# TOYOTA OPERATING & EXPENSE PROFILES

# 13th 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%<br>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)<br>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 *cost of money, risk, alternative investment.* |
| 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

| | With Body Shop | Without Body Shop |
|---|---|---|
| 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<br>73% Internal Labor<br>73% Warranty Labor |
| Technician Efficiency | 125% Factory Manual<br>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<br>65% Labor<br>30% - 35% Parts<br>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 | New Dept Expense % Gross | Used Dept Expense % Gross | Service Dept Expense % Gross | Parts Dept Expense % Gross | Body Shop Expense % Gross |
|---|---|---|---|---|---|---|
| Sales Compensation | 15.60% | 17.45% | 15.55% | 14.25% | 8.10% | 5.30% |
| Sales Compensation - Scion only | 0.10% | 0.40% | 0.00% | | | |
| Supervision Compensation | 10.20% | 12.10% | 9.80% | 7.00% | 9.30% | 16.35% |
| Supervision Compensation - Scion only | 0.05% | 0.05% | 0.00% | | | |
| Delivery Expenses | 0.00% | -1.30% | 0.85% | | | |
| Finance, Ins., & Svc. Ctr. Commissions | 4.10% | 7.70% | 6.05% | | | |
| Fin., Ins., & Svc.Ctr.Comm. - Scion only | 0.05% | 0.10% | 0.00% | | | |
| Advertising - Departmental | 6.90% | 10.30% | 6.70% | 2.55% | 2.40% | 0.70% |
| Interest - Floor Plan | -3.40% | -10.65% | 1.00% | | | |
| **TOTAL SELLING EXPENSES** | **33.60%** | **36.15%** | **39.95%** | **23.80%** | **19.80%** | **22.35%** |
| Policy & Claims Adjustments | 0.50% | 0.00% | 0.85% | 1.20% | 0.15% | 0.70% |
| Demos & Company Vehicles - Dept'l | 0.30% | 0.30% | 0.20% | 0.90% | 0.70% | 0.25% |
| Inventory Maintenance | 0.05% | -0.80% | 0.65% | | 0.00% | |
| Personnel Training | 0.85% | 1.05% | 0.50% | 1.00% | 0.60% | 1.05% |
| Outside Services - Departmental | 2.15% | 2.15% | 1.45% | 1.55% | 1.30% | 1.30% |
| Freight | 0.05% | | | | 0.50% | |
| Supplies & Small Tools | 0.45% | 0.75% | 0.75% | -1.70% | 0.50% | 0.55% |
| Laundry & Uniforms | 0.20% | 0.05% | 0.05% | 0.45% | 0.10% | 0.45% |
| Depr. - Equip. & Vehicles - Dept'l | 0.55% | 0.25% | 0.20% | 0.85% | 0.55% | 0.25% |
| Equip. - Maint., Repair & Rental - Dept'l | 0.30% | 0.10% | 0.20% | 0.55% | 0.45% | 0.30% |
| Miscellaneous Expenses | 0.35% | 0.00% | 0.30% | 0.50% | 0.55% | 0.00% |
| Salaries & Wages | 4.75% | 3.55% | 2.65% | 7.20% | 5.45% | 9.70% |
| Clerical Salaries | 2.35% | 1.75% | 1.65% | 3.80% | 2.25% | 2.15% |
| Vacation & Time Off Pay | 1.15% | 1.10% | 0.80% | 2.30% | 0.75% | 1.60% |
| **TOTAL OPERATING EXPENSES** | **14.00%** | **10.25%** | **10.25%** | **18.60%** | **13.85%** | **18.30%** |
| Rent & Equivalent | 8.65% | 8.65% | 6.00% | 7.45% | 4.30% | 6.50% |
| Salaries & Wages - Admin. & General | 3.35% | 3.15% | 2.35% | 3.95% | 4.15% | 3.50% |
| Owners Salaries | 1.75% | 1.70% | 1.35% | 1.60% | 1.90% | 2.90% |
| Payroll Taxes | 4.30% | 4.90% | 2.50% | 4.80% | 2.90% | 5.00% |
| Employee Benefits | 3.20% | 2.85% | 1.90% | 3.80% | 2.35% | 1.90% |
| Pension Fund / Profit Sharing | 0.40% | 0.45% | 0.25% | 0.30% | 0.20% | 0.10% |
| Advertising - General & Institutional | 0.85% | 0.00% | 0.95% | 0.30% | 0.75% | 0.00% |
| Stationery & Office Supplies | 0.40% | 0.40% | 0.35% | 0.55% | 0.55% | 0.25% |
| Data Processing Services | 2.05% | 1.85% | 1.80% | 1.85% | 2.60% | 2.25% |
| Outside Services - General & Inst. | 1.85% | 1.60% | 1.70% | 2.15% | 1.85% | 0.65% |
| Company Vehicles - Administration | 0.65% | 0.60% | 0.25% | 0.25% | 0.40% | 0.00% |
| Contributions | 0.20% | 0.15% | 0.20% | 0.15% | 0.35% | 0.15% |
| Dues & Subscriptions | 0.15% | 0.15% | 0.15% | 0.15% | 0.25% | 0.25% |
| Telephone | 0.25% | 0.25% | 0.25% | 0.25% | 0.35% | 0.25% |
| Legal & Auditing | 0.30% | 0.35% | 0.35% | 0.30% | 0.45% | 0.40% |
| Postage | 0.20% | 0.35% | 0.30% | 0.10% | 0.15% | 0.25% |
| Travel & Entertainment | 0.35% | 0.35% | 0.30% | 0.35% | 0.40% | 0.20% |
| Heat, Light, Power & Water | 1.05% | 0.95% | 0.85% | 1.05% | 1.30% | 0.65% |
| Furn & Equip - Deprec, Maint, Repair & Rental | 0.65% | 0.95% | 0.60% | 0.85% | 1.70% | 0.85% |
| Ins. - Other Than Bldgs. & Improvements | 1.10% | 1.35% | 0.95% | 1.15% | 1.10% | 0.80% |
| Taxes - Other Than R.E., Pay. & Inc. | 1.35% | 2.65% | 0.65% | 0.35% | 0.90% | 0.00% |
| Interest-Other Than Floor Plan & R.E. Mort | 0.85% | 0.80% | 0.50% | 0.55% | 1.50% | 0.45% |
| **TOTAL OVERHEAD EXPENSES** | **33.90%** | **34.45%** | **24.50%** | **32.25%** | **30.40%** | **27.30%** |
| **TOTAL EXPENSES** | **81.50%** | **80.85%** | **74.70%** | **74.65%** | **64.05%** | **67.95%** |
| **TOTAL OPERATING PROFIT** | **18.50%** | **19.15%** | **25.30%** | **25.35%** | **35.95%** | **32.05%** |

**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%** |