



## Financial Calculations and Formulas

Service Department Sales And Gross (Labor Only)

| Category                     | Sales          | Gross          | Gross %       | Margin        |
|------------------------------|----------------|----------------|---------------|---------------|
| Customer Pay                 | \$ 221,774     | \$ 174,876     | 78.85%        | 46,898        |
| Customer                     |                | 0%             | 0.00%         |               |
| Customer Other               |                | 0%             | 0.00%         |               |
| Warranty                     | \$ 78,598      | \$ 69,174      | 78.85%        | 9,424         |
| Warranty Other - Toyota/Cars | \$ 29,556      | \$ 21,225      | 71.85%        | 8,331         |
| Interest                     | \$ 89,314      | \$ 63,448      | 71.00%        | 25,866        |
| Pre-Inst. Labor              | \$ 19,919      | \$ 16,901      | 84.87%        | 3,018         |
| Adv. Cost. Of Labor          |                | \$ 17,344      | 0.00%         |               |
| <b>Total</b>                 | <b>429,601</b> | <b>332,628</b> | <b>77.43%</b> | <b>96,973</b> |

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|                             |        |
|-----------------------------|--------|
| Customer Pay Gross Profit % | 78.85% |
| Total Service Dept. G.P. %  | 78.16% |

Parts To Labor Ratios

| Category                     | Parts Sales | Labor      | Ratio |
|------------------------------|-------------|------------|-------|
| Customer Pay                 | \$ 118,622  | \$ 171,774 | 0.69  |
| Customer                     |             |            | 0.00  |
| Customer Other               |             |            | 0.00  |
| Warranty                     | \$ 67,863   | \$ 74,598  | 0.91  |
| Warranty Other - Toyota/Cars | \$ 7,851    | \$ 24,556  | 0.32  |
| Interest                     | \$ 67,621   | \$ 83,314  | 0.81  |
| Pre-Inst.                    | \$ 100,113  | \$ 169,219 | 0.59  |

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|                                      |        |
|--------------------------------------|--------|
| Customer Pay Gross Profit %          | 78.85% |
| Total Service Dept. G.P. %           | 78.16% |
| Parts / Labor Ratio (Cust. Pay Only) | 0.54   |

Service Department Profit Centering

| Category            | Cost       | % of Gross | Profit  |
|---------------------|------------|------------|---------|
| Customer Pay        | \$ 131,213 | 38.46%     | 67,660  |
| Variable Expense    |            | 0.00%      |         |
| Station Expense     | \$ 154,688 | 45.50%     | 80,912  |
| Personnel Expense   |            | 0.00%      |         |
| Term-Fixed Expense  | \$ 107,423 | 31.44%     | 57,340  |
| Fixed Expense       | \$ 189,601 | 47.03%     | 91,399  |
| Unallocated Expense |            | 0.00%      |         |
| Dealer's Salary     |            | 0.00%      |         |
| Total Expenses      | \$ 481,925 | 112.15%    | 241,711 |
| Net Profit          | \$ 147,686 | 34.38%     | 147,686 |

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|                                      |            |
|--------------------------------------|------------|
| Customer Pay Gross Profit %          | 78.85%     |
| Total Service Dept. G.P. %           | 78.16%     |
| Parts / Labor Ratio (Cust. Pay Only) | 0.54       |
| Total Service Dept. Expenses         | \$ 283,987 |

Fixed Absorption

| Category                         | Amount              | % of Dept. Exp. |
|----------------------------------|---------------------|-----------------|
| Parts Department Total Gross     | \$ 349,957          | 14.42%          |
| Service Department Total Gross   | \$ 543,832          | 22.40%          |
| Body Shop Department Total Gross | \$ 131,301          | 5.43%           |
| <b>Total Fixed Gross Profit</b>  | <b>\$ 1,026,113</b> |                 |
| Total Dealership Expense         | \$ 2,421,539        |                 |

Overhead Expense \$ 2,421,539

Total Fixed Gross Profit \$ 1,026,113

Total Dealership Expense \$ 2,421,539

Fixed Absorption Percentage 42.34%

Guideline: 60%

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|                                      |            |
|--------------------------------------|------------|
| Customer Pay Gross Profit %          | 78.85%     |
| Total Service Dept. G.P. %           | 78.16%     |
| Parts / Labor Ratio (Cust. Pay Only) | 0.54       |
| Total Service Dept. Expenses         | \$ 283,987 |

### NADA ACTUAL SERVICE ANALYSIS

| Category                                       | Actual | Potential | Gap |
|--|--------|-----------|-----|
| Customer Pay                                   | 100%   | 100%      | 0%  |
| Customer Pay Effective Labor Rate (EMR) Report | 100%   | 100%      | 0%  |
| Hourly Labor Rate (LRR) Report                 | 100%   | 100%      | 0%  |
| Total Effective Labor Rate                     | 100%   | 100%      | 0%  |
| Overall Technician Productivity                | 100%   | 100%      | 0%  |

**POTENTIAL**

Hourly Labor Rate (LRR) Analysis: High 100%

Percent of One Year R.O.Y. (RO) Analysis: Low 100%

Customer Pay Effective Labor Rate (EMR) Report: Low 100%

Hourly Labor Rate (LRR) Report: Low 100%

Total Effective Labor Rate: Low 100%

Overall Technician Productivity: Low 100%

### POTENTIAL

Number of Days: 100

Number of Hours: 100

Effective Labor Rate: 100%

FACILITY UTILIZATION: 100%

Total Labor Sales: 100%

Family Potential: 100%

FACILITY UTILIZATION: 100%

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### NADA ACTUAL SERVICE ANALYSIS

Customer Pay: 100%

Customer Pay Effective Labor Rate (EMR) Report: 100%

Hourly Labor Rate (LRR) Report: 100%

Total Effective Labor Rate: 100%

Overall Technician Productivity: 100%

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### OWNER BASE POTENTIAL

Customer Pay: 100%

Customer Pay Effective Labor Rate (EMR) Report: 100%

Hourly Labor Rate (LRR) Report: 100%

Total Effective Labor Rate: 100%

Overall Technician Productivity: 100%

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### PROFIT ON LABOR (\$6.33)

Customer Pay: 100%

Customer Pay Effective Labor Rate (EMR) Report: 100%

Hourly Labor Rate (LRR) Report: 100%

Total Effective Labor Rate: 100%

Overall Technician Productivity: 100%

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Technician Value

Revenue:  Labor Rate:  Labor Hours:  Labor Cost:

Material Cost:  Profit Margin:

Technician Value:

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STATISTICAL PERFORMANCE

1. **Link To Break Even**

Current Order Profit:  Break Even Point:

2. **Link To Generate 20% Net**

Current Order Profit:  Break Even Point:

3. **Technician Value**

| Order # | Revenue | Material | Labor | Profit |
|---------|---------|----------|-------|--------|
| 1       | 1000    | 200      | 300   | 500    |
| 2       | 1200    | 240      | 360   | 600    |
| 3       | 1400    | 280      | 420   | 700    |
| 4       | 1600    | 320      | 480   | 800    |
| 5       | 1800    | 360      | 540   | 900    |
| 6       | 2000    | 400      | 600   | 1000   |

4. **Staffing To Generate 20% Net**

| Order # | Revenue | Material | Labor | Profit |
|---------|---------|----------|-------|--------|
| 1       | 1000    | 200      | 300   | 500    |
| 2       | 1200    | 240      | 360   | 600    |
| 3       | 1400    | 280      | 420   | 700    |
| 4       | 1600    | 320      | 480   | 800    |
| 5       | 1800    | 360      | 540   | 900    |
| 6       | 2000    | 400      | 600   | 1000   |

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Schedule Advisory Performance

How To Set Advisor Sales Objectives To: Break Even, Meet 20%, Meet 25%

20% Margin

1. Revenue Department's Monthly Expenses:

2. Break Even Sales Objective:

3. Number of Advertisements:

4. Revenue per Advertiser:

5. Current lowest effective sales rate:

6. Break Even Sales Objective per Advertiser:

7. Number of Advertisements:

8. Revenue per Advertiser:

9. Current lowest effective sales rate:

10. Break Even Sales Objective per Advertiser:

25% Margin

1. Revenue Department's Monthly Expenses:

2. Break Even Sales Objective:

3. Number of Advertisements:

4. Revenue per Advertiser:

5. Current lowest effective sales rate:

6. Break Even Sales Objective per Advertiser:

7. Number of Advertisements:

8. Revenue per Advertiser:

9. Current lowest effective sales rate:

10. Break Even Sales Objective per Advertiser:

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Exercise to See What Happens When You Increase Your Advertiser's Break-Even Point

Revenue:  Labor Rate:  Labor Hours:  Labor Cost:

Material Cost:  Profit Margin:

Technician Value:

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### Labor Rate Calculations

#### 1 Calculate the Labor Rate for the following operation

A/C Charge and Check

|       |             |          |                 |
|-------|-------------|----------|-----------------|
|       | Labor Price | \$144.00 |                 |
|       | Units       | 1.2      |                 |
| <hr/> | Price       | \$144.00 |                 |
|       | Units       | 1.2      | =               |
|       |             |          | <b>\$120.00</b> |
|       |             |          | Labor Rate      |

#### 2 Calculate the Effective Labor Rate for the following "Repair" operations

|                           |             |           |             |     |   |                  |
|---------------------------|-------------|-----------|-------------|-----|---|------------------|
| Labor Operations          | Labor Price |           | Labor Units | =   | Labor Rate                              |                  |
| Clean Fuel Injectors      | \$ 117.60   |           | 1.20        | =   | \$ 98.00                                |                  |
| R&R Rear Hub Bearing      | \$ 96.00    |           | 0.80        | =   | \$ 120.00                               |                  |
| Replace Trans. Pan gasket | \$ 107.80   |           | 1.10        | =   | \$ 98.00                                |                  |
| R&R Headlight unit (1)    | \$ 108.00   |           | 0.90        | =   | \$ 120.00                               |                  |
|                           | <hr/>       | \$ 429.40 | <hr/>       | 4.0 | =                                       | <b>\$ 107.35</b> |
|                           | Total Price |           | Total Units |     | Effective Labor Rate<br>(For This R.O.) |                  |

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### Calculating Mark-Up

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

|           |   |                              |   |                |
|-----------|---|------------------------------|---|----------------|
| 100%      | → | 35%                          | = | 1.54           |
| 100%      |   | Desired Gross Profit percent |   | Mark-Up Factor |
| \$6.72    | x | 1.54                         | = | \$10.34        |
| Part Cost |   | Mark-Up Factor               |   | Retail Price   |

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

| Item        | Cost   | Annual Turnover | Total Cost |
|-------------|--------|-----------------|------------|
| Filter #1   | \$4.36 | 112             | \$488.32   |
| Filter #2   | \$4.01 | 56              | \$224.56   |
| Filter #3   | \$3.56 | 85              | \$302.60   |
| Filter #4   | \$3.86 | 202             | \$779.72   |
| Filter #5   | \$3.51 | 36              | \$126.36   |
| Total Items | 491    |                 | \$1,921.56 |

|             |             |   |          |
|-------------|-------------|---|----------|
| \$ 1,921.56 | 491         | = | \$ 3.91  |
| Total Cost  | Total Items |   | Weighted |

|                  |         |      |   |          |
|------------------|---------|------|---|----------|
| \$ 3.91          | x       | 1.67 | = | \$ 6.54  |
| Weighted Average | Mark-Up |      |   | Weighted |

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## Cost Of A Come Back

|  |   |  |          |                         |
|--|---|--|----------|-------------------------|
| Lost Customers                                       |   |  | 1.5      |                         |
| Average Hours per R.O.                               | X |  | 1.9      |                         |
|  | = |  | 2.8      |                         |
| Effective Labor Rate                                 | X |  | \$ 91.55 |                         |
|  | = |  | \$ 254   | (A) Service Labor Sales |
| <hr style="border-top: 1px dashed black;"/>          |   |  |          |                         |
| Service Department Gross Profit % (Excluding Sublet) | X |  | 78.16%   |                         |
|  | = |  | \$ 199   | (B) Service Labor Gross |
| <hr style="border-top: 1px dashed black;"/>          |   |  |          |                         |
| Service Labor Sales (A)                              |   |  | \$ 254   |                         |
| Parts / Labor Ratio                                  | X |  | 0.54     |                         |
|  | = |  | \$ 136   |                         |
| Parts Dept Gross Profit % R.O. Sales                 | X |  | 39.96%   |                         |
|  | = |  | \$ 54    | (C) Service Parts Gross |
| <hr style="border-top: 1px dashed black;"/>          |   |  |          |                         |
| (B) Service Labor Gross                              |   |  | \$ 199   |                         |
| (C) Service Parts Gross                              | + |  | \$ 54    |                         |
| Lost Gross   | = |  | \$ 253   |                         |

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