



Automotive Industry Guidelines Balance Sheet — Quick Analysis

Assets

Cash & Equivalent	Should equal one month's average expense.
Contracts & Vehicles Receivables	Should be less than or equal to 3 days vehicle sales.
Accts. Rec. - Parts & Service	Should not exceed 50% of monthly parts & service sales. (excluding warranty, prep and internals)
Finance Receivables	Should not exceed current month F & I income.
Warranty Receivables	Should approximate warranty claims advance. Should not exceed 110% of manufacturer turnaround time, i.e., GM pays 4 times a month. The receivable should be 27.5% of current month sales.
New Vehicle Inventory	Days supply in dollars and units should equal 45-60 days. Inventory Turn should be 6.00 turns per year
Used Vehicle Inventory	Days supply in dollars and units should equal 30-45 days. Inventory Turn should be 8.00 turns per year.
Parts Inventory	Amount based on average month cost of parts sold. Guide is a 2.5 months supply or 60 days Inventory Gross Turns 4-6 per year Inventory True Turn (Gross Turn x SO Perf) 3-5 per year Obsolete Inv < 10% Non-Stock Parts \$ S/B minimal

Liabilities

Floorplan Liability

New Vehicles & Demos
Used Vehicles

Should Not Exceed 103% of current inventory.
Generally an indication of cash deficiencies if more than 50%
of used inventory.

Accounts Payable

80% Average month total expense.

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Automotive Industry Guidelines Productivity and Operational Guidelines

Sales - Merchandising and Staffing Guidelines

New Vehicle	Used Vehicle	Service	Body Shop	Parts	
New Vehicles – 45-60 days No Units > 120 Days 10-15 New & Used Retail Units per Salesperson Gross Cars – \$1,402 before F&I Gross Trucks – \$1,623 before F&I Sales .89:1 Used to New	Used Vehicles – 30-45 days No Units > 60 Days 10-15 New & Used Retail Units per Salesperson Gross Cars – \$1,524 before F&I Gross Trucks – \$1,526 before F&I	Flat hrs./RO RO's/Day/SvcAdvisor-Cust. Pay, Warr, Int. Technicians per Service Advisor Labor Gross per Tech-Domestic Labor Gross per Tech-Imports Highline Labor Gross per Tech-Imports Regular Labor Gross per Advisor-Domestic Labor Gross per Advisor-Imports Highline Labor Gross per Advisor-Imports Regular	2-2.5 10-15 4-5 \$6,387 \$8,922 \$8,141 \$27,918 \$34,603 \$31,149	Apprentice – 100% efficient Journeyman - 150% efficient Master - 200% efficient Labor Gross per Tech-Domestic \$5,121 Labor Gross per Tech-Imports Highline \$7,049 Labor Gross per Tech-Imports Regular \$5,144 Dept. Gross/Employee (incl.Techs)-Domestic \$3,505 Dept. Gross/Employee (incl.Techs)-Im. Highline \$4,921 Dept. Gross/Employee (incl.Techs)-Im. Regular \$3,774	Level of Service 90.0% Stock Order Performance >75.0% <u>Parts \$ Sold per Labor \$ Sold</u> Customer Repair \$1.00 Minimum Warranty \$1.20 Minimum Internal \$1.00 Minimum Dept. Gross/Employee-Domestic \$5.322 Dept. Gross/Employee-Imports Highline \$15.599 Dept. Gross/Employee-Imports Regular \$6.261

Gross Productivity

New Vehicle	Used Vehicle	Service	Body Shop	Parts
G/P as a % of Sales 8.0% Net Profit as a % of Sales 1.5-2.5% <u>F & I Penetration Rate %</u> Finance Income (excl. retail lease) 55.9% Insurance 24.6% Extended Service 32.9% Finance Gross per financed veh. \$569 Insurance Gross per insured veh. \$454 Ext. Service Gross per contract \$352	G/P as a % of Sales 11-13% Net Profit as a % of Sales 3%-4% <u>F&I Penetration Rate %</u> Finance Income (excl. retail lease) 58.8% Insurance 35-40% Extended Service 45-50% Finance Gross per financed veh. \$498 Insurance Gross per insured veh. \$306 Ext. Service Gross per contract \$350-500	G/P as a % of Sales Customer Pay 65-70% Warranty 65-70% Internal 65-70% Sublet Repairs 15.0% Total Dept 55-65% <u>Net Profit as a % of Sales</u> Domestic 8.1% Imports-Highline 15.4% Imports-Regular 11.3%	G/P as a % of Sales Customer Pay 60-65% Warranty 60-65% Internal 60-65% Sublet Repairs 20.0% P & A Cust RO 30-35% Paint & Materials 25.0% Total Dept. 45-55% <u>Net Profit as a % of Sales</u> Domestic 4.5% Imports-Highline 10.4% Imports-Regular 0.0%	G/P as a % of Sales Cust Pay RO's 30-40% Warranty 30-35% Internal 20-25% Counter-Retail 35-37% Wholesale 20-25% Cust Pay B.S. 26-33% Warranty B.S. 26-33% Total Dept. G/P 30-35% <u>Net Profit as a % of Sales</u> Domestic 11.8% Imports-Highline 10.3% Imports-Regular 12.9%

Department Net Retention - Management

New Vehicle	Used Vehicle	Service	Body Shop	Parts
Dept. Net 35% of Gross	Dept. Net 50% of Gross	Dept. Net 50% of Gross	Dept. Net 40% of Gross	Dept. Net 50% of Gross

Expense Control Structure Guidelines

New Vehicle	Used Vehicle	Service	Body Shop	Parts
<u>Total Exp. as a % of Total G/P</u> GM, & C/P 70.0% Ford & Imports 78-84% <u>Compensation as a % of Veh G/P</u> Salesperson 25.5% Supervision 7.0% F&I Comp as a % of F&I Income 18.5% Personnel Exp as a % of G/P 17-23% Advertising as a % of Veh G/P 10-15% Advertising per retail unit sold \$400-\$450 <u>Floorplan Int as a % of Veh G/P</u> Domestic 15.5% Imports-Highline 18.2% Imports-Regular 4.9%	<u>Total Exp. as a % of Total G/P</u> Domestic 66-68% Imports-Highline 80.0% Imports-Regular 68.0% <u>Compensation as a % of Veh G/P</u> Salesperson 28.0% Supervision 8.0% Personnel Exp as a % of G/P 18-22% Advertising as a % of Veh G/P 10-15% Advertising per retail unit sold \$180-\$260 <u>Floorplan Int as a % of Veh G/P</u> Domestic 4.0% Imports-Highline 18.2% Imports-Regular 4.9% Reconditioning-Cars \$335 Reconditioning-Trucks \$309	<u>Total Exp. as a % of Total G/P</u> Domestic 84-86% Imports 76.0% <u>Personnel Exp as a % of G/P</u> Domestic 41.6% Imports-Highline 42.8% Imports-Regular 46.4% Advert & Training as a % of G/P 3.0% Tools, Supp, Freight as a % of G/P 3.0%	<u>Total Exp. as a % of Total G/P</u> Domestic 83-86% Ford & Imports 81-92% <u>Personnel Exp as a % of G/P</u> Domestic 47.3% Imports-Highline 49.7% Imports-Regular 46.0%	<u>Total Exp. as a % of Total G/P</u> Domestic 61.1% Imports-Highline 55.5% Imports-Regular 56.0% <u>Personnel Exp as a % of G/P</u> Domestic 34.0% Imports-Highline 29.2% Imports-Regular 32.1% Advert & Training as a % of G/P 3.0% Tools, Supp, Freight as a % of G/P 3.0%

Fixed Expenses - 25-35% of Total Gross Profit

RENT FACTOR 6.0-9.0% of Total Gross	OFFICE COMPENSATION 4.0% of Total Gross	PAYROLL TAXES 4.5% of Total Gross	NET EARNINGS 3.5-5.0% of Total Sales 25%-35% of Total Gross	TOTAL EXPENSES 75-80% of Total Gross
ABSORPTION G.M. 55-60%+ Ford and Chrysler 85%+	OFFICE STAFF TO TOTAL DEALERSHIP 1:14	OWNERS COMPENSATION as a % of Sales - 3.7%	PERSONNEL EXPENSE as a % of Gross Profit - 30%	TOTAL GROSS PER EMPLOYEE \$6,852