

2015 Automotive Industry Guidelines

Sales - Merchandising and Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
New Vehicle			
New Vehicle Supply in days	100.3	52.4	81.4
Gross Cars - before F&I	\$ 1,305	\$ 1,039	\$ 2,192
Gross Trucks - before F&I	\$ 1,292	\$ 1,507	\$ 2,713
Sales Ratio: new to used	1.3:1	1.5:1	2.0:1
Gross Productivity			
New Vehicle			
Gross profit as a % of sales	4.7%	6.3%	5.9%
Net profit as a % of sales	1.3%	2.1%	2.6%
F&I penetration Rate%			
Finance contract (exc retail lease)	82.3%	64.1%	51.2%
Finance contract (inc retail lease)	80.8%	72.9%	67.1%
Insurance	35.9%	28.5%	7.9%
Extended Service	45.0%	37.7%	21.5%
Finance Gross per financed veh.	\$ 792	\$ 651	\$ 1,106
Insurance Gross per insured veh.	\$ 573	\$ 456	\$ 265
Ext. Service Gross per contract	\$ 842	\$ 640	\$ 859
Expense Control Structure Guidelines			
New Vehicle			
Total expense as a % of vehicle G/P	101.7%	101.1%	86.6%
Compensation as a % of veh GP			
Salesperson	29.6%	21.2%	23.7%
Supervision	16.4%	15.6%	15.8%
F&I comp as % of F&I income	18.5%	21.4%	18.3%
Personnel Exp as a % of G/P	48.6%	48.2%	33.0%
Advertising as a % of Veh G/P	26.0%	15.2%	17.6%
Advertising per retail unit sold	\$ 386	\$ 345	\$ 439
Floor plan int as a % of Veh G/P	0.2%	-2.9%	6.2%
Performance Measures			
Key Indicator Ratios			
Current Ratio	1.14	1.38	1.35
Debt to Equity Ratio	4.24	2.05	2.09

Sales - Merchandising & Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
Used Vehicle			
Used Vehicle supply (in days)	54.0	46.6	56.6
Units per salesperson (Overall N&U Retail)	14.8	14.3	24.4
Gross Cars - Before F&I	\$ 1,355	\$ 1,655	\$ 2,184
Gross Trucks - before F&I	\$ 1,658	†	†
Gross Productivity			
Used Vehicle			
Gross profit as a % of sales	9.0%	10.1%	7.1%
Net profit as a % of sales	4.1%	2.2%	1.6%
F&I Penetration Rate %			
Finance Income (excludes retail lease)	64.5%	64.1%	57.8%
Insurance	30.4%	33.6%	12.9%
Extended Service	49.4%	44.5%	23.5%
Finance Gross per financed vehicle	\$ 710	\$ 646	\$ 740
Insurance Gross per insured vehicle	\$ 519	\$ 399	\$ 431
Ext Service Gross per contract	\$ 737	\$ 830	\$ 858
Expense Control Structure Guidelines			
Used Vehicle			
Total Expense as a % of Total G/P	83.3%	87.6%	83.0%
Compensation as a % of veh GP			
Salesperson	24.4%	21.6%	22.7%
Supervision	17.2%	14.0%	15.6%
F&I comp as % of F&I income	20.4%	17.2%	15.1%
Personel Exp as a % of G/P	33.3%	32.2%	33.8%
Advertising as a % of Veh G/P	9.8%	10.6%	10.4%
Advertising per retail unit sold	\$ 157	\$ 270	\$ 208
Floor plan int as a % of Veh G/P	1.4%	1.4%	0.7%
Reconditioning - Cars	\$ 645	\$ 967	\$ 1,142
Reconditioning - Trucks	\$ 740	†	\$ 856
Performance Measures			
Key Indicator Ratios			
Return on Equity (ROE)	41.3%	43.5%	45.8%
Return on Assets (ROA)	10.3%	14.1%	12.1%

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

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Service Dept.			
Flat Hrs/RO	1.3	1.5	2.0
Technician efficiency	99.4%	100.0%	91.3%
RO's/Day/Svc Advisor - Cust Pay, Warr, Int.	12.4	14.6	15.2
Technicians per Service Advisor	3.8	3.6	4.0
Labor Gross per Tech	\$ 10,345	\$ 14,689	\$ 18,793
Labor Gross per Advisor	\$ 37,114	\$ 40,326	\$ 64,886
Gross Productivity			
Service Dept.			
G/P as a % of sales			
Customer Pay	71.1%	73.9%	78.6%
Warranty	72.5%	79.4%	79.3%
Internal	69.8%	69.8%	75.9%
Sublet Repairs	6.6%	14.8%	14.1%
Total Department	64.0%	69.6%	71.7%
Net Profit as a % of Sales	19.1%	17.5%	15.8%
Expense Control Structure Guidelines			
Service Dept.			
Total expense as a % of Total GP	70.0%	73.1%	80.8%
Personnel Exp as a % of G/P	35.6%	38.5%	38.3%
Advertising & Training as a % of G/P	6.7%	3.6%	4.2%
Tools, Supp, Freight as a % of G/P	2.8%	-0.2%	-1.5%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Rent Factor			
Percent of Total Gross	8.4%	9.3%	10.2%
Absorption %	78.9%	84.4%	88.1%
Net Earnings			
% of Total Sales	3.8%	3.1%	3.5%
% of Total Gross	29.9%	24.0%	32.9%
Personnel Expense as a % of Gross profit	38.1%	42.9%	40.6%
Office Compensation as a % of Total Gross	4.6%	4.5%	4.2%

Sales - Merchandising and Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
Parts Dept.			
Parts \$ sold per Labor \$ sold			
Cust. Repair	1.0	0.6	0.9
Warranty	1.1	1.3	1.3
Internal	\$ 1.0	\$ 0.7	\$ 0.7
Dept Gross per Employee	\$ 15,513	\$ 20,268	\$ 25,572
Gross Productivity			
Parts Dept.			
G/P as a % of Sales			
Customer Pay	38.0%	38.9%	41.8%
Warranty	33.7%	37.4%	34.6%
Internal	27.1%	33.1%	29.9%
Counter Retail	34.4%	33.5%	36.1%
Wholesale	18.0%	18.6%	24.6%
Customer Pay - Body Shop	22.0%	‡	‡
Warranty - Body Shop	‡	‡	‡
Total Dept GP%	32.9%	33.3%	33.7%
Net profit as a % of Sales	13.4%	15.0%	11.4%
Expense Control Structure Guidelines			
Parts Dept.			
Total Exp as % of Total G/P	56.2%	55.0%	65.2%
Personnel Exp as a % of G/P	33.4%	29.4%	31.3%
Advertising & Training as a % of G/P	4.9%	1.9%	2.8%
Tools, Supp, Freight as a % of G/P	1.1%	1.4%	1.7%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Office Staff to Total Dealership	1:11.6	1:10	1:14
Total Expenses as a % of Total Gross	87.9%	86.1%	88.3%
Payroll Taxes as a % of Total Gross	4.4%	4.2%	4.1%
Owners Compensation as a % of Sales	0.6%	0.4%	0.9%
Gross Per Employee (total deal)	\$ 8,925	\$ 8,787	\$ 10,946
All Other Income Per Retail Unit Sold less LIFO & Gains on Fixed	\$ 701	\$ 735	\$ 1,212
Retail Units Sold / Administrative	\$ 157	\$ 196	\$ 93

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