



TOYOTA OPERATING & EXPENSE PROFILES

14th Edition

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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	\$48,000 to \$55,000+ per month
Parts Gross Per Employee	\$17,000 to \$19,000 per month
Parts-to-Labor Ratio	1.00 minimum
Pricing Policy	Matrix when possible by individual parts numbers cost
Level of Service	90% - 95%

Toyota Expenses	Total Dealership Expense % Gross	Total Dealership Expense % Gross incl. MCBP	New Dept Expense % Gross	New Dept Expense % Gross incl. MCBP	Used Dept Expense % Gross	Service Dept Expense % Gross	Parts Dept Expense % Gross	Body Shop Expense % Gross
Sales Compensation	16.15%	15.55%	19.70%	17.30%	17.70%	14.80%	10.20%	11.10%
Supervision Compensation	10.80%	10.40%	12.45%	10.90%	10.10%	7.10%	7.00%	11.80%
Delivery Expenses	0.15%	0.10%	-0.05%	-0.05%	0.55%			
Finance, Ins., & Svc. Ctr. Commissions	4.55%	4.35%	9.45%	8.25%	6.85%			
Advertising - Departmental	7.00%	6.80%	11.30%	9.90%	8.60%	2.90%	2.30%	0.55%
Interest - Floor Plan	-2.25%	-2.20%	-8.40%	-7.35%	1.80%			
TOTAL SELLING EXPENSES	36.40%	35.00%	44.45%	38.95%	45.60%	24.80%	19.50%	23.45%
Policy & Claims Adjustments	1.10%	1.05%	0.50%	0.40%	1.25%	1.80%	0.25%	0.75%
Demos & Company Vehicles - Dept'l	0.25%	0.25%	0.50%	0.40%	0.45%	-0.35%	0.45%	0.55%
Inventory Maintenance	0.25%	0.25%	0.25%	0.25%	0.80%		0.25%	
Personnel Training	0.75%	0.70%	0.80%	0.70%	0.40%	0.95%	0.35%	0.60%
Outside Services - Departmental	2.25%	2.15%	2.00%	1.75%	2.00%	2.20%	2.30%	1.90%
Freight	0.05%	0.05%					0.20%	
Supplies & Small Tools	0.50%	0.45%	0.75%	0.65%	0.65%	-1.80%	0.40%	4.05%
Laundry & Uniforms	0.20%	0.20%	0.05%	0.05%	0.10%	0.50%	0.10%	0.30%
Depr. - Equip. & Vehicles - Dept'l	0.70%	0.70%	0.40%	0.35%	0.40%	1.55%	0.75%	1.15%
Equip. - Maint., Repair & Rental - Dept'l	0.35%	0.35%	0.40%	0.35%	0.20%	0.85%	0.30%	1.20%
Miscellaneous Expenses	0.55%	0.50%	0.20%	0.20%	0.25%	0.35%	0.40%	0.20%
Salaries & Wages	6.00%	5.75%	3.75%	3.25%	3.45%	9.20%	5.65%	8.25%
Clerical Salaries	2.30%	2.15%	2.30%	2.00%	1.50%	2.60%	1.45%	2.00%
Vacation & Time Off Pay	1.40%	1.30%	1.05%	0.95%	0.75%	2.50%	0.60%	3.15%
TOTAL OPERATING EXPENSES	16.65%	15.85%	12.95%	11.30%	12.20%	20.35%	13.45%	24.10%
Rent & Equivalent	8.85%	8.60%	9.45%	8.40%	6.25%	7.95%	7.90%	7.95%
Salaries & Wages - Admin. & General	3.70%	3.60%	3.60%	3.25%	2.70%	3.60%	2.80%	1.85%
Owners Salaries	2.10%	2.10%	2.40%	2.15%	1.60%	1.85%	2.25%	1.30%
Payroll Taxes	4.50%	4.30%	4.95%	4.40%	2.60%	5.10%	2.40%	5.55%
Employee Benefits	3.50%	3.35%	2.95%	2.65%	2.35%	4.00%	2.45%	2.90%
Pension Fund / Profit Sharing	0.65%	0.60%	0.65%	0.55%	0.40%	0.55%	0.30%	0.50%
Advertising - General & Institutional	0.75%	0.70%	-0.65%	-0.60%	0.55%	0.45%	0.50%	0.45%
Stationery & Office Supplies	0.45%	0.45%	0.50%	0.40%	0.35%	0.50%	0.35%	0.65%
Data Processing Services	2.15%	2.10%	2.15%	1.90%	1.85%	1.90%	2.05%	1.40%
Outside Services - General & Inst.	2.00%	1.90%	1.85%	1.65%	1.70%	1.60%	1.35%	0.95%
Company Vehicles - Administration	0.55%	0.45%	0.30%	0.25%	0.15%	0.30%	0.40%	0.25%
Contributions	0.20%	0.15%	0.20%	0.15%	0.20%	0.20%	0.15%	0.25%
Dues & Subscriptions	0.20%	0.15%	0.15%	0.15%	0.20%	0.15%	0.20%	0.25%
Telephone	0.30%	0.30%	0.35%	0.30%	0.25%	0.35%	0.35%	0.30%
Legal & Auditing	0.35%	0.35%	0.40%	0.35%	0.30%	0.35%	0.30%	0.25%
Postage	0.20%	0.20%	0.40%	0.35%	0.35%	0.10%	0.10%	0.10%
Travel & Entertainment	0.40%	0.40%	0.60%	0.55%	0.45%	0.55%	0.30%	0.50%
Heat, Light, Power & Water	1.15%	1.10%	1.05%	0.95%	0.85%	1.05%	0.95%	1.45%
Furn & Equip - Deprec, Maint, Repair & Rental	1.05%	1.05%	1.15%	1.05%	0.60%	0.85%	1.15%	1.70%
Ins. - Other Than Bldgs. & Improvement	1.20%	1.15%	1.55%	1.40%	1.00%	1.15%	1.10%	1.55%
Taxes - Other Than R.E., Pay. & Inc.	1.00%	0.95%	1.75%	1.60%	0.40%	0.55%	0.75%	0.40%
Interest-Other Than Floor Plan & R.E. Mort	0.65%	0.60%	0.75%	0.65%	1.50%	0.75%	1.10%	0.55%
TOTAL OVERHEAD EXPENSES	35.90%	34.55%	36.50%	32.50%	26.60%	33.85%	29.20%	31.05%
TOTAL EXPENSES	88.95%	85.40%	93.90%	82.75%	84.40%	79.00%	62.15%	78.60%
TOTAL OPERATING PROFIT	11.05%	14.60%	6.10%	17.25%	15.60%	21.00%	37.85%	21.40%
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%		40.00%		20.00%	20.00%	15.00%	5.00%
No Body Shop	100.00%		40.00%		20.00%	25.00%	15.00%	0.00%