

## 2016 Automotive Industry Guidelines

Sales - Merchandising and Staffing Guidelines				Domestic Dealer	Import Dealer	Highline Dealer
New Vehicle						
New Vehicle Supply in days		95	58.9			65.5
Units per salesperson ( New)		12	9.8			16.0
Gross Cars - before F&I	\$	1,094	\$ 1,002	\$		2,044
Gross Trucks - before F&I	\$	1,493	\$ 1,562	\$		2,660
Sales Ratio: new to every 1 used		1.29	1.31			1.41
Departmental G/P as a % of Total Dealership G/P		18.5%	25.0%			20.5%
Gross Productivity						
New Vehicle						
Gross profit as a % of sales		4.6%	5.9%			5.9%
Net profit as a % of sales		1.9%	1.7%			2.4%
F&I penetration Rate%						
Finance contract (inc retail lease)		73.6%	76.4%			72.5%
Extended Service		42.2%	34.6%			23.6%
Finance & Insurance Gross per financed veh.	\$	969	\$ 851	\$		959
Ext. Service Gross per contract	\$	847	\$ 757	\$		788
All New Other Income per new vehicle sold	\$	334	\$ 1,100	\$		692
Expense Control Structure Guidelines						
New Vehicle						
Total expense as a % of vehicle G/P		90.6%	104.9%			91.3%
Compensation as a % of veh GP						
Salesperson		20.3%	21.2%			21.4%
Supervision		14.1%	15.2%			15.4%
F&I comp as % of F&I income		18.0%	21.6%			18.8%
Personnel Exp. as a % of G/P		38.8%	44.8%			38.4%
Gross Advertising Exp as a % of veh. G/P		19.7%	14.0%			15.8%
Gross Advertising Reimbursement as a % of veh. G/P		-10.4%	‡			‡
Net Advertising per retail unit sold	\$	235	\$ 289	\$		257
Gross Floor plan int. as a % of G/P		7.9%	-2.4%			7.0%
Gross Floor plan int. reimbursement as a % of veh. G/P		-14.6%	-7.3%			‡
Policy Exp as a % of veh. G/P		2.0%	1.7%			1.2%
Performance Measures						
Key Indicator Ratios						
Current Ratio		1.4	1.4			1.4
Debt to Equity Ratio		4.1	2.9			3.1

  

Sales - Merchandising & Staffing Guidelines				Domestic Dealer	Import Dealer	Highline Dealer
Used Vehicle						
Used Vehicle supply (in days)		60	43			56.0
Units per salesperson ( N&U )		12	20			28.1
Gross Cars - Before F&I	\$	1,614	\$ 1,858	\$		1,891
Gross Trucks - before F&I	\$	2,082	\$ 1,386	\$		‡
Departmental G/P as a % of Total Dealership G/P		21.5%	20.2%			14.0%
Gross Productivity						
Used Vehicle						
Gross profit as a % of sales		9.2%	10.8%			7.6%
Net profit as a % of sales		3.3%	2.2%			0.4%
F&I Penetration Rate %						
Finance contracts (includes retail lease)		63.9%	64.2%			64.8%
Extended Service		45.5%	43.9%			30.8%
Finance & Insurance Gross per financed vehicle	\$	846	\$ 751	\$		860
Ext Service Gross per contract	\$	935	\$ 794	\$		953
All Used Other Income per used vehicle sold	\$	351	\$ 240	\$		434
Expense Control Structure Guidelines						
Used Vehicle						
Total Expense as a % of Total G/P		83.4%	90.4%			107.4%
Compensation as a % of veh GP						
Salesperson		21.8%	20.6%			21.5%
Supervision		14.8%	13.3%			14.1%
F&I comp as % of F&I income		20.7%	18.1%			18.7%
Personel Exp as a % of G/P		33.6%	40.3%			35.8%
Gross Advertising as a % of Veh G/P		10.0%	10.1%			10.6%
Gross Advertising Reimbursement as a % of veh. G/P		‡	‡			‡
Net Advertising per retail unit sold	\$	219	\$ 239	\$		264
Gross Floor plan int as a % of Veh G/P		1.4%	0.9%			1.1%
Gross Floor plan int. reimbursement as a % of veh. G/P		‡	‡			‡
Policy Exp as a % of veh. G/P		2.6%	1.3%			1.1%
Reconditioning - Cars	\$	740	\$ 949	\$		1,195
Reconditioning - Trucks	\$	858	\$ 805	\$		‡
Performance Measures						
Key Indicator Ratios						
Return on Equity (ROE)		38.6%	36.6%			49.9%
Return on Assets (ROA)		9.8%	12.4%			12.0%

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



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Service Dept.						
Flat Hrs/RO				1.3	1.3	1.9
RO's/Day/Svc Advisor - Cust Pay, Warr, Int.				15.3	16	15.5
Technicians per Service Advisor				3.6	3.5	3.5
Labor Gross per Tech				\$ 8,745	\$ 11,668	\$ 16,173
Labor Gross per Advisor				\$ 31,021	\$ 37,703	\$ 51,849
Departmental G/P as a % of Total Dealership G/P				23.2%	28.0%	36.8%
Gross Productivity						
Service Dept.						
G/P as a % of sales						
Customer Pay				70.8%	75.6%	78.4%
Warranty				71.8%	77.3%	80.7%
Internal				70.4%	75.5%	77.5%
Sublet Repairs				11.2%	10.3%	14.0%
Total Department				65.6%	70.9%	72.3%
Net Profit as a % of Sales				19.3%	13.3%	22.2%
Expense Control Structure Guidelines						
Service Dept.						
Total expense as a % of Total GP				84.5%	81.5%	83.6%
Personnel Exp as a % of G/P				43.5%	37.9%	36.3%
Adv & Training as a % of G/P				7.2%	4.4%	4.9%
Tools, Supp, Freight as a % of G/P				3.2%	0.1%	1.1%
Policy Exp as a % of G/P				2.8%	1.9%	2.7%

  

Fixed Expenses - Percent of Total Gross						
Rent Factor						
Percent of Total Gross				8.3%	9.3%	11.2%
Absorption %				71.8%	79.7%	81.8%
Net Earnings						
% of Total Sales				2.9%	3.1%	3.5%
% of Total Gross				26.0%	24.2%	30.2%
Personnel Expense as a % of Gross profit				41.1%	42.1%	40.6%
Office Compensation as a % of Total Gross				4.6%	4.5%	4.7%

  

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Parts Dept.						
<u>Parts \$ sold per \$1 Labor sold</u>						
Cust. Repair				\$ 1.01	\$ 0.85	\$ 0.82
Warranty				\$ 1.15	\$ 1.53	\$ 1.28
Internal				\$ 0.95	\$ 0.70	\$ 0.64
Dept Gross per Employee				\$ 17,219	\$ 19,326	\$ 27,008
Departmental G/P as a % of Total Dealership G/P				15.6%	15.8%	20.0%
Gross Productivity						
Parts Dept.						
G/P as a % of Sales						
Customer Pay				36.9%	39.4%	42.8%
Warranty				33.3%	35.5%	35.1%
Internal				30.3%	31.2%	33.2%
Counter Retail				33.8%	33.2%	36.7%
Wholesale				18.7%	18.8%	23.4%
Customer Pay - Body Shop				†	†	†
Warranty - Body Shop				†	†	†
Total Dept GP%				33.0%	32.5%	34.0%
Net profit as a % of Sales				13.4%	11.2%	10.4%
Expense Control Structure Guidelines						
Parts Dept.						
Total Exp as % of Total G/P				61.4%	63.8%	66.1%
Personnel Exp as a % of G/P				32.2%	30.6%	36.3%
Advertising as a % of G/P				5.0%	3.6%	2.8%
Tools, Supp, Freight as a % of G/P				1.3%	1.1%	1.3%
Policy as a % of G/P				1.2%	1.0%	0.7%
Fixed Expenses - Percent of Total Gross						
Office Staff to Total Dealership				1:10	1:10	1:7
Total Expenses as a % of Total Gross				84.5%	86.5%	90.2%
Payroll Taxes as a % of Total Gross				4.3%	4.1%	4.3%
Owners Compensation as a % of Sales				0.72%	0.48%	0.55%
Gross Per Employee (total deal)				\$ 9,749	\$ 8,906	\$ 10,531
All Other Income Per Retail Unit Sold less LIFO & Gains on Fixed				\$ 528	\$ 857	\$ 1,066
Retail Units Sold / Administrative				215	147	140

† - Too few data points to arrive at a meaningful average