

DO YOU GET A REPORT CARD? By Mark Ludwig



Remember bringing your report card home as a kid? As mom and dad scanned it, they would give you a little frown, a big smile and another frown. Your stomach would feel a little queasy. They would sit down with you and say “great job” in math and then start asking some pretty tough questions about other subjects. Sometimes it was not fun, but they were working with you to make you a better student.

Imagine you had a simple and comprehensive report to measure your dealership’s performance and clarify your expectations? To maximize your profits, you need a tool to show managers where they are doing a great job and where they can make improvements.

There is an overabundance of great information with computers, Internet, and factory reports that goes unused due to the sheer volume and a variety of formats. If it is not user-friendly, chances are neither you nor your managers will make use of the information.

Summarize your dealership’s performance into a quick review that serves as an index to all of your information. Design your report to cover all departments, keeping it simple and using numbers you can quickly analyze. The key to successful reporting is to track relevant information in a basic and consistent approach using year-to-date comparisons, monthly trends and goals. If you want your managers to use your report, make it easy to read and understand with clear headings and descriptions, lots of white space, and a readable font.

When setting goals, use your experience, manufacturer data, “twenty group numbers” and NADA information. Remember these goals should be adjusted over time so you and your managers are always striving for improvement. When working with new dealers, I am always surprised at the opportunities for additional profits that are found when comparing them to other dealers. I work with dealers across the country and their

performance in various areas far exceed general expectations. For example, a strong guide for F & I is \$700 gross per retail, but a number of our dealers exceed \$1,000 per retail. Be sure not to limit yourself by an artificial industry standard.

After designing your report, you will immediately recognize your strengths and begin focusing on areas that need improvement. The report will serve as a road map to the computer, Internet, and factory reports that contain important information. For example, if you see a problem building in new overaged inventory, you should immediately pull an inventory aging report. You can isolate which cars are overaged and develop a plan to correct the situation. Then implement a process so it won’t happen again. If CSI is a lot higher than expected, pull your CSI report and find out why. Once you discover the reason, give a “great job” to those responsible and discuss how to continue increasing their scores. If F & I gross per retail is decreasing, sit down with your manager and look at how you are trending and compare to last year. Discuss opportunities for additional profits and design a course of action to reach your goals. Make the most of your time, use your own report to pinpoint where the dealership requires your attention and to serve as a point of discussion in optimizing your manager’s performance.

TABLE FORMAT:

Just a few basics for your report card:

TOTAL DEALERSHIP

- Retail units
- Net profit
- Net profit as a percent of gross
- Net profit per retail

NEW & USED

- Units
- Gross per unit
- Floor plan interest per unit
- Supervision as a percent of gross
- Sales compensation as a percent of gross

F & I

- Gross per unit
- Compensation as a percent of gross

SERVICE

- Total gross
- Service compensation as a percent of gross

PARTS

- Total gross
- Parts compensation as a percent of gross

PERSONNEL

- # of employees
- Gross per employee

EXPENSES

- Total personnel expense as a percent of gross
- Advertising per unit

CSI

- Choose up to four key areas including market area averages

NEW INVENTORY

- Days supply
- Inventory over 90 days

USED INVENTORY

- Days supply
- Inventory over 45 days

PARTS INVENTORY

- Days supply
- Inventory over 6 months

RECEIVABLES

- Parts & service over 60 days
- Warranty receivables over 30 days
- Contracts in transit and vehicle receivables over 15 days

In designing our report card we prepare a comprehensive, yet simple one-page summary on the departments listed above.

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