



## 2025 Formulas. Definitions. Guides.

ITEM	FORMULA DEFINITION	NOTE
<b>Asset Utilization</b>	Annualized total dealership sales ÷ total assets.	Minimum Ratio: 7 to 1
<b>Cash Days' Supply</b>	Cash, contracts in transit, marketable securities and vehicle receivables ÷ total dealership expense (average month) x 30 days.	Guide: Minimum 1 month (3 months recommended)
<b>Cash in Bank</b>	Amount equal to a minimum of 30 days, total dealership expenses (average) + technician payroll.	Guide: Minimum 1 month (3 months recommended)
<b>Current Ratio (current assets to current liabilities)</b>	Total current assets + LIFO (if included in current assets) ÷ total current liabilities. Defined as "the ability to pay bills."	Ratio: 2.0-2.5 : 1
<b>Debt to Equity</b>	Total liabilities ÷ equity (net worth) + 60% of LIFO balances. The higher the number, the lower the corporation's borrowing power.	Ratio: 3 to 1 or less
<b>Fixed Absorption</b>	Service, parts and body shop gross profit ÷ total dealership expense, excluding lease & rental (% of expense absorbed by fixed ops).	Guide: 115%
<b>Frozen Capital</b>	Cash tied up in aged and/or excess receivables and inventories (any excess over 30 days' supply of receivables + 60 days' supply of inventory).	Guide: 0
<b>Inventory Trust Position</b>	Inventory of new trucks + holdback receivables minus notes payable on new trucks. If this number is negative, it should not exceed the total contracts in transit and vehicle receivable balance	Positive or zero inventory trust position balance.
<b>LIFO (Last In, First Out)</b>	A tax-deferral strategy of inventory valuation.	
<b>Net Profit Return on Sales</b>	Total dealership net profit ÷ total dealership sales.	Guide: 4%
<b>Net Profit Return on Gross</b>	Total dealership net profit ÷ total dealership gross profit.	Guide: 20-25%
<b>Net Profit Return on Assets</b>	Return % sufficient to justify operations. Annual profits ÷ total assets (+ LIFO, if recorded on asset side of financial statement).	Guide: 17%-25%
<b>Net Worth</b>	The sum of stock value, additional paid-in capital, retained earnings and YTD dealership net profit minus dividends and/or drawings.	Note: LIFO dealers add 60% of LIFO reserve
<b>Open Repair Orders</b>	Mechanical or body shop repair orders not yet invoiced.	Guide: Less than 2 days after last time punch
<b>Parts Inventory Months' Supply</b>	Reconciled inventory amount ÷ the average month cost of sales.	Guide: 1.5 months' supply
<b>Parts Obsolescence</b>	Parts inventory aged over 12 months no-sale.	Guide: Less than 3% of total inventory

# 2025 Formulas, Definitions and Guides

ITEM	FORMULA DEFINITION	NOTE
<b>Policy and Goodwill Percentage of Gross</b>	Goodwill granted to a service department customer ÷ service department gross profit.	Guide: 2% of service department gross profit
<b>Return on Equity</b>	Measures how effectively a dealership uses its capital to generate profits. Annualized total dealership net profit (BIT) ÷ net worth/owner equity + 60% LIFO reserve.	Guide: 28%-35%
<b>Service Department Proficiency</b>	Technician hours produced within the total technician hours available. Formula: Hours produced ÷ hours available. <i>Example: 40 ÷ 40 = 100%.</i>	Guide: 100% of available technician hours
<b>Total Absorption</b>	Total used-truck, service, parts and body shop gross profit ÷ total dealership expense, excluding lease & rental.	Guide: 130% (% of expense absorbed by these departments)
<b>Used-Truck Days' Supply in Dollars</b>	Used-truck inventory dollar value ÷ used-truck cost of sale (average month) x number of working days per month.	Guide: 60 days, 6 turns per year no units over 180 days old
<b>Variable Expense</b>	Expenses that change in direct association with unit sales volume, such as salesperson commissions, delivery expense and policy expense.	
<b>Work in Process</b>	Work in process (WIP)	Guide: 2 days average cost of technician labor
<b>Working Capital</b>	Total current assets (+ LIFO reserve if recorded in asset portion of financial statement) minus total current liabilities.	



# 2025 Formulas. Definitions. Guides.

## ATD TRUCK DEALERSHIP PRODUCTIVITY GUIDE

### SALES DEPARTMENT

#### Sales Personnel–Non Fleet

New-Vehicle Department .....	6-8 units per month
Used-Vehicle Department .....	5-6 units per month

#### Inventory

Days' Supply	
New-Truck Inventory .....	60 days <i>No days over 360 days</i>
Used-Truck Inventory .....	60 days <i>No days over 180 days</i>

#### Turn Rate

New Truck .....	6 times per year
Used Truck .....	6 times per year

#### Gross Profit

New Truck Gross % Sales .....	7%
Used Truck Gross % Sales .....	10%

### SERVICE DEPARTMENT

#### Service Personnel

Tech-to-Support Personnel Ratio .....	2.75:1
---------------------------------------	--------

#### Service Productivity

Technician Proficiency .....	100%
Technician Productivity .....	88%
Technician Efficiency .....	115%
Hours per RO .....	6+ retail hours per RO
Gross per Tech per Month at \$100 Door Rate .....	\$15,700 <i>(8 hour clock time, 88% proficiency at 76% gross profit, 22 days)</i>

#### Stall Utilization

One-Shift Service Department .....	80%
Two-Shift Service Department .....	65%
24/7 Day Service Department .....	45%

#### Gross Profit Retention

Customer Labor .....	76%+ or 75% including cost of labor adjustment
Internal Labor .....	76%+ or 75% including cost of labor adjustment
Warranty Labor .....	76%+ or 75% including cost of labor adjustment

#### Receivables Aging

Service & Parts Customer Receivables	
0-30 Days .....	85%
31-60 Days .....	15%
Warranty Receivables .....	100% of Current Month Parts & Labor Sales
Customer Receivables .....	50% of Current Month Parts & Labor Sales

### PARTS DEPARTMENT

#### Parts Personnel

Parts Sales per Parts Employee .....	\$70,000
Parts Cost of Sales per Parts Employee .....	\$49,000
Parts Gross per Parts Employee .....	\$21,000

Parts Gross % Sales .....	30% <i>(lower if high wholesale volume)</i>
---------------------------	--

Customer RO Parts-To-Labor Ratio .....	0.90
--	------

#### Inventory

Turnover (Turn) .....	6-8 times per year
Inventory Over 12 Months .....	3%

#### Parts Inventory Guides

Months' Supply .....	1.5
Fill Rate — First Time .....	90%

Pricing Policy .....	Matrix <i>(by individual part number cost when possible)</i>
----------------------	---

### BODY SHOP

#### Body Shop Personnel

Technician Efficiency	
Metal .....	140%
Paint .....	170%
Overall .....	160%

#### Gross Profit

Total Body Shop % Sales .....	65%
Labor .....	70%
Parts .....	30%-40%
Paint & Material .....	40%