

Motor Industry Services

Industry best practice performance for dealerships

Best practice for dealerships is about establishing a series of non-negotiable minimum standard Key Performance Indicators (KPIs) and actions and activities to create optimal performance. We provide some industry best practice standards to help dealerships measure their performance against the best of the best.

Used vehicles

Gross profit per unit	KPI
Volume	\$2,500
Luxury	\$4,500
ROI percentage per unit	80 percent minimum
Cost of sale per unit – volume	\$18,000 maximum
Units per sales person	15 per month
Percentage of cars sold in first 15 days in stock	70 percent
Stockholding	30 days
Views per lead	10 maximum

Finance and Insurance (F&I)

	KPI
F&I per vehicle retailed	\$1,200
Units sold per business manager	40 – 50
Insurance cash conversions	25 percent
Extended warranty conversions	50 percent
Penetration per BM	45 percent

Best practice actions/activities – vehicles

- Three appointments per day per sales consultant.
- 70 percent test drive ratio based on show-ups.
- 50 percent 'win' of valuations.
- Daily review all vehicles with less than 10 views online.
- Reprice all cars in stock each week and online.
- 10 views or no leads – re-price.
- Record all walk-ins independent of sales department.
- Game plan all appointments daily.
- Repayment hangers in all stock cars.

New vehicles

Gross profit per unit	KPI
Volume	\$2,500
Luxury	\$4,500
Units per sales consultant	
Volume	15 per month
Luxury	10 per month
Valuations to test drives	70 percent
Appointments per day	Three
Views per leads	10 maximum

Fixed operations

	KPI
Labour gross percentage	75 percent minimum
Labour gross per technician	\$13,000 minimum per month
Daily RO count	40 percent of retail units per month
RO per advisor	15 per day
Average hours per RO	Two minimum
Wait jobs	40 percent of daily ROs

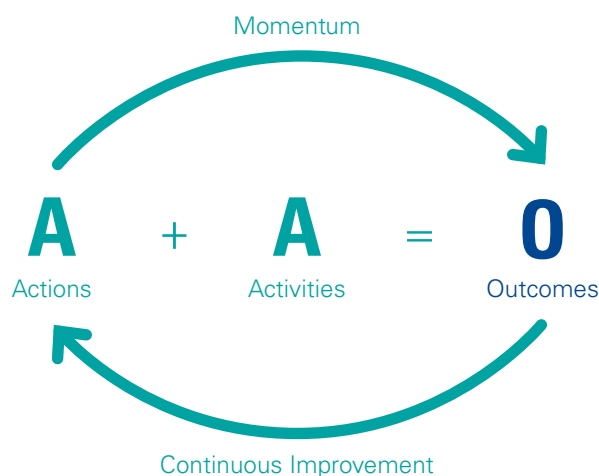
Best practice actions/activities – fixed operations

- Service follow up:
 - 1 month E-contact (usually email)
 - 1 week phone call
 - 1 day SMS.
- 15 minute timed arrivals and departures in service.
- Pre-pick all service parts.
- Email all service invoices 2 hours before arrival.
- Re-book all no shows same day.
- Book time and date of next service at end of last service.
- 100 percent handover to service on delivery.
- In-source all sublet work.
- Treat new and used service customers the same.
- Have an 'Out of Warranty' service log book and schedule.
- Use Mechanical Protection Plans to lock in service retention.

The big six

1. Minimum 100 retails per month.
2. Maximum rent \$500 volume or \$750 luxury per unit per month.
3. Minimum \$1 million (volume) or \$1.5 million (luxury) turnover per employee per annum.
4. Gross Profit Orientation – 55 percent front end and 45 percent back end.
5. Aggregate market share in PMA of 25 percent rural/provincial and 15 percent metro.
6. Active work bays equal to 20 percent of monthly retail volume in units.

The right actions and activities will give the outcomes needed for continuous improvement.



Course calendar

Foundations of dealership performance	August 2017 November 2017
Leading myself	August 2017
Service managers	September 2017 October 2017
Fraud for car dealerships	October 2017
Fraud for motorcycle dealerships	October 2017
Leading my team	November 2017
Used vehicles	November 2017

For more information on these courses, contact your MIS team member.

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