

CASH DAYS' SUPPLY

Page Colm Line

Cash			3,246,562	1	Asset	
Contracts in Transit	+		4,023,055	1	Asset	
Vehicle Receivables	+		1,704,006	1	Asset	
Market Securities	+		0	1	Asset	
Net Cash Available	=		<u>8,973,623</u> A			

YTD Total Expenses			1,355,881		YTD	
YTD <u>Service Sales</u>	+	379,155			YTD	
YTD <u>Service Gross</u>	-	187,427			YTD	
YTD Total Cost of Labor	=	+	191,728			
YTD Total Expense & Cost Of Labor	=		1,547,609			
Statement Month	÷		1			
Average YTD Total Expense and Cost of Labor			<u>1,547,609</u> B			

Net Cash Available			8,973,623 A			
Average YTD Total Expense and Cost of Labor	÷		1,547,609 B			
Cash Months' Supply	=		5.80			
Number of Days in a Month	×		30			
Cash Days Supply	=		<u>174</u>			Guide = 90



INVENTORY FLOORPLAN GAP (Trust Position)

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New Vehicle Inventory		12,365,726	1	Asset	
Holdback Receivable	+	0		Asset	
Total Inventory Value	=	12,365,726			
Notes Payable: New Vehicle	-	14,475,691	1	Liab	
Inventory Floorplan Gap	=	<u>-2,109,965</u>			

Note:

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



CONTRACTS IN TRANSIT DAYS' SUPPLY

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Contracts-in-transit			4,023,055
Current Month New Retail Sales Dollars		5,468,748	
Current Month Pre-Owned Retail Sales Dollars	+	2,458,508	
Sub total Current Month New & Pre-Owned Retail Sales	=	÷	7,927,256
Months' Supply of Contracts-in-Transit		=	0.507
Number of Days in Month		×	30
Days Supply of Contracts-in-Transit		=	<u>15</u>

1	Asset	
	Month	
	Month	

Guide = 3



WORKING CAPITAL

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MOST MANUFACTURERS

Total Current Assets		26,608,588	1	Asset	
LIFO Reserve (if listed as a deduct from current assets)	+	0	1	Asset	
Current Liabilities	-	18,888,190	1	Liab	
Current Portion of Long-Term Debt (if memo)	-	0	1	Liab	
Working Capital	=	7,720,398			

Working Capital Guide (OEM Provides)		0	1	Memo	
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LIFO only is added back to current assets if it reduced current assets.
 Current Portion of LT Debt will be 0 if included in Current Liabilities. Only deduct it if a memo adjacent to the Long Term Debt below the Total Current Liabilities.

GENERAL MOTORS STATEMENTS

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

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

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YTD Service Gross Profit		187,427	0	YTD	0
YTD Parts Gross Profit	+	287,870		YTD	
YTD Body Shop Gross Profit	+	0		YTD	
YTD Total Fixed Operations Gross Profit	=	475,297	A		
YTD Total Expense	÷	845,428	0	YTD	0
Fixed Absorption Percentage	=	56.2%	Guide = 60%		

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

TOTAL APSORPTION

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YTD Gross Profit Total Fixed Operations		475,297	A		
YTD Pre-Owned Gross Profit	+	106,394		YTD	
YTD Gross Profit Total	=	581,691			
YTD Total Expenses	÷	845,428	0	YTD	0
Total Absorption Percentage	=	68.8%	Guide = 100%		

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

Fixed Absorption	56.2%	Guide = 60%
Pre-Owned Absorption	12.6%	Guide = 40%
New Vehicle Dependency	31.2%	



PARTS, SERVICE AND BODY SHOP ACCOUNTS RECEIVABLE

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Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note			
Service Customer Pay	+	369,697	Month
Parts Repair Orders (ROs)	+	42,289	Month
Parts Wholesale	+	439,585	Month
Parts Counter Retail	+	62,072	Month
Express Lane	+	24,259	Month
Warranty	+	161,634	Month
Internal	+	151,620	Month
Tires / Tubes	+	50,395	Month
<i>Total Current Month Parts, Service, and</i>			
<i>Body Shop Customer Labor and Parts Sales</i>		=	1,301,551 A

Parts, Service and Body Shop Accounts Receivable		644,210	Asset
<i>Total Current Month Parts, Service, and</i>			
<i>Body Shop Customer Labor and Parts Sales</i>	÷	1,301,551 A	
Months' Supply of Parts, Service, and Body Shop Accounts Receivable	=	0.49	
Number of Days in the Month	×	30	
Days' Supply of Parts, Service, and Body Shop Accounts Receivable	=	15	Guide = 15 Days

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



WARRANTY CLAIMS RECEIVABLE DAYS' SUPPLY

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Current Month Parts, Service, and Body Shop Warranty Sales. See Note			
Service Warranty Sales	+	68,392	Month
Parts Warranty Sales	+	93,242	Month
Body Shop Parts Warranty Sales	+	0	Month
Body Shop Service Warranty Sales	+	0	Month
	+	0	Month
<i>Total Current Month Parts, Service, and Body Shop Warranty Sales</i>	=	161,634 A	

Warranty Claims Receivable		151557	Asset
<i>Total Current Month Parts, Service, and Body Shop Warranty Sales</i>	÷	161,634 A	
Months' Supply of Warranty Claims Receivable	=	0.94	
Number of Days in the Month	×	30	
Days' Supply of Warranty Claims Receivable	=	<u>28.129663313</u>	

Guide

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

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



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

VEHICLE RECEIVABLE DAYS' SUPPLY

		Page	Colm	Line
YTD New Vehicle Sales Dollars	5,190,551		YTD	
YTD Pre-Owned Vehicle Sales Dollars	+ 1,949,120		YTD	
YTD New and Pre-Owned Vehicle Sales Dollars	= 7,139,671			
Statement Month	÷ 1			
Avg YTD New and Pre-Owned Vehicle Sales Dollars	= 7,139,671 A			
Vehicle Receivable	586,254		Asset	
Avg YTD New and Pre-Owned Vehicle Sales Dollars	÷ 7,139,671 A			
Months' Supply of Vehicle Receivable	= 0.082			
Number of Days in the Month	× 30			
Days' Supply of Vehicle Receivable	= 2.46			Guide = 3

VEHICLE RECEIVABLES SHOULD NOT AGE !

NEW VEHICLE DAYS' SUPPLY & INVENTORY TURNS

NADA Guides - New Vehicle

Days' Supply 45 Days

Months' Supply 1.5 Months

Annual Inventory Turns 8 Turns (12 months ÷ 1.5 months)

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New Vehicle Average YTD Cost of Sales

YTD New Vehicle Retail Sales Dollars (<i>without F&I</i>)		5,190,551			
YTD New Vehicle Retail Gross Profit Dollars (<i>without F&I</i>)	±	-52850	a		
YTD New Vehicle Retail Cost of Sales Dollars	=	5,243,401			
Statement Month	÷	1			
Average YTD New Vehicle Cost of Sales	=	<u>5,243,401</u>	A		

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

New Vehicle Inventory Days' Supply

New Vehicle Inventory Dollars		12,365,726		1	Asset
Average YTD New Vehicle Cost of Sales	÷	<u>5,243,401</u>	A		
Months' Supply of New Vehicle Inventory	=	2.36	B		
Number of Days in the Month	×	30			
Days' Supply of New Vehicle Inventory	=	<u>71</u>			Guide = 45

New Vehicle Calendar-Year Inventory Turns

12 Months in a Year		12			
Months' Supply of New Vehicle Inventory	÷	<u>2.36</u>	B		
New Vehicle Inventory Turns	=	<u>5.1</u>			Guide = 8



PRE-OWNED DAYS' SUPPLY & INVENTORY TURNS

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

Pre-Owned Vehicle Average YTD Cost of Sales

YTD Pre-Owned Vehicle Retail Sales Dollars (<i>without F&I</i>)		2,301,025
YTD Pre-Owned Vehicle Retail Gross Profit Dollars (<i>without F&I</i>)	±	25,746
YTD Pre-Owned Vehicle Retail Cost of Sales Dollars	=	2,275,279
Statement Month	÷	1
Average YTD Pre-Owned Vehicle Cost of Sales	=	2,275,279

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

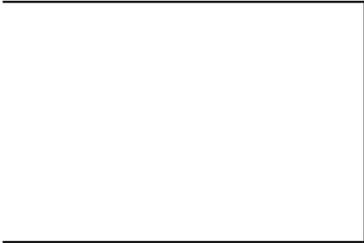
Pre-Owned Vehicle Inventory Days' Supply

Pre-Owned Vehicle Inventory Dollars		3,106,297
Average YTD Pre-Owned Vehicle Cost of Sales	÷	2,275,279
Months' Supply of Pre-Owned Vehicle Inventory	=	1.37
Number of Days in the Month	×	30
Days' Supply of Pre-Owned Vehicle Inventory	=	41

Pre-Owned Vehicle Calendar-Year Inventory Turns

12 Months in a Year		12
Months' Supply of Pre-Owned Vehicle Inventory	÷	1.37
Pre-Owned Vehicle Inventory Turns	=	8.8

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Page Colm Line

a		

A

ive number + .

1	Asset	
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A

B

Guide = 30

B

Guide = 12



PARTS & ACCESSORIES DAYS' SUPPLY & INVENTORY TURNS

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

			Page	Colm	Line
<u>Parts Average YTD Cost of Sales</u>					
YTD Parts & Accesories Sales Dollars	922,396				
YTD Parts & Accessories Gross Profit Dollars	± 280,265	a			
YTD Discounts & Adjustments (use +/- sign on statement)	± 73,912				
YTD Parts & Accessories Cost of Sales Dollars	= 716,043				
Statement Month	÷ 1				
Average YTD Parts & Accessories Cost of Sales	= <u>716,043</u>	A			

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

<u>Parts and Accessories Inventory Days' Supply</u>					
Parts and Accessories Inventory Dollars	1,534,251		1	Asset	
Average YTD Parts and Accessories Cost of Sales	÷ 716,043	A			
Months' Supply of Parts and Accessories Inventory	= 2.14	B			
Number of Days in the Month	× 30				
Days' Supply of Parts and Accessories Inventory	= <u>64</u>				Guide = 45

<u>Parts and Accessories Calendar-Year Inventory Turns</u>					
12 Months in a Year	12				
Months' Supply of Parts and Accessories Inventory	÷ 2.14	B			
Parts and Accessories Inventory Turns	= <u>5.6</u>				Guide = 8



FROZEN CAPITAL: WARRANTY CLAIMS RECEIVABLE

YTD Warranty Sales

Service Warranty Sales	+	68,392		YTD	
Parts Warranty Sales	+	93,242		YTD	
Body Shop Parts Warranty Sales	+	0		YTD	
Body Shop Service Warranty Sales	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
	+	0		YTD	
Total YTD Warranty Sales	=	161,634			
Statement Month	÷	1			
Average YTD Warranty Sales	=	161,634			
Factor	×	25.0%			
Your Guide	=	40,409	A		

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

Warranty Claims Receivable	151,557
Your Guide	40,409 A
Frozen Capital	<u>111,149</u>





FROZEN CAPITAL: PRE-OWNED INVENTORY

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YTD Pre-Owned Sales (<i>without F&I</i>)	+	2,301,025		YTD	
YTD Pre-Owned Gross Profit (<i>without F&I</i>)	-	25,746		YTD	
YTD Inventory Adjustments (<i>+/- as on statement</i>)	±	0		YTD	
YTD Pre-Owned Cost of Sales	=	2,275,279			
Statement Month	÷	1			
Average Month Pre-Owned Cost of Sales	=	2,275,279			
Factor	×	1.0		Guide = 1.0	
Your Guide	=	2,275,279	A		

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

Pre-Owned Vehicle Inventory		3,106,297	1	Asset	
Your Guide	-	2,275,279	A		
Frozen Capital		<u>831,018</u>			



FROZEN CAPITAL: PARTS & ACCESSORIES INVENTORY

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YTD Parts & Accessories Sales <i>(exclude gas, oil, grease and tire sales)</i>	+	872,001	1.5	YTD	
YTD Parts & Accessories Gross Profit <i>(exclude gas, oil, grease and tire gross profit)</i>	-	280,265		YTD	
YTD Inventory Adjustments (+/- as on statement)	±	0		YTD	
YTD Parts & Accessories Cost of Sales	=	591,736			
Statement Month	÷	1			
Average Month Parts & Accessories Cost of Sales	=	591,736			
Factor	×	1.5			Guide = 1.5
Your Guide	=	887,604			A

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

Parts & Accessories Inventory		1,534,251	1	Asset	
Your Guide	-	887,604			A
Frozen Capital		<u>646,647</u>			



FROZEN CAPITAL: SERVICE, PARTS AND BODY SHOP ACCOUNTS RECEIVABLE

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YTD Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note						
Service Customer Pay	+	369,697		YTD		
Parts Repair Orders (ROs)	+	42,289		YTD		
Parts Wholesale	+	439,585		YTD		
Parts Counter Retail	+	62,072		YTD		
Express Lane	+	24,259		YTD		
Warranty	+	161,634		YTD		
Internal	+	151,620		YTD		
Tires / Tubes	+	50,395		YTD		
<i>Total YTD Parts, Service, and Body Shop Customer Labor and Parts Sales</i>		=	1,301,551			
Statement Month	÷	1				
Average Month Parts & Accessories Sales	=	1,301,551				
Factor	×	50.0%		Guide = 50%		
Your Guide	=	650,776	A			

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

Parts, Service and Body Shop Accounts Receivable		644,210		Asset	
Your Guide	-	650,776	A		
Frozen Capital		<u>6,566</u>			

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



TOTAL FROZEN CAPITAL

Your calculation outputs from the previous tabs will automatically fill in each I

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

Warranty Claims Receivable	+	\$111,149
Pre-Owned Vehicle Inventory	+	\$831,018
Parts & Accessories Inventory	+	\$646,647
Service, Parts, Body Shop A/R	+	\$0
Total Frozen Capital	=	<u>\$1,588,814</u>

ine below.



IMPACT OF AGED NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

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New Vehicle Inventory over 90 days old		2,978,308
Current Floorplan Interest Rate	×	1.65%
Annual Floor Plan Interest on Aged Inventory	=	49,142
12 Months in a Year	÷	12
Average Month Floor Plan Interest on Aged Inventory	=	<u>4,095</u>

Schedule
Ask Controller



IMPACT OF EXCESS NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

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YTD New Vehicle Sales (<i>without F&I</i>)	=	5,190,551		YTD	
YTD New Vehicle Gross Profit (<i>without F&I</i>)	-	-52,850		YTD	
YTD New Vehicle Cost of Sales	=	5,243,401			
Statement Month	÷	1			
Average Month New Vehicle Cost of Sales	=	5,243,401			
NADA Guide for New - Months' Supply	×	1.5		Guide = 1.5	
New Vehicle Inventory Dollars at Guide	=	<u>7,865,102</u>			

New Vehicle Inventory Dollars - Actual		12,365,726	1	Asset	
New Vehicle Inventory Dollars at Guide	-	<u>7,865,102</u>			
EXCESS New Vehicle Inventory Dollars	=	4,500,625			
Current Floorplan Rate	×	1.65%		Ask Controller	
Annual Floorplan Interest on Excess Inventory	=	74,260			
12 Months in a Year	÷	12			
Monthly Floorplan Interest on Excess Inventory	=	<u>6,188</u>			



INVENTORY OPTIMIZATION

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

Page Colm Line

Pre-Owned Vehicle Inventory Dollars		3,106,297	1	Asset	
Number of Pre-Owned Vehicles in Stock	÷	143	1	Memo	
Average Cost of a Pre-Owned Vehicle in Inventory	=	21,722			A

YTD Pre-Owned Vehicle Sales Dollars <i>[without F&I]</i>	+	2,301,025			
YTD Pre-Owned Vehicle Gross Profit Dollars <i>[without F&I]</i>	-	25,746			
YTD Reconditioning Cost <i>[if not a memo]</i>	-	0			
YTD Pre-Owned Vehicle Cost of Sales Dollars	=	2,275,279			
YTD Number of Pre-Owned Vehicles Sold	÷	74			
Average Cost of a Pre-Owned Vehicle Sold	=	30,747			B

Average Cost of a Pre-Owned Vehicle in Inventory	+	21,722	A
Average Cost of a Pre-Owned Vehicle Sold	-	30,747	B
Variance	=	(9,025)	

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



NADA GUIDELINES FOR GROSS PROFIT RETURN ON SALES

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

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New Vehicle Department Gross Profit Return on Sales

	<u>Front End Gross</u>		
YTD New Vehicle Retail Gross Profit	-49,885		YTD
YTD New Vehicle Retail Sales Dollars	÷ 5,190,551		YTD
YTD Gross Profit Return on Sales	= <u>-1.0%</u>		

	<u>Front End Gross</u>		
	+ F&I		
YTD New Vehicle Retail Gross Profit	136,135		YTD
YTD New Vehicle Retail Sales Dollars	÷ 5,468,748		YTD
YTD Gross Profit Return on Sales	= <u>2.5%</u>		

	<u>Front End Gross</u>		
	+ F&I		
	<u>+ Below the Line</u>		
YTD New Vehicle Retail Gross Profit	237,006		YTD
YTD New Vehicle Retail Sales Dollars	÷ 5,468,748		YTD
YTD Gross Profit Return on Sales	= <u>4.3%</u>		Guide = 5%

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

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



Pre-Owned Vehicle Department Gross Profit Return on Sales

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	Front End Gross + F&I	
YTD Pre-Owned Vehicle Retail Gross Profit	106,394	YTD
YTD Pre-Owned Vehicle Retail Sales Dollars	÷ 2,458,508	YTD
YTD Gross Profit Return on Sales	= <u>4.3%</u>	Guide = 12%

Gross Profit Opportunity Related to Pre-Owned Frozen Capital

Pre-Owned Frozen Capital	831,018	Workbook Page 29
Pre-Owned Vehicle Inventory Turns	× 8.8	Workbook Page 42
Subtotal	= 7,279,718	
YTD Gross Profit Return on Sales Percentage	× 4.3%	A
YTD Gross Profit Opportunity	= <u>315,036</u>	



SERVICE DEPARTMENT GROSS PROFIT RETURN ON SALES

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YTD Customer Pay Gross Profit
 YTD Customer Pay Sales Dollars
 YTD Gross Profit Return on Sales

	111,737
÷	159,143
=	<u>70.2%</u>

	YTD	
	YTD	

Guide = 76%

YTD Internal Gross Profit
 YTD Internal Sales Dollars
 YTD Gross Profit Return on Sales

	61,083
÷	85,453
=	<u>71.5%</u>

	YTD	
	YTD	

Guide = 76%

YTD Warranty Gross Profit
 YTD Warranty Sales Dollars
 YTD Gross Profit Return on Sales

	47,591
÷	68,392
=	<u>69.6%</u>

	YTD	
	YTD	

Guide = 76%

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PARTS DEPARTMENT GROSS PROFIT RETURN ON SALES

Page Colm

YTD Customer RO Gross Profit		79,912			
YTD Customer RO Sales Dollars	÷	210,554			
YTD Gross Profit Return on Sales	=		38.0%		Guide = 4

YTD Internal Gross Profit		15,194			
YTD Internal Sales Dollars	÷	42,289			
YTD Gross Profit Return on Sales	=		35.9%		Guide = 4

YTD Warranty Gross Profit		39,398			
YTD Warranty Sales Dollars	÷	93,242			
YTD Gross Profit Return on Sales	=		42.3%		Guide = 28%

YTD Counter Retail Gross Profit		10,082			
YTD Counter Retail Sales Dollars	÷	62,072			
YTD Gross Profit Return on Sales	=		16.2%		Guide = 4

YTD Wholesale Gross Profit		56,979			
YTD Wholesale Sales Dollars	÷	439,585			
YTD Gross Profit Return on Sales	=		13.0%		Guide = 20%

YTD Body Shop Gross Profit		0			
YTD Body Shop Sales Dollars	÷	0			
YTD Gross Profit Return on Sales	=		#DIV/0!		Guide = 25%

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Line



1%



1%



5-41%



1%



5-25%



5-30%



OPERATING PROFIT RETURN ON GROSS

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Service Department Operating Profit Return on Gross Profit

Service Department Operating Profit		-34,046
Service Department Gross Profit	+	187,427
Operating Profit Return on Gross Profit Percentage		<u>-18.2%</u>

	YTD	
	YTD	

Guide = 20%

Parts Department Operating Profit Return on Gross Profit

Parts Department Operating Profit		120,879
Parts Department Gross Profit	+	287,870
Operating Profit Return on Gross Profit Percentage		<u>42.0%</u>

	YTD	
	YTD	

Guide = 20%

Note:

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



ADDITIONAL Sales Dollars to RECOVER \$100 WASTED DOLLARS

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Total Dealership Net Profit % of Sales

Net Profit Before Taxes		96,176
Total Sales	÷	9,228,807
Net Profit Return on Sales %		<u>1.0%</u>

	MTD	
	MTD	

Waste \$100

Wasted Dollars		\$100
Net Profit Return on Sales %	÷	1.0%
Additional Sales Required to Recover \$100		<u>\$9,596</u>

Spend a \$1.25

Wasted Dollars		\$1.25
Net Profit Return on Sales %	÷	1.0%
Additional Sales Required to Recover \$1.25		<u>\$120</u>

Current Month Policy Expense

Wasted Dollars		\$13,241
Net Profit Return on Sales %	÷	1.0%
Additional Sales Required to Recover "Policy"		<u>\$1,270,573</u>

	MTD	
--	-----	--

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



NEW VEHICLE DEPARTMENT BREAKEVEN POINT with F&I

Page Colm Line

YTD New Vehicle Retail Gross Profit [with F&I]

136,135

	YTD	

YTD Number of New Retail/Lease Units

÷ 128

Average Gross Profit PNVR

= 1,064 ^A

YTD New Vehicle Department Expense

102,923

	YTD	
--	-----	--

Statement Month

÷ 1

Average New Vehicle Department Expense

= 102,923

Average Gross Profit PNVR

÷ 1,064 ^A

Number of New Vehicles to Break Even

= 97

Compare to:

Average Number New Vehicles Sold per Month

128



PRE-OWNED VEHICLE DEPARTMENT BREAKEVEN POINT with F&I

Page Colm Line

YTD Pre-Owned Vehicle Retail Gross Profit [with F&I]		106,394		
YTD Number of Pre-Owned Retail/Lease Units	÷	74		
Average Gross Profit PNVR	=	1,438	A	

	YTD	

YTD Pre-Owned Vehicle Department Expense		85,959		
Statement Month	÷	1		
Average Pre-Owned Vehicle Department Expense	=	85,959		
Average Gross Profit PNVR	÷	1,438	A	
Number of Pre-Owned Vehicles to Break Even	=	60		

	YTD	
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Compare to:

Average Number Pre-Owned Vehicles Sold per Month		74
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PRE-OWNED VEHICLE DEPARTMENT DAYS IN STOCK TO BREAKEVEN

YTD Total Pre-Owned Vehicle Department Expenses		\$85,959
YTD Number of Pre-Owned Retail Vehicles Sold	÷	74
Average Pre-Owned Vehicle Holding Cost per Retailed Unit Sold	=	\$1,162
Number of Days in Month	÷	30
Average Daily Pre-Owned Vehicle Holding Cost	=	\$39
Average Gross Profit PUVR with F&I		\$1,438
Average Daily Pre-Owned Vehicle Holding Cost	÷	\$39
Pre-Owned Vehicle Days in Stock to Break Even	=	37 Days



SERVICE DEPARTMENT BREAKEVEN POINT

Page Colm Line

YTD Total Service Department Expenses		221,473		YTD	
Statement Month	÷	1			
Average YTD Service Department Expenses	=	221,473			
YTD Total Service Department Gross Profit Retention	÷	49.4%	See Note		
Service Sales Needed per Month to Break Even	=	448,326			

Compare to:

YTD Total Service Department Sales		379,155		YTD	
Statement Month	÷	1			
Actual Service Sales (Average-Month)	=	379,155			

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

PARTS DEPARTMENT BREAKEVEN POINT

YTD Total Parts Department Expenses		166,991		YTD	
Statement Month	÷	1			
Average YTD Parts Department Expenses	=	166,991			
YTD Total Parts Department Gross Profit Retention	÷	31.2%	See Note		
Parts Sales Needed per Month to Break Even	=	535,228			

Compare to:

YTD Total Parts Department Sales		922,396		YTD	
Statement Month	÷	1			
Actual Parts Sales (Average-Month)	=	922,396			

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



NEW VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY

Page	Colm	Line
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New Vehicle Department YTD Gross Profit Return on Sales		4.3
New Vehicle Inventory Turns	×	5.1
New Vehicle Department GROI		<u>22</u>

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Guide 40%

PRE-OWNED VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY

Pre-Owned Vehicle YTD Gross Profit Return on Sales		4.3
Pre-Owned Vehicle Inventory Turns	×	8.8
Pre-Owned Vehicle Department GROI		<u>38</u>

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Guide 144%

PARTS DEPARTMENT GROSS RETURN ON INVENTORY

Parts YTD Gross Profit Return on Sales		42.0
Parts Inventory Turns	×	6.0
Parts Department GROI		<u>252</u>

Page 64 Retention
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Guide 304%



WORK IN PROCESS INVENTORY DAYS' SUPPLY

Page	Colm	Line
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YTD Labor Sales		379,155			
YTD Labor Gross Profit	-	187,427			
YTD Cost of Labor	=	191,728			
Statement Month	÷	1			
Average YTD Cost of Labor	=	191,728			A

	YTD	
	YTD	

WIP Inventory		4,528			
Average YTD Cost of Labor	÷	191,728			A
Months' Supply of WIP Inventory	=	0.024			
Number of Days in the Month	×	30			
Days' Supply of WIP Inventory	=	1			

1	Asset	
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Guide = 1.5

Power of Turns: Pre-Owned

<u>Gross R Us</u>		<u>Turns R Us</u>		<u>Increase</u>
Units	100	Units	100	
Turns	8	Turns	12	
Annual Units	800	Annual Units	1200	
GP	\$1,200	GP	\$900	
Total GP	\$960,000		\$1,080,000	\$120,000
Additional Sales		400		
F&I	\$1,200			\$480,000
Doc Fee	\$500			\$200,000
Recon - Total	\$1,100			
Recon - Parts	\$550	40.0%		\$88,000
Recon - Serv	\$550	76.0%		\$167,200
ADDITIONAL GROSS PROFIT				\$1,055,200