



FORD OPERATING & EXPENSE PROFILES

14th Edition

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20 Group
8400 Westpark Drive
Tysons, Virginia 22102-3591
703.821.7220
20group@nada.org
<http://www.nada.org/20group>

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MANAGEMENT OPERATING PROFILES

Cash in Bank	100% of average monthly Total Dealership Expense plus Technician Payroll	
Service, Parts and Body Receivables	50% of average monthly Service, Parts and Body Sales (excluding warranty and internal sales)	
Receivable Aging	0 - 30 days	70%
	31 - 60 days	30%
Warranty Receivables	Manufacturer's average turnaround time or up to 25% of average monthly Warranty Sales	
New Inventory	1.5 months' supply (units and dollars)	
New Vehicle Turnover Rate	8 times per year	
Used Vehicle Inventory	1 month supply (units and dollars)	
Used Vehicle Turnover Rate	12 times per year	
Parts Inventory	1.5 months' supply	
Parts Inventory Fill Rate	90% - 95%	
Asset/Liability Ratios	2:1 (Current)	
	1:1 (Quick)	
Debt to Equity Ratio	Ratio of less than 3:1 would show possible borrowing power	
Net Profit Return on Assets	17% - 25%: Return percentage should be sufficient to justify operations, considering the <i>cost of money, risk, alternative investment</i> .	
Asset Utilization	Annualized sales divided by assets = 7 to 1	
Net Profit Return on Net Worth	45% - 50%	
Net Profit Return on Total Sales	4% - 5%	

Absorption = Gross Profit divided by Total Dealership Expense

	<u>With Body Shop</u>	<u>Without Body Shop</u>
Used Vehicle Department Absorption	40%	40%
Service Department Absorption	30%	35%
Body Shop Department Absorption	10%	0%
Parts Department Absorption	20%	25%
Total Absorption	100%	100%

PRODUCTIVITY PROFILES

New and Used Vehicle Departments

Sales Productivity	13 New + Used Vehicle Sales per Salesperson per Month
Used Retail to New Ratio	1.25:1

Service Department

Sales Proficiency	120% sale of hours available
Gross Retention	73% Customer Labor 73% Internal Labor 73% Warranty Labor
Technician Efficiency	125% Factory Manual 135% Chilton Motors and others
Stall Utilization/Productivity	75% minimum
Technician to Support Personnel Ratio	2:1
Customer Follow-Up Contact Rate	100%

Body Shop Department

Gross Retention	43% - 55% Total 65% Labor 30% - 35% Parts 40% Paint and Materials
Apprentice Technician Efficiency	100%
Journeyman Technician Efficiency	150%
Master Technician Efficiency	200% - 300%

Parts Department

Inventory Turnover (turns)	8 times per year
Inventory Profile-Sales Movement Range	
0 to 3 months	75% of inventory
4 to 6 months	23% of inventory
7 to 12 months	2% of inventory
Parts Sales Per Employee	\$40,000 per month
Parts Gross Per Employee	\$12,000 per month
Parts-to-Labor Ratio	1.00 minimum
Pricing Policy	Matrix when possible by individual parts numbers cost
Level of Service	90% - 95%

Ford Expenses	Total Dealership Expense % Gross	New Dept Expense % Gross	Used Dept Expense % Gross	Service Dept Expense % Gross	Parts Dept Expense % Gross	Body Shop Expense % Gross
Salesperson Commissions & Incentives *	9.90%	17.05%	15.85%			
Sales Managers Commissions & Incentives *	5.00%	8.20%	7.55%			
F&I Commissions & Incentives *	3.75%	6.70%	5.10%			
Pre-Delivery Expense	1.00%	3.45%				
Pre-Delivery Allowance	-1.20%	-3.90%				
Free Service / Maintenance & Policy	0.60%	1.20%	1.55%			
TOTAL VARIABLE EXPENSE (New & Used)	19.05%	32.70%	30.05%			
Salespersons Salaries *	1.10%	2.40%	1.85%			
Managers Salaries *	5.65%	4.15%	4.15%	9.35%	8.00%	12.15%
Other Salaries *	8.25%	4.35%	2.55%	15.25%	12.10%	14.90%
F & I Salaries *	0.90%	1.75%	1.60%			
Other Commissions & Incentives (Service, Parts & Body) *	3.85%			10.10%	7.10%	7.15%
Advertising + Promotion	8.90%	14.70%	9.35%	4.05%	2.40%	2.05%
<i>memo - Advertising</i>		11.85%	7.20%			
<i>memo - Promotions</i>		2.85%	2.15%			
Advertising Rebates	-3.45%	-11.75%	-1.10%	-0.50%	-0.25%	0.00%
Training	0.90%	0.80%	0.60%	1.75%	0.50%	1.00%
Demo Expense	0.45%	1.00%	0.70%			
Service Loaner	0.50%	0.65%	0.65%	1.20%	0.65%	1.75%
F&I Other Expense	0.45%	0.70%	0.65%			
Interest Floor Plan	6.00%	18.15%	2.85%			
Floor Plan Assistance	-5.30%	-17.60%	-1.45%			
Policy Adjustment (Service Parts & Body)	0.60%			2.45%	0.25%	1.15%
Tools & Supplies	0.75%			1.35%	0.95%	5.25%
Freight	0.35%			0.15%	0.70%	0.10%
Equipment & Vehicle Maintenance	0.55%			1.20%	1.00%	1.90%
Inventory Control & Data Processing	0.70%			1.55%	1.30%	2.65%
Vacation & Time Off Pay Tech *	0.75%			2.75%	0.80%	3.15%
TOTAL SEMI-FIXED & SALES EXPENSES	31.90%	19.30%	22.40%	50.65%	35.50%	53.20%
Salaries General Manager *	1.80%	1.70%	1.35%	1.95%	1.55%	1.95%
Salaries Administrative *	3.25%	3.25%	2.20%	3.20%	2.60%	3.20%
Employee Benefit *	3.30%	3.15%	2.05%	4.20%	2.95%	3.90%
Payroll Taxes *	4.30%	3.95%	2.50%	5.25%	3.20%	5.45%
Pensions *	0.65%	0.60%	0.40%	0.90%	0.45%	0.80%
Institutional Advertising & Promotion	0.80%	0.80%	0.50%	0.60%	0.60%	0.60%
Rent & Equivalent	8.35%	7.90%	5.25%	8.65%	6.80%	9.45%
Utilities	1.15%	1.10%	0.70%	1.30%	1.00%	1.75%
Telephone	0.35%	0.40%	0.25%	0.40%	0.30%	0.40%
Taxes	0.65%	0.85%	0.75%	0.45%	0.40%	0.65%
Insurance	1.00%	1.15%	0.60%	1.05%	0.75%	1.00%
Office Supplies	0.60%	0.65%	0.40%	0.50%	0.40%	0.50%
Professional & Service Fees	1.80%	1.60%	0.95%	1.85%	1.50%	1.60%
Data Processing	1.45%	1.50%	0.90%	1.65%	1.35%	1.45%
Bad Debts	0.10%	0.10%	0.05%	0.15%	0.10%	0.20%
Contributions	0.25%	0.30%	0.20%	0.20%	0.15%	0.15%
Interest	0.50%	0.60%	0.50%	0.60%	0.40%	0.45%
Depreciation Equipment	1.05%	0.95%	0.60%	1.45%	0.70%	1.15%
Equipment & Vehicle Maintenance General	0.30%	0.25%	0.15%	0.40%	0.25%	0.40%
Travel & Entertainment	0.30%	0.40%	0.25%	0.30%	0.25%	0.30%
Miscellaneous Expense	0.50%	0.50%	0.30%	0.55%	0.35%	0.50%
TOTAL FIXED EXPENSE	32.45%	31.70%	20.85%	35.60%	26.05%	35.85%
Dealer Salary *	1.55%	1.95%	1.15%	1.65%	1.40%	1.50%
TOTAL EXPENSE	84.95%	85.65%	74.45%	87.90%	62.95%	90.55%
TOTAL OPERATING PROFIT	15.05%	14.35%	25.55%	12.10%	37.05%	9.45%
Expenses that cannot be easily categorized to the departments should be analyzed based on the following methods: time, usage, benefit, value or area.						
If there are expenses that still cannot be categorized, use these recommended percentages:						
Proration of Unallocated Expenses	100.00%	33.00%	20.00%	21.00%	14.00%	12.00%
memo - Commissions & Incentives + Salaries Salespersons	11.00%	19.45%	17.70%			
memo - Commissions & Incentives + Salaries Sales Managers	10.65%	12.35%	11.70%			
memo - Commissions & Incentives + Salaries F&I	4.65%	8.45%	6.70%			
memo - Total Employee Expense *	54.00%	59.20%	48.30%			