

SALES AND MARGINS

THE BLOOD AND HEART OF YOUR DEALERSHIP

Keeping your dealership healthy is a matter of tracking the right metrics. In this guide we'll show you which ones are the most important and how to use this information to meet your goals.

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Schedule A Call



SALES AND MARGIN—THE BLOOD AND HEART OF YOUR DEALERSHIP

Every business owner needs to be intimately familiar with their sales and margin numbers. And once they've calculated these numbers, they need to decide what to do with the information. We'll help you do both here – so let's dig in.

Gross Profit Margin

Gross profit margin is simply the percentage of sales income left after paying for the direct cost of jobs:

| | |
|---------------------------------------|--------|
| SELL PRICE: | \$1000 |
| COST—WINDOW, MAT, LABOR : | \$700 |
| GROSS PROFIT: | \$300 |
| GROSS PROFIT PERCENTAGE: $(300/1000)$ | 30% |

THIS IS THE KEY NUMBERS TO MANAGE, as it is the heart of the economic body.

The pressure of competition and excessive distribution of brands is always seeking to pull this number down. Achieving higher service levels and taking care of customers better is one way to allow your dealership to charge a higher gross profit percentage. If customers only have price as a decision point, then there will always be cheaper prices elsewhere. Adding valued services to products allows for the chance to charge more “margin points” for products, but you need to be sure the services are valued by the clients in the market segment, and that your team can deliver them efficiently. Further, the more involvement your team has in the products/services chain, the higher the gross profit margin needed to cover the additional complication and risk.

SALES GOALS Salesperson—Ave Job Size, Closing Rate, Budget

Sales volume is the blood of the enterprise, as everything starts with the sale.

Accounting systems are good at allowing you to look back at what happened, but they aren't so good at real-time data and projections. You can, however, determine your company's average job size by dividing your total sales by the number of jobs it took to create those sales. With this information, you can take your future budgeted sales, divided by your average job size, and find out how many jobs it will take to hit your sales goals.

| | |
|----------------------|-------------|
| TOTAL SALES--YEAR | \$6,000,000 |
| TOTAL NUMBER OF JOBS | 990 |
| AVERAGE JOB SIZE | \$6,061 |

Going a little further, if you knew how many potential jobs got created during that same historic period, you could then find out what your company closing rate is (Total # of Job Created divided by Total # of Jobs Sold).

| | |
|-----------------------------------|------|
| TOTAL NEW POTENTIAL JOBS BID—YEAR | 1000 |
| TOTAL NEW JOBS SOLD—YEAR | 500 |
| COMPANY CLOSING RATE (50/100) | 50% |

Taking it even further, you could take each salesperson's average job size and historic closing rate, and you could let that salesperson know exactly how many new jobs they need to create each week and how many they need to close each week so they can be assured of meeting their goals for the year.

| SALESPERSON X | |
|---|-------------|
| TOTAL SALES GOAL—YEAR | \$1,200,000 |
| AVERAGE JOB SIZE | \$6,400 |
| NUMBER OF JOBS NEEDED ($\$1,200,000/\$6,400$) | 188 |
| NUMBER OF NEW POTENTIAL JOBS NEEDED ($188/.44$) | 427 |
| NUMBER OF NEW POTENTIAL JOBS/WK ($427/50$ weeks) | 8.5 |
| NUMBER OF JOBS NEEDED SOLD/WK ($188/50$ weeks) | 3.8 |

Roll all of the individual numbers into one, and you have Company budget and goals per week, month, quarter, and year. Get a system that will send you weekly auto-reports of New Jobs Created and Job Sold per week, and you have everything you need to keep your dealership healthy.

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About PATH ERP

PATH is an all-in-one solution that helps you manage your Window & Door Dealership. It's a custom built application that is designed with your unique terms, procedures, forms and workflows. PATH can help you:

- ✓ SELL MORE
- ✓ MANAGE COMPLEXITY WITH EASE
- ✓ CREATE ACCOUNTABILITY
- ✓ COLLECT FASTER
- ✓ LOWER YOUR RISKS
- ✓ DELIGHT YOUR CUSTOMERS

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WE'RE HERE TO HELP



SCHEDULE A CALL



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A 23 year veteran of the window & door industry. Owns a multi-million dollar WSD dealership in Madison, WI



John Courtney
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Tech extraordinaire with over 2 decades of experience in developing and implementing complex software solutions



An All-In-One Solution To Help You Manage Your
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