



2017 Dealership Benchmarks

Motor Industry Services

Light and Medium Trucks | Australia

Benchmarking your dealership

Benchmarking is an excellent method of monitoring performance and setting goals for your business and staff.

As our coverage of the Australian motor industry increases, we now have greater capability to benchmark more segments with more accuracy.

As a result, this year we have split the Truck benchmarks into two different segments (each with its own benchmark card):

- Light & Medium Trucks
- Heavy Trucks

This new segmentation is aimed at making it easier to identify the crucial, and unique, factors that help to achieve sustainable profitability in a Light & Medium Truck dealership and a Heavy Truck business.

These benchmarks are a measure of 'best practice' across the industry and are based on the performance of the top 30% of dealers in the eProfitFocus database.

The intention of the benchmarks is to provide a 'guide only' for dealership performance. Some dealerships, due to certain geographic or demographic circumstances, may not be able to achieve all the guidelines.

This publication is a quick reference guide to ProfitFocus benchmarks.

For further clarification and interpretations of benchmarks, please contact us at 1300 784 511

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Gross profit

| Dealership structure | Orientation | GP% |
|----------------------|-------------|------------|
| New | 46% | 8% |
| Used | 7% | 20% |
| Parts/Accessories | 18% | 24% |
| Service | 29% | 62% |
| | 100% | 16% |

| | |
|--------------------------------|-------------------|
| Front end (Vehicle operations) | 53% |
| Back end (aftersales) | 47% |
| Finance and insurance | 3% of total gross |

Orientation = Where does it come from?

GP% = How strong are my margins?

Truck operations

| Product | New | Used |
|-------------------------|---------|---------|
| Gross per unit | \$8,500 | \$9,500 |
| Used/new ratio (retail) | n/a | 0.5 |
| Days supply | 94 | 95 |
| Stock turns p.a. | 4.0 | 4.0 |
| Gross ROI* | 32% | 77% |

*Gross as a % of cost of sales x turns p.a.

People

| | Medium Light | Used |
|---------------------------------|-------------------|----------|
| Units per salesperson per month | 9 | 7 |
| Gross per salesperson per month | \$55,000-\$77,500 | \$66,500 |

Finance and Brokerage (F&B)

| | New | Used |
|-----------------------------------|---------|----------|
| Finance penetration | 28% | 34% |
| Finance income per contract | \$3,300 | \$2,800 |
| Finance per retail unit sold | \$1,000 | \$1,800 |
| F&B income per dept employee p.m. | | \$46,500 |

Fixed operations

| Parts department | Sales mix % | GP% |
|-------------------------|--------------------|------------|
| Retail/counter | 51% | 27% |
| Wholesale/trade | 16% | 25% |
| Workshop | 14% | 27% |
| Warranty | 12% | 11% |
| Internal | 7% | 20% |
| Total | 100% | 24% |

Operational benchmarks

| | |
|------------------------------|-----------------|
| Days supply/stock turns p.a. | 94 days/4 times |
| Monthly sales per employee | \$119,800 |
| Monthly gross per employee | \$28,750 |

| Service department | Sales mix % | GP% |
|---------------------------|--------------------|------------|
| Labour | | |
| – Retail | 68% | 71% |
| – Warranty | 16% | 64% |
| – Internal | 16% | 73% |
| Total labour sales | 100% | 65% |
| Sublet sales | | 15% |
| Total sales | | 62% |

Operational benchmarks

| | |
|---|----------|
| Productivity | 94% |
| Efficiency | 110% |
| Performance index (productivity x efficiency) | 103% |
| Monthly sales per technician | \$11,200 |
| Monthly gross per technician | \$7,000 |
| Parts/labour ratio | 0.70 |
| Ratio of chargeable to non chargeable | 3.0 to 1 |
| Unapplied time | 4% |

Department profitability
Selling gross is the key

| Vehicle operations | New | | Used | |
|---------------------------|------------|----------------|------------|----------------|
| | Gross | PU | Gross | PU |
| Gross | 100% | \$8,500 | 100% | \$9,500 |
| Sales staff salaries/comm | 24% | \$2,040 | 17% | \$1,615 |
| Manager salaries/comm | 5% | \$425 | 13% | \$1,235 |
| Other salaries | 4% | \$340 | 3% | \$285 |
| Pre-delivery | 6% | \$510 | - | - |
| Free service/policy | 3% | \$255 | - | - |
| Used warranty | - | - | 4% | \$380 |
| Advertising | 3% | \$255 | 3% | \$285 |
| Floorplan | 6% | \$510 | 3% | \$285 |
| Demo expenses | 2% | \$170 | 2% | \$190 |
| Selling gross | 47% | \$3,995 | 55% | \$5,225 |

| Fixed operations | Parts % gross | Service % gross |
|-----------------------------------|---------------|-----------------|
| Salaries (non chargeable) | 26% | 12% |
| Advertising | 1% | 1% |
| Training | 1% | 1% |
| Policy/freight | 2% | 1% |
| Tools and supplies | 1% | 1% |
| Equipment and vehicle maintenance | 1% | 2% |
| Sick/holiday pay - technician | - | 6% |
| Selling gross | 68% | 76% |
| Selling gross per technician | - | \$5,675 |
| Selling gross per employee | \$19,300 | \$4,000 |

Overheads

The cost to open the doors

| Fixed expenses | % of gross |
|---------------------------------------|-------------------|
| Administration and DP Salaries | 4.2% |
| FBT (net of contributions) | 0.2% |
| Payroll tax | 2.1% |
| Superannuation | 3.1% |
| Long service leave | 0.2% |
| Rent (or mortgage insurance) | 7.2% |
| Rates and Taxes | 1.2% |
| Property maintenance/outside services | 1.6% |
| Telephone | 0.4% |
| Insurance (incl. workers comp) | 1.5% |
| Office supplies/stationary | 0.4% |
| Professional fees | 0.5% |
| Data processing | 1.0% |
| Bank charges and taxes | 0.3% |
| Interest (overdraft/working capital) | 1.5% |
| Bad debts | 0.1% |
| Depreciation | 0.6% |
| Electricity | 0.6% |
| Travel and Entertainment | 0.6% |
| Miscellaneous/training | 4.9% |
| Total fixed expenses | 32.2% |

The Big Three

1. Net profit as % sales: 3.7%
2. Days to dealership break even*: 26 (out of 30 days)
3. Selling gross per employee: \$11,891 p.m

*Based on full month i.e. 30 days

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