

2014 Automotive Industry Guidelines

Sales - Merchandising and Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
New Vehicle			
New Vehicle Supply in days	98.7	58.8	58.1
Gross Cars - before F&I	\$ 1,037	\$ 1,173	\$ 2,278
Gross Trucks - before F&I	\$ 1,251	\$ 1,553	\$ 2,464
Sales Ratio: new to used	1.8:1	1:2	1:2.1
Gross Productivity			
New Vehicle			
Gross profit as a % of sales	6.7%	7.1%	6.0%
Net profit as a % of sales	1.9%	1.2%	2.1%
F&I penetration Rate%			
Finance contract (exc retail lease)	72.5%	69.2%	54.9%
Finance contract (inc retail lease)	77.0%	78.3%	66.6%
Insurance	30.9%	35.2%	9.8%
Extended Service	49.4%	37.7%	21.8%
Finance Gross per financed veh.	\$ 699	\$ 644	\$ 1,001
Insurance Gross per insured veh.	\$ 503	\$ 513	\$ 363
Ext. Service Gross per contract	\$ 833	\$ 659	\$ 677
Expense Control Structure Guidelines			
New Vehicle			
Total expense as a % of vehicle G/P	78.3%	92.0%	78.8%
Compensation as a % of veh GP			
Salesperson	23.6%	19.3%	16.9%
Supervision	16.4%	16.7%	14.3%
F&I comp as % of F&I income	18.2%	21.6%	25.2%
Personnel Exp as a % of G/P	48.2%	42.4%	37.3%
Advertising as a % of Veh G/P	24.8%	16.1%	15.7%
Advertising per retail unit sold	\$ 339	\$ 315	\$ 402
Floor plan int as a % of Veh G/P	8.2%	-2.0%	3.1%
Performance Measures			
Key Indicator Ratios			
Current Ratio	1.33	1.48	1.41
Debt to Equity Ratio	3.67	2.76	2.17

Sales - Merchandising & Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
Used Vehicle			
Used Vehicle supply (in days)	57.1	48.4	50.6
Units per salesperson (Overall N&U Retail)	10.6	15.2	12.1
Gross Cars - Before F&I	\$ 1,329	\$ 1,547	\$ 2,378
Gross Trucks - before F&I	\$ 1,772	€	€
Gross Productivity			
Used Vehicle			
Gross profit as a % of sales	9.9%	10.8%	8.5%
Net profit as a % of sales	4.0%	2.5%	1.7%
F&I Penetration Rate %			
Finance Income (excludes retail lease)	64.6%	64.4%	61.9%
Insurance	30.3%	30.4%	13.8%
Extended Service	47.0%	40.0%	25.6%
Finance Gross per financed vehicle	\$ 695	\$ 592	\$ 671
Insurance Gross per insured vehicle	\$ 469	\$ 441	\$ 529
Ext Service Gross per contract	\$ 658	\$ 966	\$ 821
Expense Control Structure Guidelines			
Used Vehicle			
Total Expense as a % of Total G/P	86.4%	97.5%	85.3%
Compensation as a % of veh GP			
Salesperson	24.9%	19.8%	21.6%
Supervision	16.5%	14.5%	13.8%
F&I comp as % of F&I income	22.6%	23.6%	22.7%
Personel Exp as a % of G/P	35.4%	39.3%	38.7%
Advertising as a % of Veh G/P	10.7%	11.3%	10.1%
Advertising per retail unit sold	\$ 290	\$ 211	\$ 264
Floor plan int as a % of Veh G/P	1.2%	1.9%	0.7%
Reconditioning - Cars	\$ 594	\$ 857	\$ 1,312
Reconditioning - Trucks	\$ 722	€	\$ 743
Performance Measures			
Key Indicator Ratios			
Return on Equity (ROE)	52.7%	43.6%	50.8%
Return on Assets (ROA)	10.5%	14.0%	15.1%

€ = Too few data points to arrive at a meaningful average

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Service Dept.			
Flat Hrs/RO	1.3	1.6	1.8
Technician efficiency	87.6%	99.9%	97.1%
RO's/Day/Svc Advisor - Cust Pay, Warr, Int.	12.7	15.8	15.2
Technicians per Service Advisor	3.4	3.2	4.3
Labor Gross per Tech	\$ 9,993	\$ 14,467	\$ 14,782
Labor Gross per Advisor	\$ 32,057	\$ 39,589	\$ 58,425
Gross Productivity			
Service Dept.			
G/P as a % of sales			
Customer Pay	71.7%	75.9%	78.6%
Warranty	72.1%	80.5%	79.7%
Internal	71.7%	75.8%	75.9%
Sublet Repairs	6.8%	13.4%	15.3%
Total Department	65.4%	71.5%	72.2%
Net Profit as a % of Sales	19.7%	19.0%	20.2%
Expense Control Structure Guidelines			
Service Dept.			
Total expense as a % of Total GP	70.3%	71.7%	76.0%
Personnel Exp as a % of G/P	41.6%	37.7%	36.8%
Advertising as a % of G/P	5.7%	2.8%	3.4%
Training as a % of G/P	2.2%	2.1%	1.8%
Tools, Supp, Freight as a % of G/P	2.1%	-0.4%	-0.9%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Rent Factor			
Percent of Total Gross	8.3%	8.0%	10.3%
Absorption %	84.5%	71.6%	89.0%
Net Earnings			
% of Total Sales	3.1%	3.2%	4.3%
% of Total Gross	29.7%	24.4%	37.9%
Personnel Expense as a % of Gross profit	38.1%	42.0%	39.4%
Office Compensation as a % of Total Gross	4.1%	4.8%	3.9%

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Parts Dept.			
Parts \$ sold per Labor \$ sold			
Cust. Repair	1.0	0.9	0.8
Warranty	1.3	1.1	1.4
Internal	\$ 1.0	\$ 0.8	\$ 0.8
Dept Gross per Employee	\$ 15,474	\$ 16,738	\$ 28,033
Gross Productivity			
Parts Dept.			
G/P as a % of Sales			
Customer Pay	38.4%	38.5%	42.4%
Warranty	32.9%	34.0%	36.2%
Internal	26.6%	30.1%	29.6%
Counter Retail	34.3%	32.8%	36.4%
Wholesale	16.1%	18.8%	24.4%
Customer Pay - Body Shop	33.2%	33.4%	‡
Warranty - Body Shop	‡	‡	‡
Total Dept GP%	32.3%	31.9%	34.6%
Net profit as a % of Sales	15.9%	12.3%	12.4%
Expense Control Structure Guidelines			
Parts Dept.			
Total Exp as % of Total G/P			
	56.7%	59.6%	59.3%
Personnel Exp as a % of G/P	33.6%	31.9%	33.0%
Advertising as a % of G/P	4.2%	2.0%	1.7%
Training as a % of G/P	0.8%	1.2%	0.5%
Tools, Supp, Freight as a % of G/P	1.5%	1.4%	1.5%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Office Staff to Total Dealership	1:10	1:14	1:9
Total Expenses as a % of Total Gross	86.1%	85.7%	81.6%
Payroll Taxes as a % of Total Gross	4.4%	4.1%	4.0%
Owners Compensation as a % of Sales	1.0%	0.6%	0.8%
Gross Per Employee (total deal)	\$ 9,993	\$ 8,749	\$ 11,974
All Other Income Per Retail Unit Sold less LIFO & Gains on Fixed	\$ 835	\$ 675	\$ 1,767
Retail Units Sold / Administrative	\$ 231	\$ 193	\$ 108

‡ = Too few data points to arrive at a meaningful average