

Addendum total
\$2,200

Addendum AVG Gross Profit
\$1,100

Current Units Sold New
448

Addendum Total
\$1,600

G/T Chevrolet Certified ADV AVG Gross Profit
\$800

Current Used sold
311

F&I Potential Gross Profit Increase
\$1,000

Total Vehicles Sold
759

Total Fixed	587977
Total Variable	564392
Total Lift (Net)	\$1,152,369

Existing net (annualized)	\$557,406
New Net	\$1,709,775

Percentage	306.74%
------------	---------

Total Added Gross

\$492,800

Net @5

\$49,280

Total Added Gross

\$248,800

Net @ 12%

\$59,712

Total New and Used Added G/P

\$741,600

Total New and Used Net Added

\$108,992

Total Added F&I

\$759,000

Net Avg F&I

\$455,400

Total Gross

\$1,500,600

Total Net

\$564,392

Interior Protection Package, Exterior Protection Package, Tint

Certified Advantage includes: 3/3 or 12/12 warranty, Exterior Protection (Z/S), Key Replacement, Tire & Wheel, 2 free oil changes

Based on Current New and Pre-owned Volume

Menu presentation on 100% of all deals based off of the current volume.

Fixed Operation Action Plan Day 1 for Grand Theft Chevrolet

Make quick money in fixed with simple changes that have a big impact on net profit

Mabelle putting all the data together and Mike's brilliant fixed mind

- 1 **Door Rate increase** from \$100 to 180 (based on market analysis)
- 2 **Expand the current hours** of operation in service to 7-6 M-F, Sat 8-4
- 3 **Hire 4 Chevy master technicians** (we have 10 bays)
- 4 **Identify process gaps by asking current technicians** why 6 hours/day at a metro Chev store (Ex. p
 *We are going to increase technician hours/tech/day from **6 > 10 hrs/tech/day**

Current sold hours / mo	792 Open current hours w 6 techs	6hrs/tech/day
New sold hours / mo	2,200 Sched. 7-6 M-f, 8-5 Sat, 10 techs *	10 hrs/day
		*excludes Saturday

- 5 Change **internal rate to door rate** immediately
- 6 Implement a **labour matrix** to get **ELR at or above our new door rate of \$180 (price per job)**
 We're only getting 85 cens on the dollar currently
- 7 Apply for a **warranty labor rate increase in 30 days** (and again in 1 year + 30 days)
- 8 **Work current database with BDC** (internal or external) and simple marketing (email/calls) to fill 1C

New monthly hours	ELR	Monthly LIFT in service sales
2,200	180	\$322,356 *396,000 - \$73,644 (existing sales)
		0.76 Service Guide for GP on sales based
		\$244,991 Gross Profit
		0.2 Guide for net on gross is 20%
		\$49,000 Monthly net
		\$588,000 Annual net gross profit increase ba

BUT WAIT - there's more!

PARTS net lift

*based on parts gross as 50% of service labour gross (common simple math way to run the numbe

- 1 Implement parts matrix immediately (day 1) to hit our 41% desired gross
- 2 Increased parts sales from all of our increased labour hours sold

Using above hours and service numbers, we can base the parts lift accordingly

\$122,495 Monthly parts gross
\$24,000 Monthly net based on of Guide 20% net of parts gross
\$288,000 Annual parts net profit

\$876,000 Annual fixed net lift, based on above
Like Randy Moss would say
Straight Cash Homie

More technicians means
Gets our time to line faster for internal pre-owned turns

Actual Open Hours

176 before

parts delays, dispatch, shop loading, no customers?)

M-F 223 hours before

*22 open days

M-F 277 hours after

pay hours (gravy)

) stalls at a Chevy store in Austin Texas

on above changes (modest) Increase from current 60%

sed on above (bottom line)

rs)

CASH DAYS' SUPPLY

Page Colm Line

Cash			340,092	1	Asset	7,8
Contracts in Transit	+		203,680	1	Asset	9
Vehicle Receivables	+		78,520	1	Asset	on page
Market Securities	+		0	1	Asset	10
Net Cash Available	=		<u>622,292</u> A			

YTD Total Expenses			1,357,116		YTD	
		YTD <u>Service</u> Sales	+ 673,198		YTD	
		YTD <u>Service</u> Gross	- 406,812		YTD	
YTD Total Cost of Labor	=	+	<u>266,386</u>			
YTD Total Expense & Cost Of Labor	=		<u>1,623,502</u>			
Statement Month	÷		<u>10</u>			
Average YTD Total Expense and Cost of Labor			<u>162,350</u> B			

Net Cash Available			622,292 A			
Average YTD Total Expense and Cost of Labor	÷		<u>162,350</u> B			
Cash Months' Supply	=		<u>3.83</u>			
Number of Days in a Month	×		<u>30</u>			
Cash Days Supply	=		<u>115</u>			Guide = 90



INVENTORY FLOORPLAN GAP (Trust Position)

Page Colm Line

New Vehicle Inventory		5,038,284	1	Asset	21,22
Holdback Receivable	+	17,645		Asset	
Total Inventory Value	=	5,055,929			
Notes Payable: New Vehicle	-	5,478,118	1	Liab	
Inventory Floorplan Gap	=	<u>-422,189</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

Page Colm Line

Contracts-in-transit
 Current Month New Retail Sales Dollars
 Current Month Pre-Owned Retail Sales Dollars
 Sub total Current Month New & Pre-Owned Retail Sales
 Months' Supply of Contracts-in-Transit
 Number of Days in Month
 Days Supply of Contracts-in-Transit

		203,680
+		
=	÷	#VALUE!
	=	#VALUE!
	×	30
	=	#VALUE!

1	Asset	9
	Month	
	Month	

Guide = 3



WORKING CAPITAL

Page Colm Line

MOST MANUFACTURERS

Total Current Assets		7,180,538	1	Asset	44
LIFO Reserve (if listed as a deduct from current assets)	+	1,594,872	1	Asset	35
Current Liabilities	-	6,806,627	1	Liab	31
Current Portion of Long-Term Debt (if memo)	-	0	1	Liab	
Working Capital	=	1,968,783		1 liab	44
Working Capital Guide (OEM Provides)		2,250,000	1	Memo	45

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		7,180,538	1	Asset	44
LIFO Reserve	+	1,594,872	1	Asset	35
Current Liabilities and Deferred Taxes	-	6,806,627	1	Liab	31
Working Capital	=	1,968,783	1	Memo	44
Working Capital Guide (OEM Provides)		2,250,000	1	Memo	45

*Not sure on current portion of \$2.019M

*assume it's \$0 as per Tom - ML



FIXED ABSORPTION

Page Colm Line

YTD Service Gross Profit		406,812	#REF!	YTD	#REF!
YTD Parts Gross Profit	+	201,987		YTD	
YTD Body Shop Gross Profit	+	0		YTD	
YTD Total Fixed Operations Gross Profit	=	608,799	A		
YTD Total Expense	÷	1,357,116	B	#REF!	#REF!
Fixed Absorption Percentage	=	44.9%			Guide = 60%

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

TOTAL APSORPTION

Page Colm Line

YTD Gross Profit Total Fixed Opeations		608,799	A			
YTD Pre-Owned Gross Profit	+	354,291		YTD		*includes F&I
YTD Gross Profit Total	=	963,090				
YTD Total Expenses	÷	1,357,116	B	#REF!	#REF!	#REF!
Total Absorption Percentage	=	71.0%				Guide = 100%

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

Fixed Absorption	44.9%	Guide = 60%
Pre-Owned Absorption	26.1%	Guide = 40%
New Vehicle Dependency	29.0%	



PARTS, SERVICE AND BODY SHOP ACCOUNTS RECEIVABLE

Page Colm Line

Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note				
Service Customer Pay	+	38,708		Month
Parts Repair Orders (ROs)	+	24,739		Month
Parts Wholesale	+	10,980		Month
Parts Counter Retail	+	1,491		Month
	+	0		Month
	+	0		Month
	+	0		Month
	+	0		Month
<i>Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales</i>	=	<u>75,918</u> A		

Parts, Service and Body Shop Accounts Receivable		65,180		Asset
<i>Total Current Month Parts, Service, and Body Shop Customer Labor and Parts Sales</i>	÷	<u>75,918</u> A		
Months' Supply of Parts, Service, and Body Shop Accounts Receivable	=	0.86		
Number of Days in the Month	×	30		
Days' Supply of Parts, Service, and Body Shop Accounts Receivable	=	<u>26</u>		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

Page Colm Line

Current Month Parts, Service, and Body Shop Warranty Sales. See Note			
Service Warranty Sales	+	6,462	Month
Parts Warranty Sales	+	4,524	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>	=	10,986 A	

Warranty Claims Receivable		6152	Asset
<i>Total Current Month Parts, Service, and Body Shop Warranty Sales</i>	÷	10,986 A	
Months' Supply of Warranty Claims Receivable	=	0.56	
Number of Days in the Month	×	30	
Days' Supply of Warranty Claims Receivable	=	<u>16.79956308</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	16,688,000		YTD	
YTD Pre-Owned Vehicle Sales Dollars	+ 9,128,395		YTD	
YTD New and Pre-Owned Vehicle Sales Dollars	= 25,816,395			
Statement Month	÷ 10			
Avg YTD New and Pre-Owned Vehicle Sales Dollars	= 2,581,640			A
Vehicle Receivable	78,520		Asset	
Avg YTD New and Pre-Owned Vehicle Sales Dollars	÷ 2,581,640			A
Months' Supply of Vehicle Receivable	= 0.030			
Number of Days in the Month	× 30			
Days' Supply of Vehicle Receivable	= 0.91			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)

Page Colm Line

New Vehicle Average YTD Cost of Sales

YTD New Vehicle Retail Sales Dollars (<i>without F&I</i>)		16,688,000			
YTD New Vehicle Retail Gross Profit Dollars (<i>without F&I</i>)	±	316,736	a		
YTD New Vehicle Retail Cost of Sales Dollars	=	16,371,264			
Statement Month	÷	10			
Average YTD New Vehicle Cost of Sales	=	<u>1,637,126</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		5,038,284		1	Asset
Average YTD New Vehicle Cost of Sales	÷	<u>1,637,126</u>	A		
Months' Supply of New Vehicle Inventory	=	3.08	B		
Number of Days in the Month	×	30			
Days' Supply of New Vehicle Inventory	=	<u>92</u>			Guide = 45

New Vehicle Calendar-Year Inventory Turns

12 Months in a Year		12			
Months' Supply of New Vehicle Inventory	÷	<u>3.08</u>	B		
New Vehicle Inventory Turns	=	<u>3.9</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)

			Page	Colm	Line
<u>Pre-Owned Vehicle Average YTD Cost of Sales</u>					
YTD Pre-Owned Vehicle Retail Sales Dollars (<i>without F&I</i>)		9,128,395	1		21,22
YTD Pre-Owned Vehicle Retail Gross Profit Dollars (<i>without F&I</i>)	±	160,227			
YTD Pre-Owned Vehicle Retail Cost of Sales Dollars	=	8,968,168			
Statement Month	÷	10			
Average YTD Pre-Owned Vehicle Cost of Sales	=	896,817			A

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

<u>Pre-Owned Vehicle Inventory Days' Supply</u>					
Pre-Owned Vehicle Inventory Dollars		2,525,799	1	Asset	25,26
Average YTD Pre-Owned Vehicle Cost of Sales	÷	896,817			A
Months' Supply of Pre-Owned Vehicle Inventory	=	2.82			B
Number of Days in the Month	×	30			
Days' Supply of Pre-Owned Vehicle Inventory	=	84			Guide = 30

Pre-Owned Vehicle Calendar-Year Inventory Turns

12 Months in a Year

Months' Supply of Pre-Owned Vehicle Inventory

Pre-Owned Vehicle Inventory Turns

$$\begin{array}{r} \div \quad 12 \\ \hline 2.82 \text{ B} \\ = \quad \underline{\underline{4.3}} \end{array} \quad \text{Guide} = 12$$



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

Parts Average YTD Cost of Sales

YTD Parts & Accessories Sales Dollars		685,359			
YTD Parts & Accessories Gross Profit Dollars	±	201,987	a		
YTD Discounts & Adjustments <i>(use +/- sign on statement)</i>	±	0			
YTD Parts & Accessories Cost of Sales Dollars	=	483,372			
Statement Month	÷	10			
Average YTD Parts & Accessories Cost of Sales	=	48,337	A		

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

Parts and Accessories Inventory Days' Supply

Parts and Accessories Inventory Dollars		183,681			
Average YTD Parts and Accessories Cost of Sales	÷	48,337	A		
Months' Supply of Parts and Accessories Inventory	=	3.80	B		
Number of Days in the Month	×	30			
Days' Supply of Parts and Accessories Inventory	=	114		Guide = 45	

Parts and Accessories Calendar-Year Inventory Turns

12 Months in a Year		12			
Months' Supply of Parts and Accessories Inventory	÷	3.80	B		
Parts and Accessories Inventory Turns	=	3.2		Guide = 8	

FROZEN CAPITAL: WARRANTY CLAIMS RECEIVABLE

YTD Warranty Sales

Service Warranty Sales	+	67,319		YTD	
Parts Warranty Sales	+	47,123		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	=	114,442			
Statement Month	÷	10			
Average YTD Warranty Sales	=	11,444			
Factor	×	25.0%			
Your Guide	=	2,861	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	6,152
Your Guide	2,861 A
Frozen Capital	<u>3,291</u>





FROZEN CAPITAL: PRE-OWNED INVENTORY

Page Colm Line

YTD Pre-Owned Sales (<i>without F&I</i>)	+	9,128,395		YTD	
YTD Pre-Owned Gross Profit (<i>without F&I</i>)	-	160,227		YTD	
YTD Inventory Adjustments (<i>+/- as on statement</i>)	±	0		YTD	
YTD Pre-Owned Cost of Sales	=	8,968,168			
Statement Month	÷	10			
Average Month Pre-Owned Cost of Sales	=	896,817			
Factor	×	1.0		Guide = 1.0	
Your Guide	=	896,817	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		2,525,799	1	Asset	
Your Guide	-	896,817			A
Frozen Capital		<u>1,628,982</u>			



FROZEN CAPITAL: PARTS & ACCESSORIES INVENTORY

Page Colm Line

YTD Parts & Accessories Sales <i>(exclude gas, oil, grease and tire sales)</i>	+	685,359	1.5	YTD	
YTD Parts & Accessories Gross Profit <i>(exclude gas, oil, grease and tire gross profit)</i>	-	201,987		YTD	
YTD Inventory Adjustments (+/- as on statement)	±	0		YTD	
YTD Parts & Accessories Cost of Sales	=	483,372			
Statement Month	÷	10			
Average Month Parts & Accessories Cost of Sales	=	48,337			
Factor	×	1.5			Guide = 1.5
Your Guide	=	72,506			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		183,681	1	Asset	
Your Guide	-	72,506			A
Frozen Capital		<u>111,175</u>			



FROZEN CAPITAL: SERVICE, PARTS AND BODY SHOP ACCOUNTS RECEIVABLE

Page Colm Line

YTD Parts, Service, and Body Shop Customer Labor and Parts Sales. See Note				
Service Customer Pay	+	336,598		YTD
Parts Repair Orders (ROs)	+	235,619		YTD
Parts Wholesale	+	117,824		YTD
Parts Counter Retail	+	15,514		YTD
	+	0		YTD
	+	0		YTD
	+	0		YTD
	+	0		YTD
<i>Total YTD Parts, Service, and Body Shop Customer Labor and Parts Sales</i>		=	705,555	
Statement Month	÷	10		
Average Month Parts & Accessories Sales	=	70,556		
Factor	×	50.0%		Guide = 50%
Your Guide	=	35,278	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		167,483		Asset
Your Guide	-	35,278	A	
Frozen Capital		<u>132,205</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	+	\$3,291
Pre-Owned Vehicle Inventory	+	\$1,628,982
Parts & Accessories Inventory	+	\$111,175
Service, Parts, Body Shop A/R	+	\$132,205
Total Frozen Capital	=	<u>\$1,875,654</u>

ine below.



IMPACT OF AGED NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

Page Colm Line

New Vehicle Inventory over 90 days old		4
Current Floorplan Interest Rate	×	6.25%
Annual Floor Plan Interest on Aged Inventory	=	0.25
12 Months in a Year	÷	12
Average Month Floor Plan Interest on Aged Inventory	=	<u>0.02</u>

Schedule
Ask Controller



IMPACT OF EXCESS NEW VEHICLE INVENTORY ON NET PROFIT BEFORE TAXES

Page Colm Line

YTD New Vehicle Sales (<i>without F&I</i>)	=	16,688,000		YTD	
YTD New Vehicle Gross Profit (<i>without F&I</i>)	-	316,736		YTD	
YTD New Vehicle Cost of Sales	=	16,371,264			
Statement Month	÷	10			
Average Month New Vehicle Cost of Sales	=	1,637,126			
NADA Guide for New - Months' Supply	×	1.5		Guide = 1.5	
New Vehicle Inventory Dollars at Guide	=	<u>2,455,690</u>	A		

New Vehicle Inventory Dollars - Actual	=	5,038,284		1	Asset
New Vehicle Inventory Dollars at Guide	-	<u>2,455,690</u>	A		
EXCESS New Vehicle Inventory Dollars	=	2,582,594			
Current Floorplan Rate	×	6.25%		Ask Controller	
Annual Floorplan Interest on Excess Inventory	=	161,412			
12 Months in a Year	÷	12			
Monthly Floorplan Interest on Excess Inventory	=	<u>13,451</u>			



INVENTORY OPTIMIZATION

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

Page Colm Line

Pre-Owned Vehicle Inventory Dollars		2,525,799	1	Asset	
Number of Pre-Owned Vehicles in Stock	÷	75	1	Memo	
Average Cost of a Pre-Owned Vehicle in Inventory	=	<u>33,677</u>			A

YTD Pre-Owned Vehicle Sales Dollars [without F&I]	+	9,128,395			
YTD Pre-Owned Vehicle Gross Profit Dollars [without F&I]	-	160,227			
YTD Reconditioning Cost [if not a memo]	-	0			
YTD Pre-Owned Vehicle Cost of Sales Dollars	=	8,968,168			
YTD Number of Pre-Owned Vehicles Sold	÷	311			
Average Cost of a Pre-Owned Vehicle Sold	=	<u>28,837</u>			B

Average Cost of a Pre-Owned Vehicle in Inventory	+	33,677	A
Average Cost of a Pre-Owned Vehicle Sold	-	<u>28,837</u>	B
Variance	=	<u>4,841</u>	

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%

Page Colm Line

New Vehicle Department Gross Profit Return on Sales

	<u>Front End Gross</u>	
YTD New Vehicle Retail Gross Profit	316,736	YTD
YTD New Vehicle Retail Sales Dollars	÷ 16,688,000	YTD
YTD Gross Profit Return on Sales	= 1.9%	

	<u>Front End Gross</u>	
	+ F&I	
YTD New Vehicle Retail Gross Profit	573,440	YTD
YTD New Vehicle Retail Sales Dollars	÷ 16,688,000	YTD
YTD Gross Profit Return on Sales	= 3.4%	

	<u>Front End Gross</u>	
	+ F&I	
	+ Below the Line	
YTD New Vehicle Retail Gross Profit	640,640	YTD
YTD New Vehicle Retail Sales Dollars	÷ 16,688,000	YTD
YTD Gross Profit Return on Sales	= 3.8%	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

Page Colm Line

	Front End Gross + F&I	
YTD Pre-Owned Vehicle Retail Gross Profit	354,291	
YTD Pre-Owned Vehicle Retail Sales Dollars	9,128,395	YTD
YTD Gross Profit Return on Sales	= 3.9% A	YTD
	<u>3.9%</u>	Guide = 12%

Gross Profit Opportunity Related to Pre-Owned Frozen Capital

Pre-Owned Frozen Capital	1,628,982	Workbook Page 29
Pre-Owned Vehicle Inventory Turns	× 4.3	Workbook Page 42
Subtotal	= 7,004,623	
YTD Gross Profit Return on Sales Percentage	× 3.9% A	
YTD Gross Profit Opportunity	= <u>271,863</u>	



SERVICE DEPARTMENT GROSS PROFIT RETURN ON SALES

Page Colm Line

YTD Customer Pay Gross Profit		211,383		YTD	
YTD Customer Pay Sales Dollars	÷	336,598		YTD	
YTD Gross Profit Return on Sales	=	<u>62.8%</u>		Guide = 76%	

YTD Internal Gross Profit		155,644		YTD	
YTD Internal Sales Dollars	÷	269,281		YTD	
YTD Gross Profit Return on Sales	=	<u>57.8%</u>		Guide = 76%	

YTD Warranty Gross Profit		39,785		YTD	
YTD Warranty Sales Dollars	÷	67,319		YTD	
YTD Gross Profit Return on Sales	=	<u>59.1%</u>		Guide = 76%	

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PARTS DEPARTMENT GROSS PROFIT RETURN ON SALES

Page Colm

YTD Customer RO Gross Profit		96,939		YTD
YTD Customer RO Sales Dollars	÷	269,279		YTD
YTD Gross Profit Return on Sales	=	36.0%		Guide = 4
YTD Internal Gross Profit		77,754		YTD
YTD Internal Sales Dollars	÷	235,619		YTD
YTD Gross Profit Return on Sales	=	33.0%		Guide = 4
YTD Warranty Gross Profit		13,194		YTD
YTD Warranty Sales Dollars	÷	47,123		YTD
YTD Gross Profit Return on Sales	=	28.0%		Guide = 28%
YTD Counter Retail Gross Profit		3,025		YTD
YTD Counter Retail Sales Dollars	÷	15,514		YTD
YTD Gross Profit Return on Sales	=	19.5%		Guide = 4
YTD Wholesale Gross Profit		11,075		YTD
YTD Wholesale Sales Dollars	÷	117,824		YTD
YTD Gross Profit Return on Sales	=	9.4%		Guide = 20%
YTD Body Shop Gross Profit		0		YTD
YTD Body Shop Sales Dollars	÷	0		YTD
YTD Gross Profit Return on Sales	=	#DIV/0!		Guide = 25%

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Line



1%



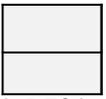
1%



5-41%



1%



5-25%



5-30%



OPERATING PROFIT RETURN ON GROSS

Page Colm Line

Service Department Operating Profit Return on Gross Profit

Service Department Operating Profit		88,571
Service Department Gross Profit	+	406,812
Operating Profit Return on Gross Profit Percentage		21.8%

	YTD	
	YTD	

Guide = 20%

Parts Department Operating Profit Return on Gross Profit

Parts Department Operating Profit		42,108
Parts Department Gross Profit	+	201,987
Operating Profit Return on Gross Profit Percentage		20.8%

	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

Page Colm Line

Total Dealership Net Profit % of Sales

Net Profit Before Taxes		464,505	
Total Sales	÷	27,174,952	
Net Profit Return on Sales %			1.7%

	MTD	
	MTD	

Waste \$100

Wasted Dollars		\$100
Net Profit Return on Sales %	÷	1.7%
Additional Sales Required to Recover \$100		\$5,850

Spend a \$1.25

Wasted Dollars		\$1.25
Net Profit Return on Sales %	÷	1.7%
Additional Sales Required to Recover \$1.25		\$73

Current Month Policy Expense

Wasted Dollars		\$54,043
Net Profit Return on Sales %	÷	1.7%
Additional Sales Required to Recover "Policy"		\$3,161,679

	MTD	
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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]		573,440			
YTD Number of New Retail/Lease Units	÷	448			
Average Gross Profit PNVR	=	1,280	A		

	YTD	

YTD New Vehicle Department Expense		543,667			
Statement Month	÷	10			
Average New Vehicle Department Expense	=	54,367			
Average Gross Profit PNVR	÷	1,280	A		
Number of New Vehicles to Break Even	=	42			

	YTD	
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Compare to:

Average Number New Vehicles Sold per Month	45
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PRE-OWNED VEHICLE DEPARTMENT BREAKEVEN POINT with F&I

Page Colm Line

YTD Pre-Owned Vehicle Retail Gross Profit <i>[with F&I]</i>		354,291		YTD	
YTD Number of Pre-Owned Retail/Lease Units	÷	311			
Average Gross Profit PNVR	=	<u>1,139</u>	A		

YTD Pre-Owned Vehicle Department Expense		335,329		YTD	
Statement Month	÷	10			
Average Pre-Owned Vehicle Department Expense	=	33,533			
Average Gross Profit PNVR	÷	<u>1,139</u>	A		
Number of Pre-Owned Vehicles to Break Even	=	<u>29</u>			

Compare to:

Average Number Pre-Owned Vehicles Sold per Month		<u>31</u>
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PRE-OWNED VEHICLE DEPARTMENT DAYS IN STOCK TO BREAKEVEN

YTD Total Pre-Owned Vehicle Department Expenses		\$335,329
YTD Number of Pre-Owned Retail Vehicles Sold	÷	311
Average Pre-Owned Vehicle Holding Cost per Retailed Unit Sold	=	\$1,078
Number of Days in Month	÷	30
Average Daily Pre-Owned Vehicle Holding Cost	=	\$36
Average Gross Profit PUVR with F&I		\$1,139
Average Daily Pre-Owned Vehicle Holding Cost	÷	\$36
Pre-Owned Vehicle Days in Stock to Break Even	=	<u>32 Days</u>



SERVICE DEPARTMENT BREAKEVEN POINT

Page Colm Line

YTD Total Service Department Expenses		318,241		YTD	
Statement Month	÷	10			
Average YTD Service Department Expenses	=	31,824			
YTD Total Service Department Gross Profit Retention	÷	60.43%	See Note		
Service Sales Needed per Month to Break Even	=	52,663			

Compare to:

YTD Total Service Department Sales		673,198		YTD	
Statement Month	÷	10			
Actual Service Sales (Average-Month)	=	67,320			

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		159,879		YTD	
Statement Month	÷	10			
Average YTD Parts Department Expenses	=	15,988			
YTD Total Parts Department Gross Profit Retention	÷	29.47%	See Note		
Parts Sales Needed per Month to Break Even	=	54,248			

Compare to:

YTD Total Parts Department Sales		685,359		YTD	
Statement Month	÷	10			
Actual Parts Sales (Average-Month)	=	68,536			

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		3.80%
New Vehicle Inventory Turns	×	3.9
New Vehicle Department GROI		14.82%

Page 50
Page 40
Guide 40%

PRE-OWNED VEHICLE DEPARTMENT GROSS RETURN ON INVENTORY

Pre-Owned Vehicle YTD Gross Profit Return on Sales		3.90%
Pre-Owned Vehicle Inventory Turns	×	4.3
Pre-Owned Vehicle Department GROI		16.77%

Page 51
Page 42
Guide 144%

PARTS DEPARTMENT GROSS RETURN ON INVENTORY

Parts YTD Gross Profit Return on Sales		0.0
Parts Inventory Turns	×	0.0
Parts Department GROI		0

Page 64 Retention
Page 44
Guide 304%



WORK IN PROCESS INVENTORY DAYS' SUPPLY

Page	Colm	Line
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YTD Labor Sales		673,198			
YTD Labor Gross Profit	-	406,812			
YTD Cost of Labor	=	266,386			
Statement Month	÷	10			
Average YTD Cost of Labor	=	26,639			A

	YTD	
	YTD	

WIP Inventory		8,291			
Average YTD Cost of Labor	÷	26,639			A
Months' Supply of WIP Inventory	=	0.311			
Number of Days in the Month	×	30			
Days' Supply of WIP Inventory	=	9			

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