

Benchmarking your dealership

It is our pleasure to present the 2017 Deloitte Motor Industry Services dealership benchmarks for Australian Motorcycle market.

The benchmarks should be used as a guide to building a sustainable, long term business. The performances of the top 30% of dealers in each of the key departments (new, used, parts, service and finance & insurance) and also across the total dealership are isolated and taken as the reference point for the benchmarks. This raw data is then assimilated to reflect contemporary industry and market circumstances as well as long-held best practices.

We are always happy to speak further with you on any aspect of these benchmarks so please feel free to contact a member of the Deloitte Motor Industry Services team using the details provided at the back of this publication.

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Gross profit

Dealership structure	Orientation	GP%
New	22%	7%
Used	11%	20%
Parts/Accessories	46%	38%
Service	21%	60%
	100%	22%
Front end (motorcycle operations)	33%	
Back end (aftersales)	67%	
Finance and insurance	9% of total gross	

Orientation = Where does it come from?

GP% = How strong are my margins?

Motorcycle operations

Product	New		Used
	Volume	Luxury	
Gross per unit	\$500-\$1,000	\$2,000-\$3,200	\$1,000-\$1,400
Used/new ratio (retail)	n/a		0.3
Days supply	100		80
Stock turns p.a.	3.7		4.6
Gross ROI*	26%		91%

*Gross as a % of cost of sales x turns p.a.

People

	Volume	Luxury
Units per salesperson per month	16-20	5-7
Gross per salesperson per month	\$8,000-\$20,000	\$10,000-\$22,400

Finance & insurance (F&I)

	New	Used
Finance penetration	17%	12%
Finance income per contract	\$800	\$480
Finance per retail unit sold	\$140	\$60
Insurance per retail unit sold	\$61	\$30
F&I income per dept employee p.m.		\$20,000

Fixed operations

Parts department	Sales mix %	GP%
Retail/counter	58%	33%
Wholesale/trade	10%	30%
Workshop	24%	45%
Warranty	3%	7%
Internal	5%	23%
Total	100%	40%

Operational benchmarks

Days supply/stock turns p.a. – hard parts	85 days/4.3 times
Days supply/stock turns p.a. – accessories	100 days/3.7 times
Monthly gross per employee	\$15,000-\$18,000

Service department	Sales mix %	GP%
Labour		
– Retail	66%	64%
– Warranty	5%	55%
– Internal	29%	68%
Total labour sales	100%	57%
Total gross		55%

Operational benchmarks

Productivity	90%
Efficiency	105%
Performance index (productivity x efficiency)	95%
Monthly sales per technician	\$12,000
Monthly gross per technician	\$6,600
Parts/labour ratio	0.75
Ratio of chargeable to non chargeable	2.5 to 1
Unapplied time	10%

Department profitability

Selling gross is the key

Motorcycle operations		
Gross	100%	\$1425
Sales staff salaries/comm	24%	\$342
Pre-delivery (assembly)	2%	\$29
Advertising	6%	\$86
Floorplan	4%	\$57
Demo expenses	1%	\$14
Selling gross	63%	\$898
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Selling gross per sales staff		\$6,300-\$11,900

Fixed operations	Parts % gross	Service % gross
Salaries (non chargeable)	25%	39%
Other	2%	6%
Selling gross	73%	55%
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Selling gross per technician		\$5,500

Overheads

The cost to open the doors

Fixed expenses	% of gross
Sick and holiday	1.0%
Other salary and wages	10.5%
Superannuation	4.0%
Rent (or mortgage interest)	9.0%
Rates and taxes	1.0%
Property maintenance/outside services	1.0%
Telephone	1.0%
Insurance (incl workers comp)	1.8%
Office supplies/stationery	1.0%
Professional fees (accounting, legal)	1.7%
Data processing	0.8%
Bank charges and taxes	0.9%
Depreciation	1.1%
Utilities	1.0%
Other expenses	4.0%
Travel and entertainment	0.7%
Total fixed expenses	40.5%

The Big Five

1. Net profit as % sales: 3.0–3.4%
2. Days to dealership break even*: 27 (out of 30 days)
3. Parts and service absorption: 80%
4. Gross per employee p.m: \$7,000
5. Net profit per employee p.m: \$500

*Based on full month i.e. 30 days

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