Financial Calculations and Formulas

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Dealership
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Class #

Service Department Sales And Gr

Category	Sales
Customer Pay	$ 222,648
Customer	
Customer Other	
Warranty	$ 134,662
Warranty (ToyotaCare)	$ 83,796
Internal	$ 40,301
NVI / Road Ready/ PDI	$ 49,035
Adj. Cost Of Labor	
Total	$ 530,442

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Customer Pay Gross Profit %

Total Service Dept. G.P. %

oss (Labor Only)

	Gross	Gross as % of Sales	%Sales Contribution
$	163,595	73.48%	41.97%
		0%	0.00%
		0%	0.00%
$	102,832	76.36%	25.39%
$	73,984	88.29%	15.80%
$	26,496	65.75%	7.60%
$	36,776	75.00%	9.24%
$	(250)	0%	0.00%
$	403,433	76.06%	100.00%

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73.48%
76.06%

Parts To Labor Ratios

Category	Parts Sales	Labor Sales	P/L Ratio
Customer Pay	$ 257,224	$ 222,648	1.16
Customer		$ -	0.00
Customer Other		$ -	0.00
Warranty	$ 197,294	$ 134,662	1.47
Warranty Other	$ 13,660	$ 83,796	0.16
Internal	$ 41,544	$ 40,301	1.03
Total	$ 509,722	$ 481,407	1.06

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Customer Pay Gross Profit %	73.48%
Total Service Dept. G.P. %	76.06%
Parts / Labor Ratio (Cust. Pay Only)	1.16

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	$ 403,433		
Variable Expense	$ 53,457	13.25%	
Selling Expense	$ 100,010	24.79%	
Personnel Expense		0.00%	
Semi-Fixed Expense	$ 204,335	50.65%	
Fixed Expense		0.00%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	$ 357,802	88.69%	
Net Profit	$ 45,631	11.31%	

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Customer Pay Gross Profit %	73.48%
Total Service Dept. G.P. %	76.06%
Parts / Labor Ratio (Cust. Pay Only)	1.16
Total Service Dept. Expenses	$ 357,802

Fixed Absorption

		% Adj Ovh
Parts Department Total Gross	$ 319,106	12.15%
Service Department Total Gross	$ 409,243	15.58%
Body Shop Department Total Gross	$ 84,199	3.21%
Total Fixed Gross Profit	$ 812,548	
Total Dealership Expense	$ 2,626,579	

Overhead Expense	$ 2,626,579	
Total Fixed Gross Profit	$ 812,548	
Total Dealership Expense	$ 2,626,579	
Fixed Absorption Percentage	30.94%	**Guideline**

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Customer Pay Gross Profit %	73.48%
Total Service Dept. G.P. %	76.06%
Parts / Labor Ratio (Cust. Pay Only)	1.16
Total Service Dept. Expenses	$ 357,802


d Exp
60%

NADA ACTUAL SERVICE ANALYSIS

	Labor Sales / Month		Effective Labor Rates	
Customer Pay	$ 222,648	÷	101.00	=
Customer	$ -	÷		=
Customer Other	$ -	÷		=
Warranty	$ 218,458	÷	114.73	=
Internal	$ 40,301	÷	95.00	=
New Vehicle Prep	$ 49,035	÷	114.73	=
Total	$ 530,442			

POTENTIAL

$ 530,442	÷	4960.16	=	
Total labor sales for month		Total hours billed		
19.00	x	8	x	
# Service mechanical technicians		# Hours/Day		
4,104.0	x	$ 106.94	=	
Hours Available to Sell		Effective Labor Rate		

How proficient are your technicians ?

4,960.2	÷	4,104.00	=
Total Hours Billed		Hours Available to Sell	

Hours Per RO (RO Analysis)	0.8
Percent of One Item R.O.'s (RO Analysis)	64.00%
Customer Pay Effective Labor Rate (DMS Reoprt)	$ 101.00
Warranty Labor Rate (DMS Report)	$ 114.73
Total Overall Effective Labor Rate	$ 106.94
Overall Technician Proficiency	120.86%

Hours Billed
2204.4
0.00
0.00
1904.1
424.2
427.4
4960.2

$ 106.94
Effective Labor Rate

27 = 4,104.0
Working Days/Month — Hours Available to Sell

$ 438,884 — Labor sales potential @100%

$ 548,605.14 — Labor sales potential @ 125%

120.86%
Tech Proficiency

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FACILITY POTENTIAL

Number of Bays	
x	
Number of Days	
x	
Number of Hours	
x	
Effective Labor Rate	$ 106.94
equals	
FACILITY POTENTIAL	$ -

FACILITY UTILIZATION

Total Labor Sales	$ 530,442
÷	
Facility Potential	$ -
equals	
FACILITY UTILIZATION	0.00%

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Calculating Real Cost of Labor

$ 530,442
Labor Sales

Divided by Hours Billed

0.00
= OELR

$ 530,442
Labor Cost

0.00
/ Hours Billed

$0.00
=Real Cost

Real Cost ÷ 24.00% =

$ 530,442
Labor Sales

-Labor Gross

$ 530,442
=Labor Cost

$0.00
E.L.R. Needed to earn

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OWNER BASE POTENTIAL

	x	8	=	0.0
5 Year Owner Base		Annual Hours Purchased		Market Potential / Hours
0.0	x	0.00	=	$ -
Market Potentail/ Hours		Effective Labor Rate		5 Yr. O.B Sales Potential
	x	12	=	$ -
Avg. Mos. Labor Sales		Annualized		Current Labor Sales Trend
$ -	÷	$ -	=	0.00%
Labor Sales Trend		5 Yr. O.B. Sales Potential		Ouch

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

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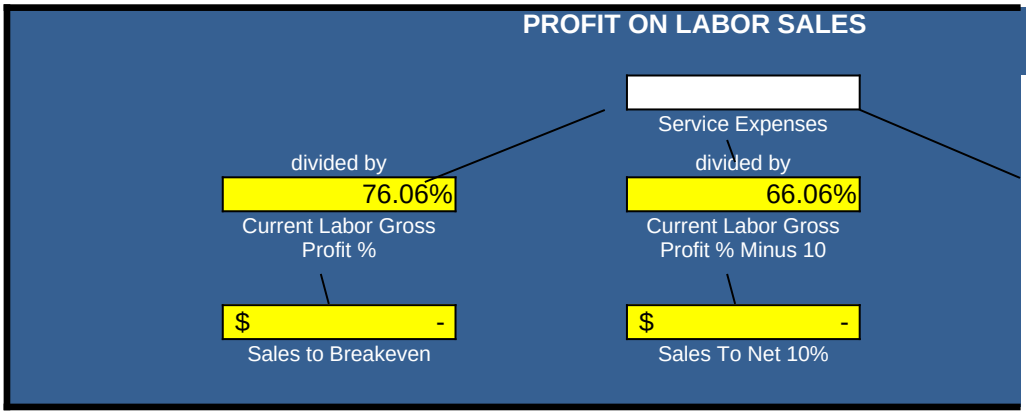
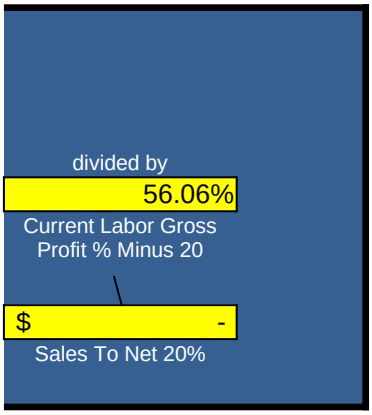


The Picture

Customer Pay Gross Profit %	73.48%	Customer Pay
Total Service Dept. G.P.%	76.06%	Total (overall
Parts / Labor Ratio (Cust Pay Only)	1.16	Warranty Lab
Total Service Dept Expense	$ 357,802	Overall Tech
Hours Per R.O (recap)	0.76	
Percent Of One Item R.O.'s	64.00%	



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/ E.L.R.	$ 101.00
) E.L.R.	$ 106.94
›or Rate	$ 114.73
Proficiency	120.86%

Technician Value

Calculate using daily available hours per technician

Hours		Days	
	x		x

Sales Value		Gross Margin	
$ -	x	76.06%	=

$ -	x	70%		$ -
$ -	x	80%		$ -
$ -	x	90%		$ -
$ -	x	100%		$ -
$ -	x	110%		$ -
$ -	x	120%		$ -
$ -	x	0.0%	=	$ -
Profit Value		**Your Proficiency #**		Adjusted Profit Val

proficiency

Labor Rate		Sales Value
$ 106.94	=	$ -

Profit Value

$ -

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STAFFING REQUIREMENTS

A. Sales To Break Even

Service Expenses for One Month	¸	Current Gross Profit Percent	=
	¸	76.06%	=

B. Sales To Generate 20% Net

Service Expenses for One Month	¸	Current Gross Profit Percent (Minus 20)	=
$ -	¸	56.06%	=

C. Technician Value

Daily Work Hours	X	Average Proficiency Rate	X	Overall Effective Labor Rate	X
0		80%		$ 106.94	
0		90%		$ 106.94	
0		100%		$ 106.94	
0		120%		$ 106.94	

D. Staffing To Break Even

Sales To Break Even	¸	Technician Value

$ -	,	0	@ 80%
$ -	,	0	@ 90%
$ -	,	0	@ 100%
$ -	,	0	@ 120%

E. Staffing To Generate 20% Net

Sales To Generate 20% Net		Technician Value	
$ -	,	$ -	@ 80%
$ -	,	$ -	@ 90%
$ -	,	$ -	@ 100%
$ -	,	$ -	@ 120%

Sales To Break Even

$ -

Sales To Generate 20% Net

$ -

Work Days Per Month	=	Technician Value
0		$0
0		$0
0		$0
0		$0

= Staffing

=	0.0
=	0.0
=	0.0
=	0.0

=	Staffing
=	0.0
=	0.0
=	0.0
=	0.0

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How To Set Advisor Sales Objectives To: Beak Even, N

Break Even

1	Service Department's Monthly Expenses	
2	Divide by current labor gross profit % to break even	76.06%
=		
3	Equals New Sales Objective	$ -
4	Number of Advisors	
=		
5	Equals Sales Objective per Advisor	$0.00
6	Number of work days per month	
=		
7	Equals daily sales objective per advisor	$0.00
8	Current overall effective labor rate	$ 106.94
=		
9	Equals daily sales objective per advisor (FRH's)	0.0

Service Advisor Performance

let 10%, & Net 20%

Net 10 %

1 Service Department's Monthly Expenses		$0
	÷	
2 Divide by current labor gross profit % minus 10 to net 10%		66.06%
	=	
3 Equals New Sales Objective		$ -
	÷	
4 Number of Advisors		0.0
	=	
5 Equals Sales Objective per Advisor		$0.00
	÷	
6 Number of work days per month		0
	=	
7 Equals daily sales objective per advisor		$0.00
	÷	
8 Current overall effective labor rate		$ 106.94
	=	
9 Equals daily sales objective per advisor (FRH's)		0.0

Net 20 %

1	Service Department's Monthly Expenses		$0
		÷	
2	Divide by current labor gross profit % minus 20 to net 20%		56.06%
		=	
3	Equals New Sales Objective		$ -
		÷	
4	Number of Advisors		0.0
		=	
5	Equals Sales Objective per Advisor		$0.00
		÷	
6	Number of work days per month		0
		=	
7	Equals daily sales objective per advisor		$0.00
		÷	
8	Current overall effective labor rate		$ 106.94
		=	
9	Equals daily sales objective per advisor (FRH's)		0.0

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

Number of customer R.O.'s for the month			
Multiply by .3 hours	x		0.3 hours
Additional customer labor hours generated	=		0.00
Multiply by Customer Labor Rate	x		$ 101.00
Equals additional Customer Labor Sales Generated	=		$ -
Multiply by customer Labor Gross Profit %	x		73.48%
Equals additional Labor Gross Profit $ generated	=	(A)	$ -
Divide Parts Sales R.O. by Labor Sales R.O. to calculate $ parts sales per 1$ of Labor Sales	=		1.16
Multiply by Customer Labor Sales	x		$ -
Equals additional Customer Parts Sales generated	=		$ -

	x		
Multiply by Customer Parts Sales Gross Profit %			
Equals additional Parts Gross Profit $ Generated	=	(B)	$ -
Add Gross Profit from Labor (A) and Parts (B)	=		$ -

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m

Labor Rate Calcul

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

A/C Charge and Check

Labor Price	$144.00
Units	1.2

_____ ¸ _____ =
Price Units

2 Calculate the **Effective Labor Rate** for the following "R

Labor Operations	Labor Price
Clean Fuel Injectors	$ 117.60
R&R Rear Hub Bearing.	$ 96.00
Replace Trans. Pan gasket	$ 107.80
R&R Headlight unit (1)	$ 108.00

_____ ¸
Total Price

ations

$0.00
Labor Rate

epair" operations.

Labor Units		Labor Rate
1.20	=	
0.80	=	
1.10	=	
0.90	=	
	=	$0.00
Total Units		Effective Labor Rate (For This R.O.)

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Calculating Mark-Up

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

100%	⇨		=	
100%		Desired Gross Profit percent		
Part Cost	X	0.00	=	
		Mark-Up Factor		

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

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

$ -	¸	491	=	$ -
Total Cost		Total Items		Average **Cost**
$ -	X		=	$ -
Cost		Factor		Average **Price**

ɔ attain a 35%

0.00
Mark-Up
Factor

$0.00
Retail Price

or the following

Total Cost

$0.00

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Cost Of A Come-Back

Lost Customer Opportunity			
Average Hours per R.O.	X		
	=	0.0	
Effective Labor Rate	X	$ 106.94	
Lost Labor Sales	=	$ -	(A)
Service Department Gross Profit % (Excluding Sublet)	X	76.06%	
Lost Labor Gross	=	$ -	(B)
Lost Labor Sales		$ -	(A)
Parts / Labor Ratio	X	1.16	
	=	$ -	
Parts Dept Gross Profit % R.O.Sales	X		
Lost Parts Gross	=	$ -	(C)
Lost Labor Gross		$ -	(B)
Lost Parts Gross	+	$ -	(C)
Total Lost Gross	=	$ -	

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