

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	18%	7%
Used	2%	16%
Parts/Accessories	40%	28%
Service	40%	54%
	100%	19%
Front end (vehicle operations)	20%	
Back end (aftersales)	80%	
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	\$21,000	\$7,500
Used/new ratio (retail)	n/a	0.2
Days supply	95	122
Stock turns p.a.	4.0	3.0
Gross ROI*	28%	48%

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

People

	Heavy	Used
Units per salesperson per month	5	1
Gross per salesperson per month	\$105,000	\$7,500

Finance and Brokerage (F&B)

	New	Used
Finance penetration	20%	2%
Finance income per contract	\$6,500	\$650
Finance per retail unit sold	\$1,100	\$50
F&B income per dept employee p.m.		\$13,500

Fixed operations

Parts department	Sales mix %	GP%
Retail/counter	39%	26%
Wholesale/trade	18%	18%
Workshop	18%	30%
Warranty	16%	12%
Internal	9%	14%
Total	100%	28%

Operational benchmarks

Days supply/stock turns p.a.	93 days/4 times
Monthly sales per employee	\$75,000
Monthly gross per employee	\$21,000

Service department	Sales mix %	GP%
Labour		
– Retail	65%	73%
– Warranty	25%	63%
– Internal	10%	71%
Total labour sales	100%	68%
Sublet sales		13%
Total sales		54%

Operational benchmarks

Productivity	92%
Efficiency	110%
Performance index (productivity x efficiency)	101%
Monthly sales per technician	\$15,900
Monthly gross per technician	\$8,586
Parts/labour ratio	0.80
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%	\$21,000	100%	\$7,500
Sales staff salaries/comm	22%	\$4,620	18%	\$1,350
Manager salaries	8%	\$1,680	5%	\$375
Other salaries	3%	\$630	4%	\$300
Pre-delivery	9%	\$1,890	-	-
Free service/policy	2%	\$420	-	-
Used warranty	-	-	2%	\$150
Advertising	1%	\$210	3%	\$225
Floorplan	11%	\$2,310	2%	\$150
Demo expenses	4%	\$840	1%	\$75
Selling gross	40%	\$8,400	65%	\$4,875

Fixed operations	Parts % gross	Service % gross
Salaries (non chargeable)	28%	19%
Advertising	1%	1%
Training	1%	2%
Policy/freight	2%	2%
Tools and supplies	1%	1%
Equipment and vehicle maintenance	1%	2%
Sick/holiday pay - technician	-	6%
Selling gross	66%	67%
Selling gross per technician	-	\$7,300
Selling gross per employee	\$13,800	\$5,400

Overheads

The cost to open the doors

Fixed expenses	% of gross
Administration and DP Salaries	5.8%
FBT (net of contributions)	0.6%
Payroll tax	2.9%
Superannuation	3.5%
Long service leave	1.0%
Rent (or mortgage insurance)	7.4%
Rates and Taxes	1.0%
Property maintenance/outside services	2.0%
Telephone	0.7%
Insurance (incl. workers comp)	3.0%
Office supplies/stationary	0.6%
Professional fees	0.3%
Data processing	1.2%
Bank charges and taxes	0.6%
Interest (overdraft/working capital)	1.0%
Bad debts	0.1%
Depreciation	1.6%
Electricity	0.7%
Travel and Entertainment	0.3%
Miscellaneous/training	4.1%
Total fixed expenses	38.4%

The Big Three

1. Net profit as % sales: 3.2%
2. Days to dealership break even*: 27 (out of 30 days)
3. Selling gross per employee: \$8,602 p.m

*Based on full month i.e. 30 days

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