



Gart Sutton &
Associates, Inc.



LEADERSHIP PLUS

New Key Performance Indicator

Benchmarks That Cannot Be Ignored

By Gart Sutton



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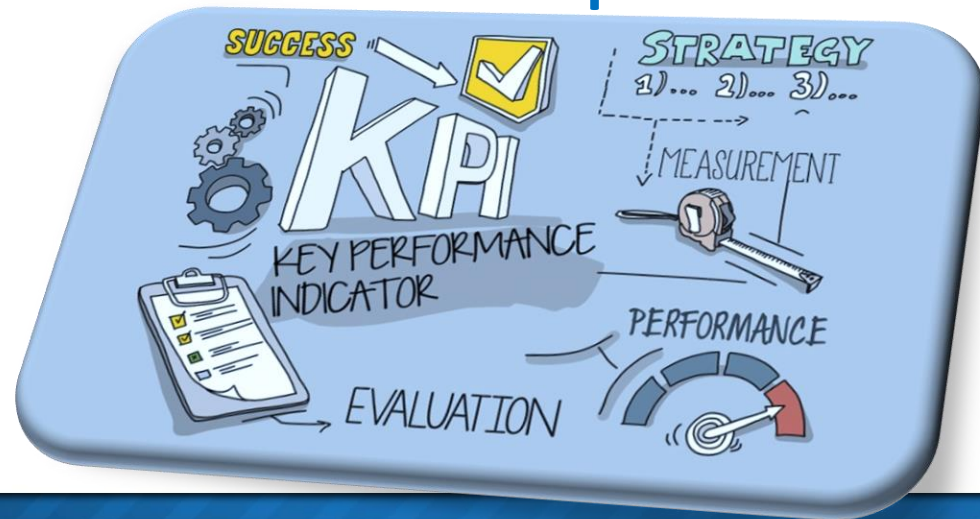


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McGraw  Powersports
Western Service Contract

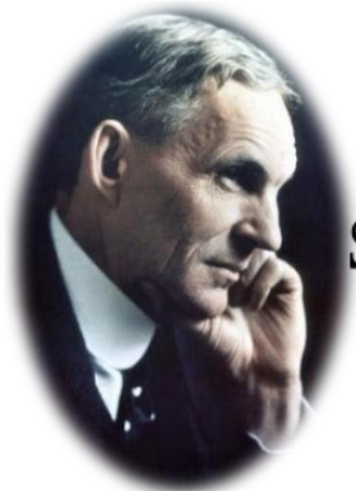


Promise: After this session you will be able to distinguish the critical key performance indicators that are essential for your dealership's profitability.

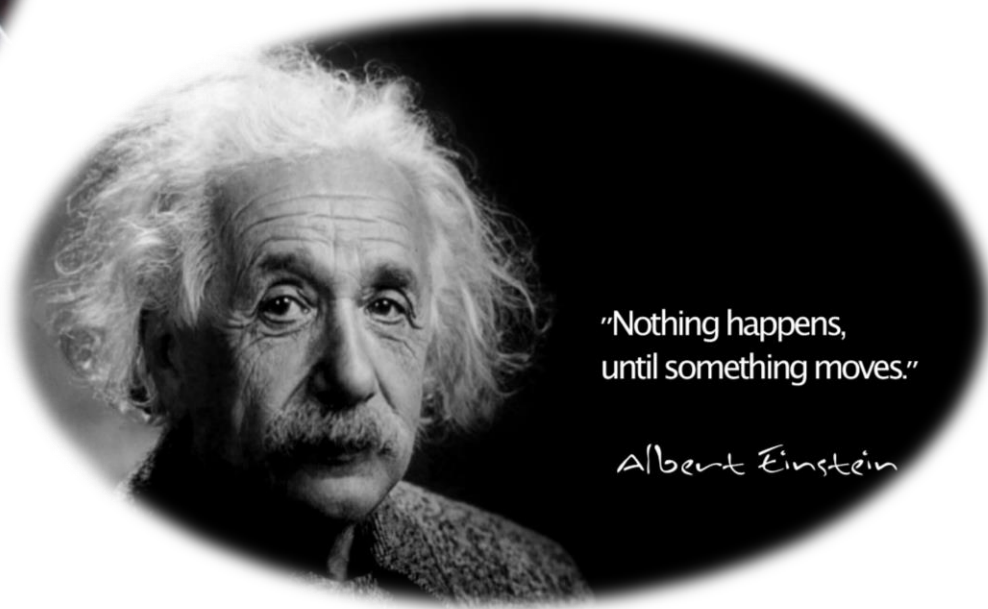




First, let's
talk
reality



**“NOTHING HAPPENS UNTIL
SOMEONE SELLS SOMETHING”
- HENRY FORD**



*“Nothing happens,
until something moves.”*

Albert Einstein



THE FOUNDATION

1. **SALES:** The amount of money received for products sold after discounts, trade over-allowances and giveaways.
2. **COST OF SALES:** The cost of buying, shipping and getting products ready-to-sell (i.e., new unit PDI, pre-owned unit reconditioning).
3. **GROSS PROFIT:** Sales minus cost-of-sales



OVERALL DEALERSHIP GROSS PROFIT BENCHMARK



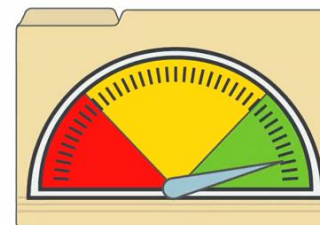
Sales



Cost-of Sales



25-30% Gross Margin





OVERALL DEALERSHIP

1	Total Sales - 2018	\$4,994,450
2	Total Sales - 2017	\$3,942,219
3	Change in Percent	26.69%
4	Gross Profit \$ - 2018	\$1,356,066
5	Gross Profit \$ - 2017	\$1,018,937
6	Change in Percent	33.09%
7	Margin - 2018	27.15%
8	Margin - 2017	25.85%
9	Change in Margin	1.30%
10	Selling Exp - 2018	\$302,421
11	Selling Exp - 2017	\$240,168
12	Change in Percent	25.92%
13	Personnel Exp - 2018	\$290,146
14	Personnel Exp - 2017	\$284,291
15	Change in Percent	2.06%
16	Total Exp - 2018	\$592,567
17	Total Exp - 2017	\$524,459
18	Change in Percent	12.99%
19	G&A Expenses - 2018	\$513,404
20	G&A Expenses - 2017	\$351,533
21	Change in Percent	46.05%
22	Net Income - 2018	\$250,096
23	Net Income - 2017	\$142,945
24	Change in Percent	74.96%
25	NI as % of Sales - 2018	5.01%
26	NI as % of Sales - 2017	3.63%
27	Change in Margin	1.38%



HELPING OR HURTING YOU?

NEW UNIT SALES DEPARTMENT

GROSS PROFIT BENCHMARK

Sales minus Cost-of Sales minus Concessions equals New Unit Gross Profit*




*Price
reductions,
trade over-
allowances, free
accessories &
free apparel





NEW UNIT SALES

58	Total Sales - 2018	\$2,288,154
59	Total Sales - 2017	\$1,930,621
60	Change in Percent	18.52%
61	Units Sold - 2018	318
62	Units Sold - 2017	302
63	Change in Percent	5.30%
64	Gross Profit \$ - 2018	\$287,539
65	Gross Profit \$ - 2017	\$234,330
66	Change in Percent	22.71%
67	Margin - 2018	12.57%
68	Margin - 2017	12.14%
69	Change in Margin	0.43%
70	Selling Exp - 2018	\$197,319
71	Selling Exp - 2017	\$168,719
72	Change in Percent	16.95%
73	Personnel Exp - 2018	\$106,798
74	Personnel Exp - 2017	\$74,427
75	Change in Percent	43.49%
76	Total Exp - 2018	\$304,117
77	Total Exp - 2017	\$243,146
78	Change in Percent	25.08%



HELPING OR HURTING YOU?

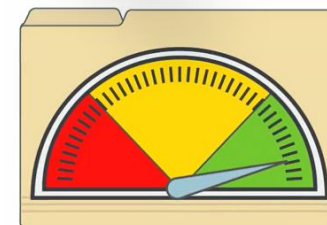
PRE-OWNED SALES DEPARTMENT

GROSS PROFIT BENCHMARK

Sales minus Cost-of Sales minus Concessions equals Pre-Owned Gross Profit*



*Price
reductions,
trade over-
allowances, free
accessories &
free apparel





PRE-OWNED UNIT SALES

189	Total Sales - 2018	\$1,340,874
190	Total Sales - 2017	\$807,084
191	Change in Percent	66.14%
192	Units Sold - 2018	222
193	Units Sold - 2017	143
194	Change in Percent	55.24%
195	Gross Profit \$ - 2018	\$270,787
196	Gross Profit \$ - 2017	\$153,113
197	Change in Percent	76.85%
198	Margin - 2018	20.19%
199	Margin - 2017	18.97%
200	Change in Margin	1.22%



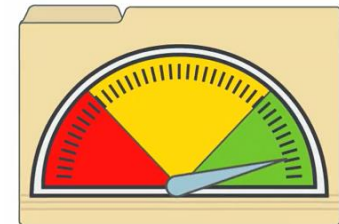
HELPING OR HURTING YOU?

FINANCE & INSURANCE DEPARTMENT GROSS PROFIT BENCHMARK

F&I Gross Profit divided by Total New/Used Units equals F&I Per Vehicle Sold



\$450 to \$1,000 PVS





FINANCE & INSURANCE

(PART 1)

365	Gross Profit \$ PVS - 2018	\$584
366	Gross Profit \$ PVS - 2017	\$321
367	Change in Percent	81.92%
368	Gross Profit \$ PVF - 2018	\$1,251
369	Gross Profit \$ PVF - 2017	\$846
370	Change in Percent	47.84%
371	Fin. Part. \$ PVS - 2018	\$98
372	Fin. Part. \$ PVS - 2017	\$41
373	Change in Percent	136.93%
374	Fin. Part. \$ PVF - 2018	\$209
375	Fin. Part. \$ PVF - 2017	\$109
376	Change in Percent	92.54%
377	Finance Penetration - 2018	46.65%
378	Finance Penetration - 2017	37.91%
379	Change in Margin	8.74%
380	Serv. Contract Pen. - 2018	33.06%
381	Serv. Contract Pen. - 2017	25.45%
382	Change in %	7.62%

FINANCE & INSURANCE (PART 2)

386	Pri. Maint. Pen. - 2018	16.84%
387	Pri. Maint. Pen. - 2017	14.50%
388	Change in %	2.33%
389	Pri. Maint. Mar. - 2018	58.16%
390	Pri. Maint. Mar. - 2017	54.40%
391	Change in %	3.76%
392	Tire & Wheel Pen. - 2018	6.90%
393	Tire & Wheel Pen. - 2017	6.36%
394	Change in %	0.54%
395	Theft Penetration - 2018	10.75%
396	Theft Penetration - 2017	3.31%
397	Change in %	7.44%
398	Fin. Deals w/GAP - 2018	48.70%
399	Fin. Deals w/GAP - 2017	24.16%
400	Change in %	24.53%



HELPING OR HURTING YOU?

PARTS, ACCESSORIES & APPAREL DEPT GROSS PROFIT BENCHMARK

Sales minus Cost-of Sales minus Concessions equals **34% to 38% Parts Gross Profit***



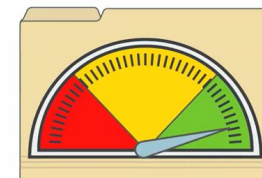
*Price reductions,
clearance, giveaways



Sales minus Cost-of Sales minus Concessions equals **30% to 35% Accessory Gross Profit***



*Price reductions,
clearance, giveaways





PARTS & ACCESSORIES (P&A)

413	Total Sales - 2018	\$903,305
414	Total Sales - 2017	\$715,855
415	Change in Percent	26.19%
416	Gross Profit \$ - 2018	\$285,103
417	Gross Profit \$ - 2017	\$250,583
418	Change in Percent	13.78%
419	Margin - 2018	31.56%
420	Margin - 2017	35.00%
421	Change in Margin	-3.44%
422	Selling Exp - 2018	\$28,981
423	Selling Exp - 2017	\$21,503
424	Change in Percent	34.78%
425	Personnel Exp - 2018	\$105,924
426	Personnel Exp - 2017	\$94,670
427	Change in Percent	11.89%
428	Total Exp - 2018	\$134,905
429	Total Exp - 2017	\$116,173
430	Change in Percent	16.12%



HELPING OR HURTING YOU?

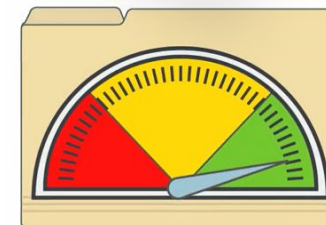
SERVICE DEPARTMENT

GROSS PROFIT BENCHMARK

Labor Sales minus *Tech Pay* equals *Service Gross Profit*



70%





SERVICE

(Part 1)

509	Total Sales - 2018	\$358,998
510	Total Sales - 2017	\$361,969
511	Change in Percent	-0.82%
512	Gross Profit \$ - 2018	\$256,456
513	Gross Profit \$ - 2017	\$255,474
514	Change in Percent	0.38%
515	Margin - 2018	71.44%
516	Margin - 2017	70.58%
517	Change in Margin	0.86%



SERVICE

(Part 2)

536	RO Volume - 2018	2780
537	RO Volume - 2017	1769
538	Change in Percent	57.15%
539	Billed Hours - 2018	3831
540	Billed Hours - 2017	3480
541	Change in Percent	10.10%
542	Billed Hours/RO - 2018	1.38
543	Billed Hours/RO - 2017	1.97
544	Change in Percent	-29.94%



SERVICE (Part 3)

548	Labor Sales/RO - 2018	\$190
549	Labor Sales/RO - 2017	\$196
550	Change in Percent	-2.97%
551	Tech Productivity % - 2018	70.30%
552	Tech Productivity % - 2017	76.12%
553	Change in Margin	-5.82%
554	Tech Efficiency % - 2018	122.32%
555	Tech Efficiency % - 2017	150.42%
556	Change in Margin	-28.10%
557	Dept Proficiency % - 2018	85.99%
558	Dept Proficiency % - 2017	114.50%
559	Change in Margin	-28.51%
560	P&A Sold to RO Ratio - 2018	1.48
561	P&A Sold to RO Ratio - 2017	1.53
562	Change in Percent	-2.74%



ACRES OF DIAMONDS



- A farmer who lived in Africa became excited about looking for diamonds.
- The idea of millions of dollars worth of diamonds motivated him to **sell his farm** and head out to find his fortune.
- He wandered all over the continent searching for diamonds which he never found.
- As the years slipped by, he eventually went completely broke and died.
- Miraculously, the **new owner** of the farm later discovered he had actually purchased land that turned out to become one of the richest diamond mines in the world.
- The **original farmer** was literally standing on **“Acres of Diamonds”** which he unfortunately sold to seek his fortune elsewhere.



Step One:

Total the number of Parts, Accessories and Apparel invoices plus all Repair Orders (ROs) *year-to-date*.

Step Two:

Divide these transactions by the number of major units sold *year-to-date*.



	Dealer-1	Dealer-2	Dealer-3
Transactions this YTD	11993	4627	6474
Transactions last YTD	11406	5330	7550
Change over prior year	5%	-13%	-14%
Major units this YTD	344	115	93
Major units last YTD	318	146	105
Change vs. prior year	8%	-21%	-11%
Trans-to-unit ratio* this YTD	35	40	70
Trans-to-unit ratio* last YTD	36	37	72
Change vs prior year	-3%	10%	-3%
*transactions = P&A, Gen Mdse, ROs			



1. The majority of the Dealer's money (cash) is tied up in inventory.
2. It is possibly the biggest asset and biggest liability at the same time.
3. Product that's not selling (turning) is costing you money.
4. GMROI calculations assist Dealers in evaluating whether a sufficient gross profit is being earned.
5. It is calculated by dividing gross profit by average inventory at cost.
6. For every \$1.00 you give your P&A department, you should be getting \$1.70 back in order to pay the department's operating expenses and drive departmental profitability.



Questions

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