1**
New Vehicle Inventory		Avg Month New Vehicle Retail C.O.S.		Months Supply of New Vehicle Inventory

2.1	x	30	=	61.75
Month's Supply of New Vehicle Inventory				**Days Supply of New Vehicl Inventory**

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

	$ 56,208,682
-	$ 1,255,790
=	$ 54,952,892
÷	12
=	**$ 4,579,408**

	$ 29,308,924
-	$ 791,163
=	$ 28,517,761
÷	12
=	$ 2,376,480

y Days' Supply

-	60	=	1.75	$	267,515
	NADA Guide		Variance		Cash Flow Opportunity

e

is not floored, but is carried by the Dealer.

New Vehicle Inventory Calendar Year Turns

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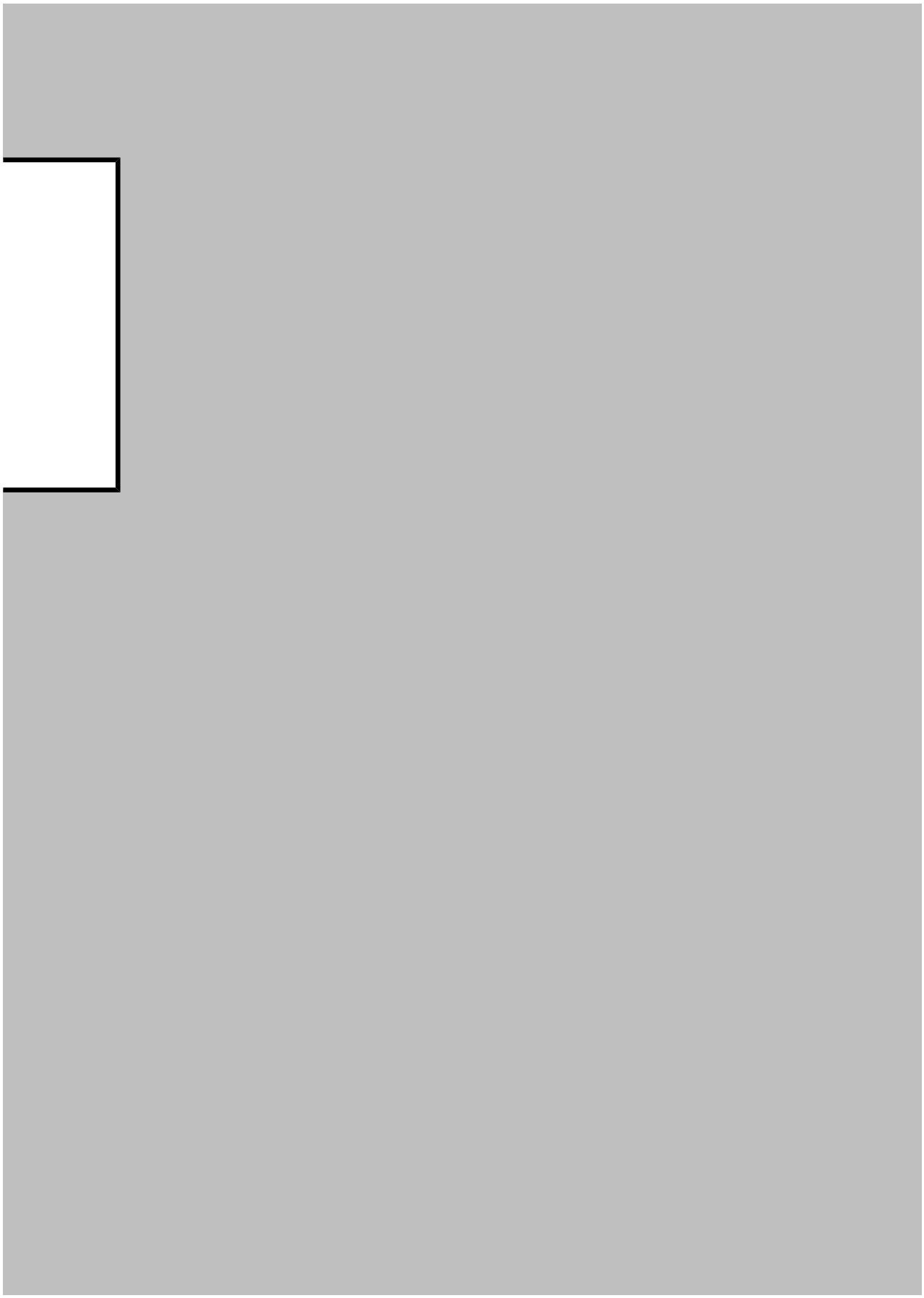
New Vehicle Inventory Calendar Year Turns

Twelve Calendar Months		12
Month's Supply of New Vehicle Inventory	÷	2.1
New Vehicle Inventory Calendar Year Turns	=	**5.8**

Guide: 6 Calendar Year Turns



New Vehicle Department Gross

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Summary of Profit Opportunities - Variable Op

New Ve

STEP 1 YTD New Vehicle Retail Sales in D

Number of Months Business

Average Monthly New Vehicle S

STEP 2 YTD New Vehicle Retail Gross in

Number of Months Business

Average Monthly New Vehicle G

STEP 3 Average Monthly New Vehicle Gro

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)

perations

hicle Department Gross Return on Investment (GROI)

Dollars, F & I and Below the Line Factory Money & DOC Fees		$ 58,084,337
	÷	12
ales in Dollars	=	**$ 4,840,361**
Dollars, F & I and Below the Line Factory Money & DOC Fees		$ 4,388,807
	÷	12
ross in Dollars	=	**$ 365,734**
oss in Dollars (from step 2)		$ 365,734
es in Dollars (from step 1)	÷	$ 4,840,361
	=	**7.56%**
ear Inventory Turns	x	5.8
Investment (GROI) (as % of sales)	=	**44.05%**
ty		**$ -**

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

New Vehicle Department Net Re

Table of Contents'

Summary of Profit Opportunities - Variable O

	New Ve
STEP 1	YTD New Vehicle Department Exp
STEP 2	YTD Total New Vehicle Departmer
	YTD New Vehicle Department Exp
	YTD New Vehicle Department Op
	Number of Months Business
	Average Month New Vehicle Depa
	Number of Months in Calendar Ye
	Annualized New Vehicle Departm
	New Vehicle Inventory in Dollars
	Net Return on New Vehicle Inve
	Monthly Operating Profit Oppor
	Guide: **16%** *(Update thi*
	Guide: Prime rate plus 3% (C.O.L

eturn on Investment (NROI)

perations

ehicle Department Net Return on Investment (NROI)

penses		$ 319,735
nt Gross Profit		$ 4,388,807
penses (step 1)	-	$ 319,735
erating Profit	=	$ 4,069,072
	÷	12
artment Operating Profit	=	339,089
ar	x	12
ent Operating Profit	=	4,069,072
	÷	$ 9,426,330
ntory Investment (NROI) (as % of New Operating Profit)	=	**43.17%**
tunity		**$ -**

s guide as the prime rate changes)

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

Impact of Excess New Vehicle Invento

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Summary of Monthly Profit Opportunities - Variable Op

Impact of Excess New Vehicl

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 (avera
*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 E
(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) (fr

Impact of Excess New Vehicle Inventory on

Guide: 2.0 New Vehicle Inventory I

ry on Total Dealership Profitabilty

erations

e Inventory on Total Dealership Profitability

		$ 58,084,337
	-	$ 4,388,807
	=	$ 53,695,530
	÷	12
age month)	=	$ 4,474,628
	x	**2.0**
	=	**$ 8,949,255**
		$ 9,426,330
	-	$ 8,949,255
	=	**$ 477,075**
	x	3.8%
Inventory	=	**$ 17,938**
	÷	12
Expense on Excess Inventory	=	**$ 1,495**
	=	**$ 259,781**
s Inventory (from above)		**$ 1,495**
om above)	÷	**$ 259,781**
Total Dealership Net Profit	=	**0.58%**

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

122,667	÷	1,977,710	=	6.20%	-	12%	=
MTD Used Vehicle Gross		MTD Used Vehicle Sales		MTD GP Return on Sales		Guide	

Guide: 12%

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

ales

-5.80%	$ 114,658
Variance: Over (Under)	**Monthly Gross Profit Opportunity**

es for the department,

Used Vehicle Department Break

table of contents

Summary of Monthly Profiit Opportunities - Va

Used Vehic

Total Used Vehicle Department Exp

Statement Month

Average Month Used Vehicle Depa

Average Gross Profit PUVR (includ
(Does not include factory below t

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

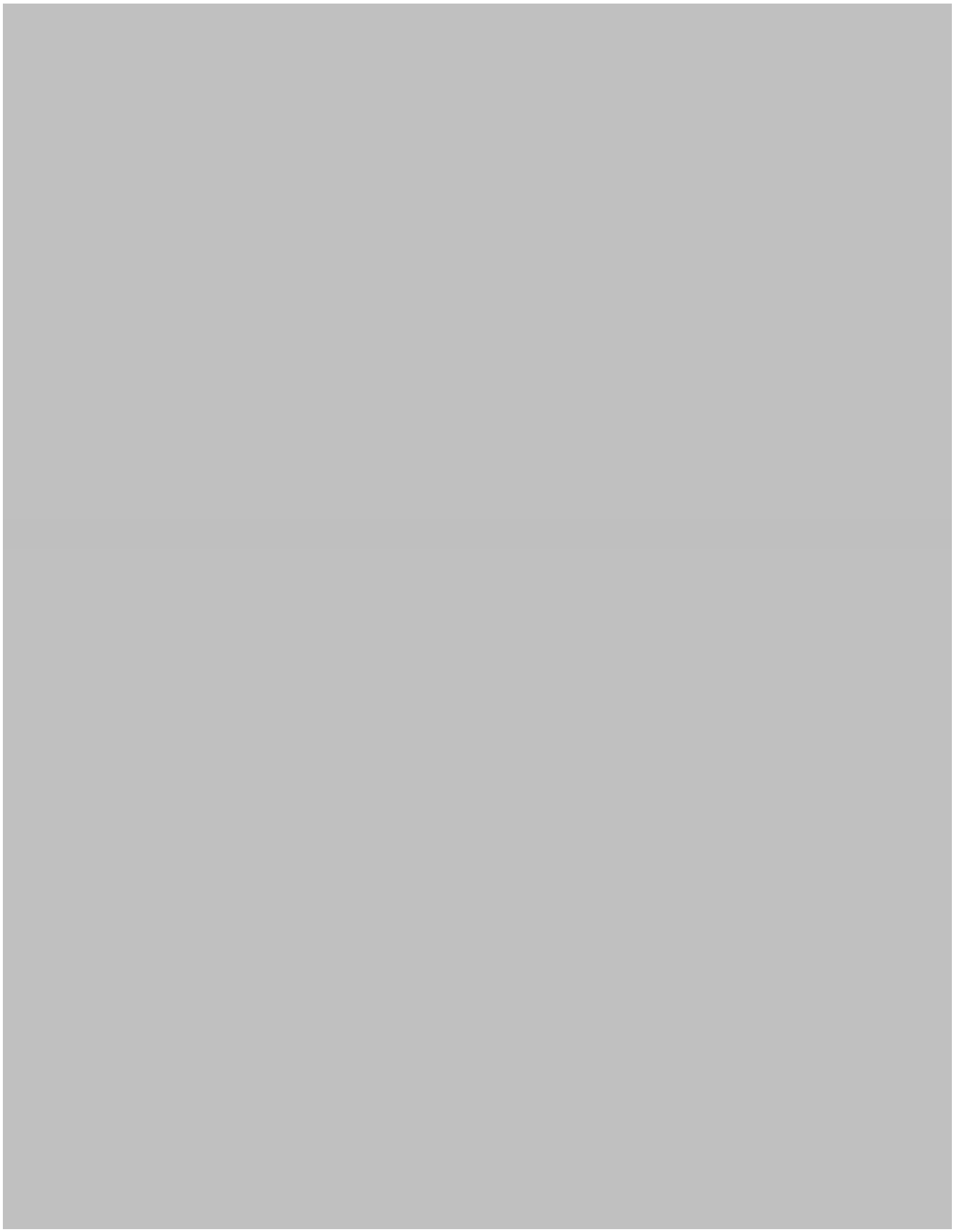
Number of Days to Achieve Breal

-Even Point Above the Line

ariable Operations

le Department Break-Even Point Above the Line

penses YTD		2,055,422
	÷	12
rtment Expense	=	171,285
ing F&I) Above the Line **the line money or DOC fees)**	÷	1,304
d to Break-Even	=	**131**
Retail Sold (Average Month)	-	150
l Vehicles Retail Sold Over (Under)	=	19
y		**$ -**
s Sold per Day		**5.01**
k-Even Point		**26.22**



Used Vehicle Department Brea

table of contents

Summary of Monthly Profiit Opportunities -

Used Vehicle Department B

Total Used Vehicle Department E

Statement Month

Average Month Used Vehicle Dep

Average Gross Profit PUVR **(inclu**
"Below the Line" Factory Mone

Number of Used Vehicles Need

Actual Number of Used Vehicles

Variance: Actual Number of Use
Break-Even Point

Monthly Gross Profit Opportuni

Average Number of Used Vehicl

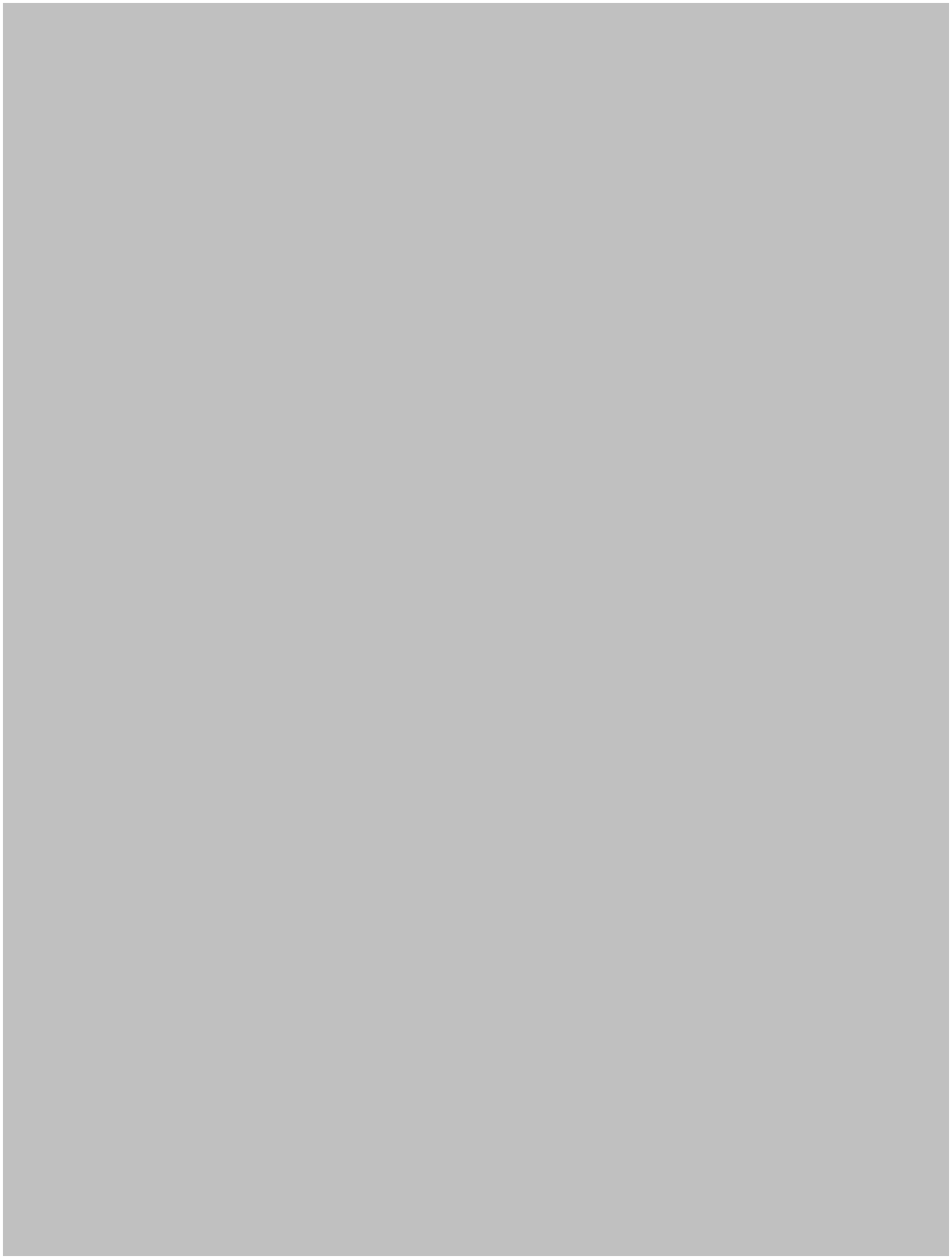
Number of Days to Achieve Bre

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

Variable Operations

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

xpenses YTD		2,055,422
	÷	12
artment Expense	=	171,285
uding F&I) & y & DOC fees	÷	1,888
ed to Break-Even	=	**91**
s Retail Sold (Average Month)	-	150
d Vehicles Retail Sold Over (Under)	=	60
ty		**$ -**
les Sold per Day		**5.01**
ak-Even Point		**18.11**



Used Vehicle Holding Cost per
& the Impact of Holding Cost o

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 Hol

Average Used Vehicle Holding Cos

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

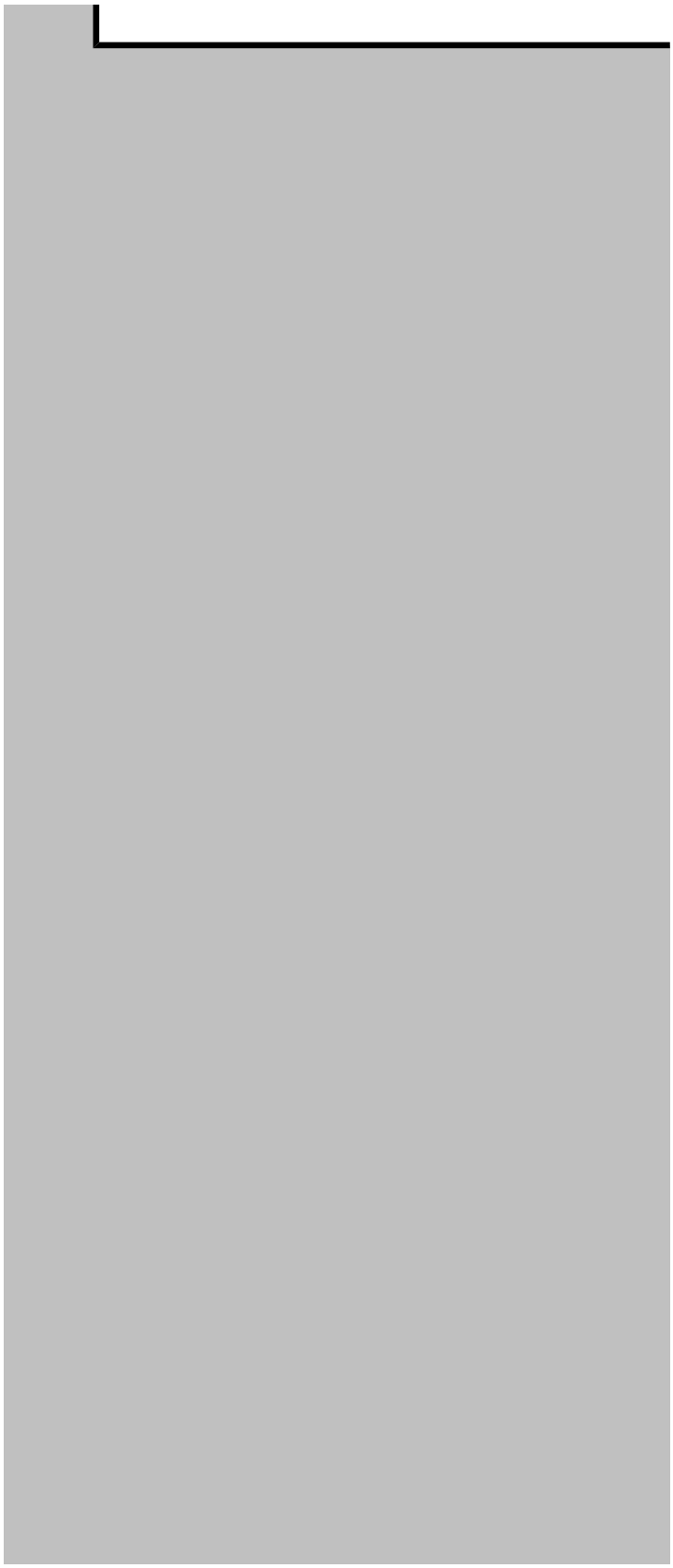
Impact of Holding Cost on Used

Monthly Expense Reduction Opp

Yearly Expense Reduction Oppo

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
n Used Vehicle Gross Profit

Operations

ed Vehicle Holding Cost per Unit Sold

pense YTD		$ 2,055,422
) (at retail)	÷	1,803
ost per Unit Sold With Below the Line Money	=	**$ 1,140**

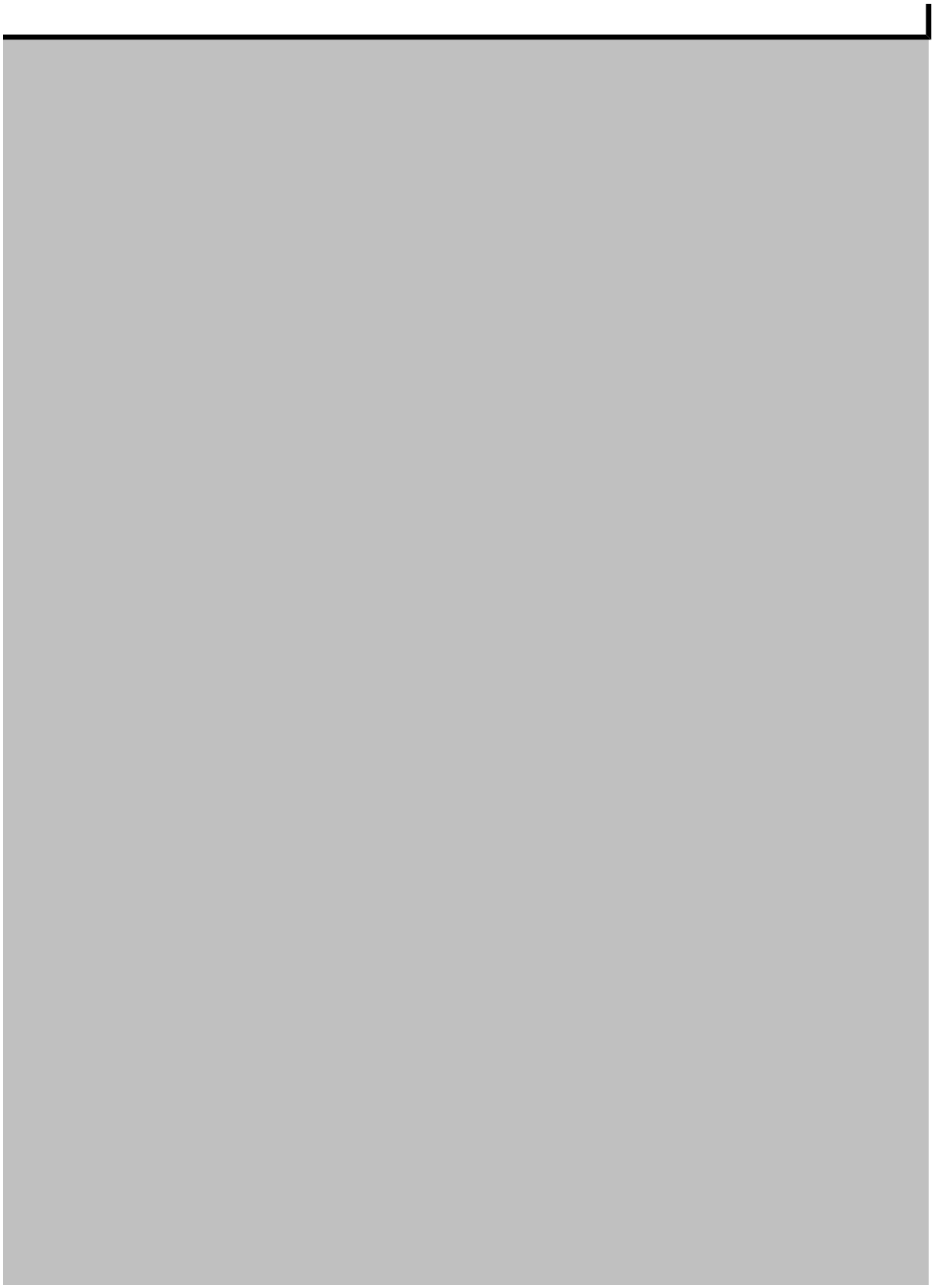
Cost per Month
per Used Vehicle Sold at Retail Basis.

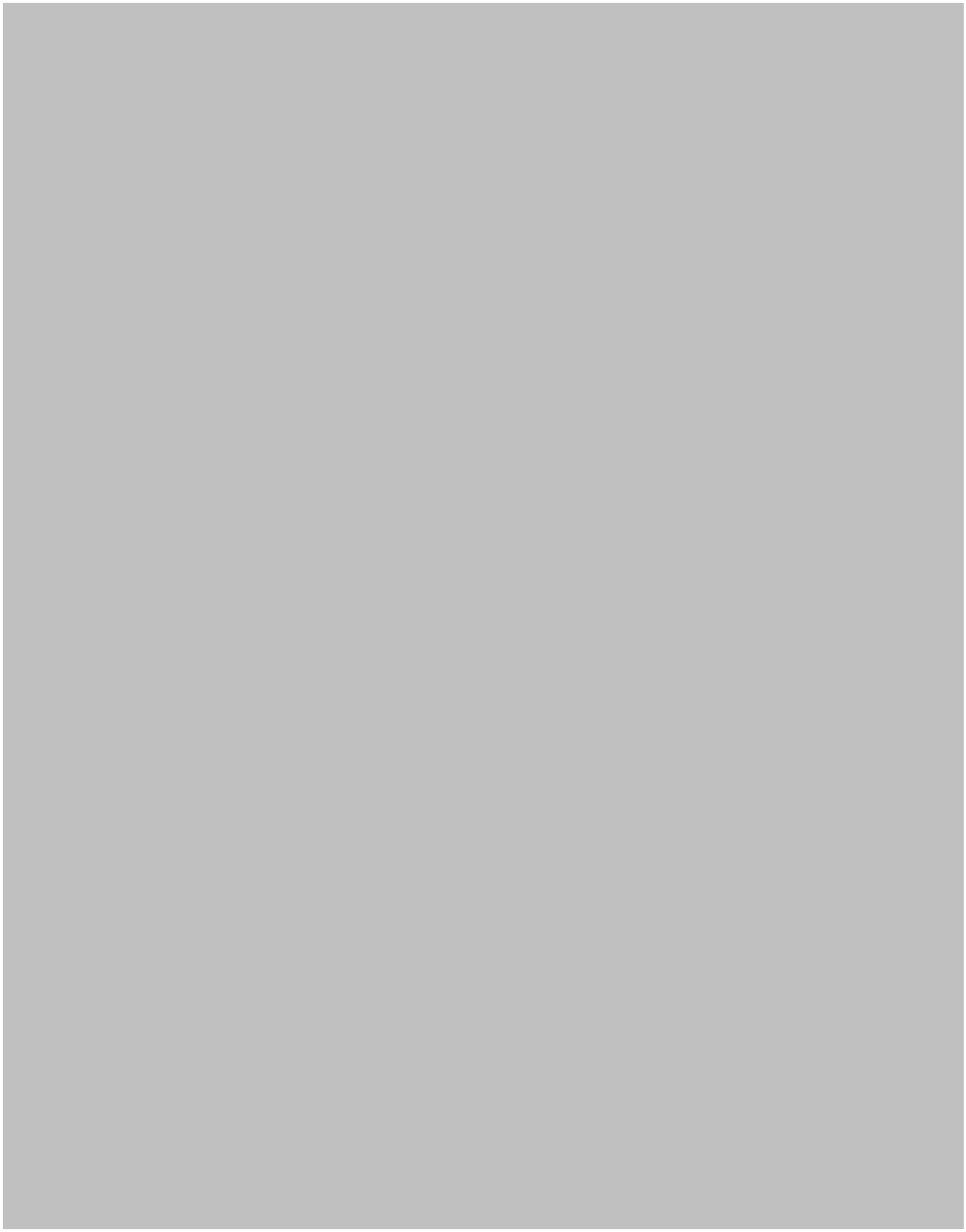
ding Cost on Used Vehicle Gross Profit per Unit

t per Unit Sold		$ 1,140
average month)	÷	$ 1,888
Vehicle Gross Profit per Unit Sold	=	**60%**
portunity		**$ -**
rtunity		**$ -**

ow much of the average gross profit PUVR
used vehicle retailed.

n 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)	=

$	56,208,682
$	1,255,790
$	54,952,892

	12
$	4,579,408

$	29,308,924
$	791,163
$	28,517,761

	12
$	**2,376,480**

Use

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

$ 2,753,036	÷	$ 2,376,480	=	
Used Vehicle Inventory		Avg Month Used Vehicle Retail C.O.S.		
1.16	x	30	=	
Month's Supply of Used Vehicle Inventory				

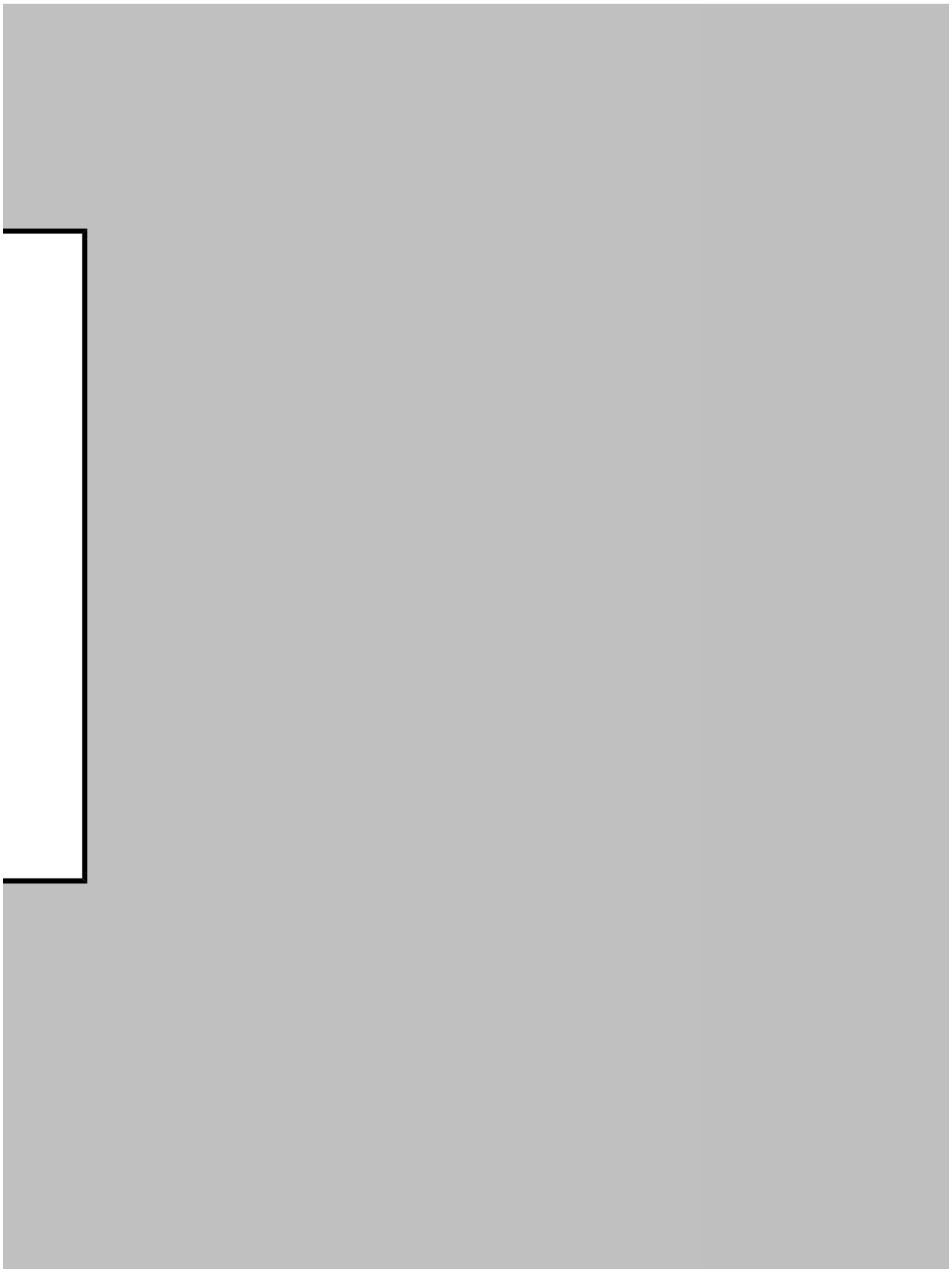
Guide: Your supply of used vehicle inventor

ed Vehicle Inventory Days' Supply

om the balance sheet
ehicle retail cost of
e days supply of used

1.16							
Months Supply of Used Vehicle Inventory							
34.75	-	30	=	**4.75**		**$ 376,556**	
Days Supply of Used Vehicle Inventory		Profile		Variance		**Cash Flow Opportunity**	

ry should not exceed a 45 days supply



Used Vehicle Inventory Calendar Year Turns

table of contents

Used Vehicle Inventory Calendar Year Tur

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

ns

12
1.16
10.4

Used Vehicle Department Gross Return on Investment (GRO

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%**

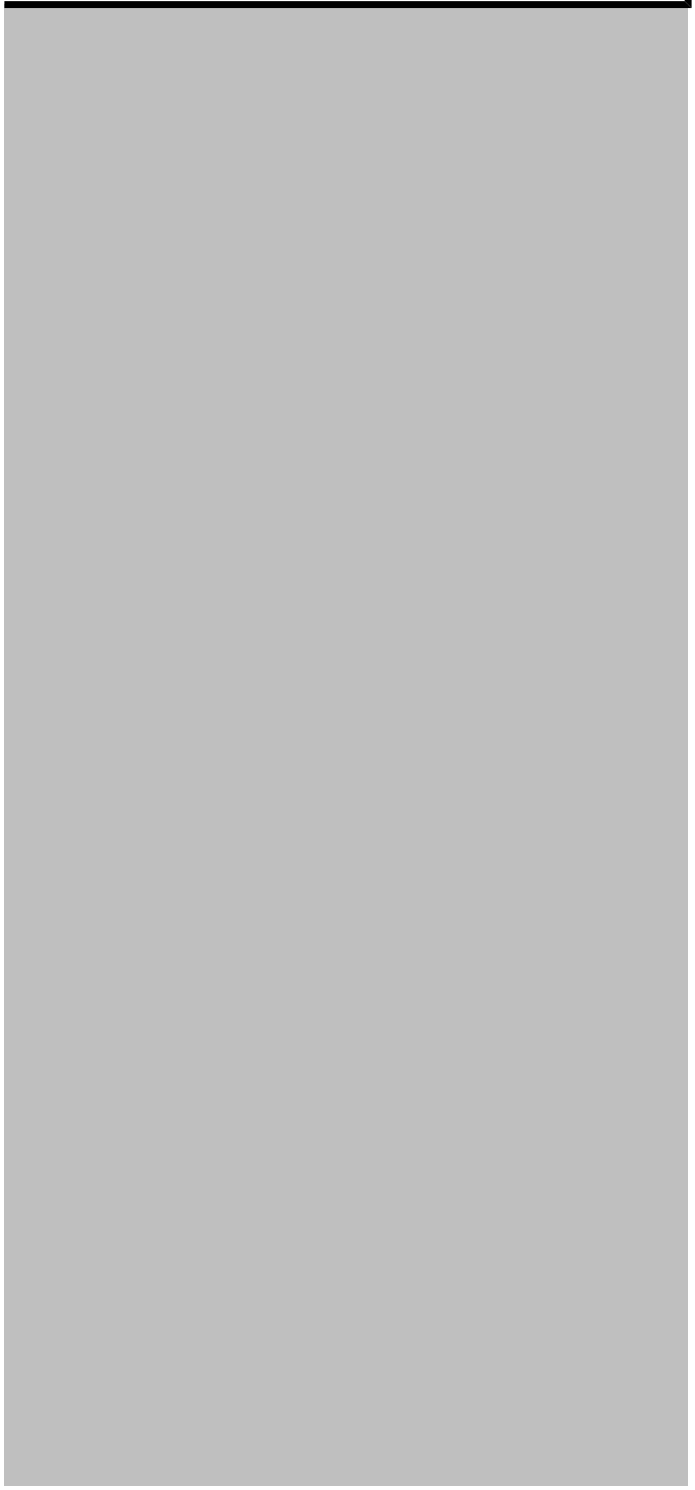
Guide: Your gross as a percent of sales should be 12%. Your gross return on inventory investment (GROI) should be 144% (12% times 12 calendar year turns)

)I)

estment (GROI)

	$	29,308,924
+	$	1,655,631
=	$	30,964,555
÷		12
=	**$**	**2,580,380**
	$	791,163
+	$	(46,467)
+	$	1,560,384
=	$	2,305,080
÷		12
=	**$**	**192,090**
	$	192,090
÷	$	2,580,380
=		**7.44%**
x		10.4
=		**77.11%**

$	128,484



Used Vehicle Net Return on Inve

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Summary of Profit Opportunities - Variable Op

Use

STEP 1	YTD Used Vehicle Department Ex
STEP 2	YTD Total Used Vehicle Departme
	YTD Used Vehicle Department Ex
	YTD Used Vehicle Department Op
	Number of Months Business
	Average Month Used Vehicle Dep
	Number of Months in Calendar Ye
	Annualized Used Vehicle Departm
	Used Vehicle Inventory in Dollars
	Net Return on Used Vehicle Inve
	Monthly Operating Profit Oppor
	Guide: **16%** *(Update thi*
	Guide: Prime rate plus 3% (C.O.L

estment (NROI)

perations

ed Vehicle Net Return on Investment (NROI)

penses		$ 2,055,422
nt Gross Profit		$ 2,305,080
penses (step 1)	-	$ 2,055,422
erating Profit	=	$ 249,658
	÷	12
artment Operating Profit	=	20,805
ar	x	12
nent Operating Profit	=	249,658
	÷	$ 2,753,036
entory Investment (NROI) (as % of Operating Profit)	=	**9.07%**
tunity		**$ (1,442)**

s guide as the prime rate changes)

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

Total Absorption

Table of Contents'

Summary of Profit Opportunities - Variable Operations

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

$$\frac{\text{Total Absorption Percentage}}{\text{Monthly Opportunity}} =$$

bsorption

		% of Adj. Overhead
$	122,667	20.23%
$	166,209.08	27.41%
$	315,369.50	52.01%
$	-	0.00%
$	**604,246** **(A)**	99.65%

Without Additional GP From .3 Hours		**With Additional GP From .3 Hours**
		$ 29,665
$	679,853	$ 679,853
$	74,091	$ 74,091
$	(209)	$ (209)
$	(374)	$ (374)
	equals	equals
$	**606,345** **(B)**	$ 606,345

$	604,246 **(A)**	$ 633,911
$	606,345 **(B)**	$ 606,345

NADA Guide

99.65%	100%	104.55%
$ 2,099		$ -

Frozen Capital - Vehicle Receivable

table of contents

summary of cash flow opportunities - variable operations

Frozen Capital - Vehicle Rece

$ 152,843	÷	$ 23,871	=	6.40	-	
Vehicle Receivables		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Vehicle Recievables		
(54.60)	x	$ 23,871	=	$ -		
Variance: Number of Vehicle Receivables Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		Frozen Capital		

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

$ 7,137,505

$ 152,843	÷	$ 7,137,505	=	0.02 Mth's Supp

eivable

61.00	=	(54.60)
Number of New & Used Retail Units Delivered During Last 3 Days of the Month		Variance: Number Contracts in Transit Over (Under) Guide

x	30	=	0.64 Days Supp

Frozen Capital - Contracts in Transit

table of contents

summary of cash flow opportunities - variable operations

Frozen Capital - Cor

$ 2,208,930	÷	$ 23,871	=	92.54
Contracts in Transit		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Contracts in Transit
31.54	x	$ 23,871	=	$ 752,783
Variance: Number Contracts in Transit Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		Frozen Capital
Note: Enter the total new and used retail sales dollars for current month		$ 7,137,505		

$ 2,208,930	÷	$ 7,137,505	=	0.31

ıtracts in Transit

-	61.00	=	31.54	
	Number of New & Used Retail Units Delivered During Last 3 Days of the Month		Variance: Number Contracts in Transit Over (Under) Guide	

Mth's Supl	x	30	=	9.28 Days Supp

Frozen Capital - Used Vehicle Inventory

table of contents

summary of cash flow opportunities - variable operations

Frozen Capit

Used Vehicle Inventory should not exceed a 1.00 month or a

$ 2,376,480	x	1.00	=	
Avg Month used veh c.o.s				
$ 2,753,036	-	$ 2,376,480	=	
Actual Used Veh. Inventory		Guide Objective		

$ 2,753,036 ÷ $ 2,376,480 =

tal - Used Vehicle Inventory

30 days' dollar supply at cost.

$ 2,376,480
Guide Objective

$ 376,556
Frozen Capital

1.16 Mth's Supp	x	30	=	34.75 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	÷
Average Inventory Cost Per New Unit	=

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)	÷
Average Cost Per New Unit Retailed	=

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 Averag

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

e Cost per Unit Retailed

$	9,426,330
	328
$	**28,739**

Cars
4684056.833333
104649.1666667
$ 4,579,408
173
$ 26,471

within $2,000

nventory compares well
d at retail.

should be close to the
g the wrong units.

e Cost per Unit Retailed

$	2,753,036
	222

$	**12,401**

Cars	
$	2,442,410
$	65,930
$	-
$	2,376,480
	150

$	**15,817**

e within $2,000

nventory compares well
d at retail.

should be close to the
g the wrong units.

Frozen Capital Summary

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FROZEN CAPITAL - VE

$ 152,843	÷	$ 23,871	=	6.4
Vehicle Receivables		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Vehicle Recievables
(54.6)	x	$ 23,871	=	$ -
Variance: Number of Vehicle Receivables Over (Under) Guide		Average Retail New & Used Vehicle Sales Price		Frozen Capital

Note: Enter the total new and used retail sales dollars for current month — $ 7,137,505

$ 152,843 ÷ $ 7,137,505 = 0.02

FROZEN CAPITAL - CO

$ 2,208,930	÷	$ 23,871	=	92.5
Contracts in Transit		Average Retail New & Used Vehicle Sales Price		Unit Equivalency of Contracts in Transit
31.5	x	$ 23,871	=	$ 752,783
Variance: Number Contracts in Transit Over (Under) Guide		Average Retail New & Used Vehicle Sales		Frozen Capital

Price

Note: Enter the total new and used retail sales dollars for current month | $ 7,137,505

$ 2,208,930	÷	$ 7,137,505	=	0.31

FROZEN CAPITAL - SERVICE, PAR

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

$ 538,828	x	50%	=	$ 269,414
Current Month P,S,BS Sales				Your Guide Objective
$ 44,098	-	$ 269,414	=	$ -
Actual cust P,S & BS accts Rec		Guide Objective		Frozen Capital

$ 44,098	÷	$ 538,828	=	0.08

FROZEN CAPITAL - WA

Warranty Receivables should not exceed 25%

$ 200,416	x	25%	=	$ 50,104
Current Month Warranty Sales				Guide Objective
$ 20,605	-	$ 50,104	=	$ -
Actual Warranty Receivables		Guide Objective		Frozen Capital

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 us

25%	Enter your guide % above based on how frequently you

$ 20,605	÷	$ 200,416	=	0.10

FROZEN CAPITAL - PARTS &

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

$ 294,233	x	1.5	=	$ 441,350
Avg Month parts cost of sales*				Guide Objective
$ 470,771	-	$ 441,350	=	**$ 29,421**
Actual Parts Inventory		Guide Objective		**Frozen Capital**

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

$ 470,771	÷	$ 294,233	=	1.60

FROZEN CAPITAL - USE

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

$ 2,376,480	x	1.0	=	$ 2,376,480
Avg Month used veh c.o.s				Guide Objective
$ 2,753,036	-	$ 2,376,480	=	**$ 376,556**
Actual Used Veh. Inventory		Guide Objective		**Frozen Capital**

$ 2,753,036	÷	$ 2,376,480	=	1.16

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	3.76%
Annual Cost Of Frozen Capital	

EHICLE RECEIVABLE

-	61.0	=	(54.6)	
	Number of New & Used Retail Units Delivered During Last 3 Days of the Month		Variance: Number Contracts in Transit Over (Under) Guide	

Mth's Supl	x	30	=	0.64 Days Supp

NTRACTS IN TRANSIT

-	61.0	=	31.5	
	Number of New & Used Retail Units Delivered During Last 3 Days of the Month		Variance: Number Contracts in Transit Over (Under) Guide	

Mth's Supp	x	30	=	9.28	Days Supp

TS & BODY SHOP RECEIVABLES

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

Mth's Supp	x	30	=	2.46	Days Supp

RRANTY RECEIVABLE

% of month's warranty parts and labor sales

nufacturer each month,

e 25%
our warranty claims use 50%

se 100%

are paid warranty credits

Mth's Supp	x	30	=	3.08	Days Supp

ACCESSORIES INVENTORY

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

Mth's Supp	x	30	=	48.00	Days Supp

D VEHICLE INVENTORY

cost.

Mth's Supp	x	30	=	34.75	Days Supp

TAL SUMMARY

+	$ -
+	$ 752,783
+	$ -
+	$ -
+	$ 29,421
+	$ 376,556
=	**$ 1,158,761**
x	3.76%
=	**$ 43,569**

Cash Days Supply

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summary of cash flow opportunities - variable operations

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 follo
Used vehicle inventory, parts & accessories inventory, warranty receivable and par
body shop receivable.

	$	5,248,744
+	$	2,208,930
+	$	152,843
+	$	-
=	$	**7,610,517**
÷	$	776,132
=		**9.8**
x		30
=		**294.2**
	$	**-**

wing areas:
ts, service &

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Inventory Trust Position

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summary of cash flow opportunities - variable operations

Inventory Trust Position

New Vehicle Inventory		$ 9,426,329
Demonstrator Inventory	+	$ -
Factory holdback receivable	+	$ 81,712
Total Inventory Value	=	**$ 9,508,041**
-		
Less: Notes Payable New Vehicles	-	**$ 11,448,749**
Inventory Trust Position	=	**$ (1,940,708)**
Opportunity (Available Flooring)		**$ -**

* If your inventory trust position is a positive number, you have an postive 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 p 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 liabiility 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.

equity

e equity

l be in

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p to appear
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eral ledger.
ne financial
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balance.
xceed the

Summary of Monthly Profit C

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Grand Total Summary

(Click on a Specific Category Tab Num

Summary

Opportunities - Variable Operations

nber & Name to Go Directly to That Tab)

of Monthly Profit Opportunities - Variable Operations

	$ 378,810
Break-Even Point Above the Line	$ -
Break-Even Point With Below the Line Factory Money	$ -
Return on Sales	$ -
Gross Return on Investment (GROI)	$ -
Net Return on Investment (NROI)	$ -
le Inventory on Total Dealership Net Profit	$ -
nicle Inventory on Total Dealership Net Profit	$ 1,495
Return on Sales	$ 114,658
Break-Even Point Above the Line	$ -
Break-Even Point With "Below the Line" Factory Money	$ -
t With Below the Line Factory Money	$ -
k Break-Even Point	$ -
n on Investment (GROI)	$ 128,484
n Investment (NROI)	$ (1,442)

	$ 2,099
as % Total Dealership Gross Profit	$ 80,013
as % Total Dealership Gross Profit	$ 176,384
	$ 880,502

Summary of Monthly Profit C

Table of Contents

Grand Total Summary

(Click on a Specific Category Tab Num

Summary c

Opportunities -Fixed Operations

nber & Name to Go Directly to That Tab)

of Monthly Profit Opportunities - Fixed Operations

Profit Return on Sales	$ -
ing Profit Return on Gross Profit	$ -
Even Point	$ -
eded to Achieve a 20% Operating Profit	$ -
- Not Scheduled	$ 1,266
- If Scheduled	$ -
Calculator - Mechanical	$ 3,423
sis - Hours per RO	$ 94,308
sis - Customer Pay ELR	$ 94,986
op per Day	$ 164,793
per Day	$ 5
	$ 127,874
	$ -
	$ 105,915
bor & Customer Pay Effective Labor Rates	$ -

ffective Labor Rate & Customer Pay Effective Labor Rate	$ -
ir Order	$ 722,182
Order Were at Guide	$ 48,019
rofit Return on Sales	$ 32,988
ng Profit Return on Gross	$ -
ven Point	$ -
ountermen per Day to Achieve a 20% Operating Profit	$ -
s: Parts Gross Turns	$ 12,259
s: Parts True Turns	$ -
alculator	$22,984
eturn on Investment (GROI)	$ 55,291
urn on Investment (NROI)	$ -
ry Reconciliation	$ 5,501
n	$ 67,328
by .3 Hours	$ 29,665
er Pay RO	$ -
	$ -
Hour of Labor per Technician per Day	$ 11,148
nth of Technician Idle Time	$ 123,740
	$ 1,723,676

Summary of Monthly Cash Flow Opportunities - Variable

Table of Contents

Grand Total Summary

(Click on a Specific Category Tab Number & Name to Go Directly to That T

Summary of Monthly Cash Flow Opportunities - V

e Operations

Tab)

ariable Operations

$	-
$	1,495,180
$	267,515
$	376,556
$	-
$	752,783
$	376,556
$	-
$	-
$	-
$	15,816,145
$	-
$	19,084,734

Summary of Monthly Cash Flow Opportunities - Fixed O

Table of Contents

Grand Total Summary

(Click on a Specific Category Tab Number & Name to Go Directly to That T

Summary of Monthly Cash Flow Opportunities -

perations

Tab)

Fixed Operations

$ -
$ 29,421
$ -
$ -
$ -
$ 20,605
$ 29,421
$ -
$ 79,448

Grand Total Summary of All Monthly Profit & Cash Fl

Table of Contents

(Click on a Specific Category Tab Number & Name to Go Directly to T

Grand Total Summary of All Monthly Profit & Cash Fl

GRAND TOTAL

low Opportunities

hat Tab)

low Opportunities

$	880,502
$	1,723,676
$	19,084,734
$	79,448
$	21,768,361