Dealer Calculations

Description	Dealer Calculation	Benchmark
Effective Labor Rate	Labor sales divided by hours sold Average labor rate for a specific period in time 85% to 90% of your posted labor rate	
Technician Productivity	Hours worked divided by hours available The % of time that a technician is clocked on to jobs	85% to 87.5%
Technician Efficiency	Flat rate hours divided by hours worked Technician performance relative to flat rate %	125% to 130%
Available Hours Per Month	# of Techs x Hours per day x Working days Clock hour measurement (varies depending on sick, training, vacation days	
Hours Per Repair Order	Flat rate hours divided by number of RO's Assess advisor selling skills	1.80 to 2.50

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Dealer Calculations

Description	Dealer Calculation	Benchmark
Technician Proficiency	Flat rate hours divided by hours available x 100 How effectively a tech makes use of his time	100% to 120%
Service Advisor RO's Per Day	RO's per day divided by # of advisors # of RO's handled by on an avg. day by consultant	17 – 20 per day
Hours To Load Per Day	Number of techs x hours per day x shop proficiency Tells you how much business you can accept in a day	
Time Loading Factor Per Day	True available hours x 80% Hrs. to load leaving time for walk-in's and emergencies	
Flat Rate Hour Potential	Available hours x 120% Measures potential FRH's in a month if all technicians if each tech produces to the max	

Dealer Calculations

Description	Dealer Calculation	Benchmark
Labor Sales Potential	Available hours x effective labor rate Labor sales to expect if all available hrs. were sold	
Facility Potential	Number of bays x working days x hours per dal x ELR Potential labor sales in a month based on capacity & ELR	
Facility Utilization	Actual labor sales divided by facility facility potential x 100% Determines the use of your facility	
Gross Profit Retention	Labor gross divided by labor sales x 100%	
Net Profit Margin	Gross profit less expenses divided by labor sales x 100%	20% or better

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What Good Looks Like

Description	Averages
Flat Rate Hours Per Day Per Advisor	40-50
Avg. Per RO	1.8 to 2.5
RO's Per Day Per Advisor	17 to 20
Gross Profit % Less Sublet	72%
Menus Sales as a % of the Total	35%
Net Profit	20% Plus
One Line RO's	10% to 15% Exclude Oil Changes
Parts to Labor Ratio	$0.85 to a Dollar of Labor (depends on carline)
Technician Efficiency	125%
Technician Productivity	85% to 87.5%
Technician Proficiency	120%
Technicians Per Consultant	4 to 5

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Service Absorption

The most misunderstood of any calculation of a Dealer's financial statement is the percentage of service absorption. And it is one of the most important. this gives the dealership an opportunity to sell more vehicles - new and used - at a lower price than its competitors.

$ of Gross Profit Per Department	
Parts Department	
Service Department	
Body Shop	
Total Gross	
Total $ of Operating Expenses Per Department	
Parts Department	
Service Department	
Body Shop	
Fixed Expenses	
Dealers Salary	
Total of Expenses	
Divide the total of 1st category (Gross) by the total of the 2nd category (Expenses) to give you the service Absorption %	
Service Absportion %	

The absolute least % you should accept is 80%. There are many dealers with a Service Absorption percentage consistently well over 100%. The majority of dealers numbers that I have seen are between 45% and 80%.

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