

The Tennant Group Spring, 2011 Roundtable
Las Vegas Hilton



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- Roundtable members:
 - Independent and franchise owners – no systems or corporate members
 - Owners or GMs
 - Non-competing
 - New members must be approved

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- Roundtable activities:
 - Submit monthly financials in standard format
 - Entered into database and monthly reports distributed
 - Meet twice a year in location chosen by members (Recent meetings have been held in Puerto Rico, San Diego, Cabo San Lucas, Bermuda, Palm Springs, Quebec City, Napa, Florida (4 Times), Charleston SC, Las Vegas, Phoenix and Atlanta)

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- Roundtable activities:
 - Next Meeting – Halifax, Nova Scotia, Canada
September 22 – 24, 2011


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- Roundtable subjects covered at meetings:
 - Every meeting:
 - Profit Idea, Financials, Spotlight on one member's operation, Commitments
 - We also cover from time to time:
 - Best Fleet Deals, Insurance, Personnel, Financing, Management Issues, Employee Fraud, Exit Strategies and any other issues that members feel are important

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- Joining the Roundtable
 - We have room for new members.
 - Talk to me or any member

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- All slides and Profit Idea handouts will be available as downloads from:
www.TennantGroup.com
- We will email all slides and handouts from today and tomorrow's Profit Idea session to everyone filling in the sign-in sheets. Please sign in!

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All Submissions	Weighted Averages		
	2010	2009	Yr to Yr
Average Fleet	347	320	8.5%
Closed Days	91,077	85,217	6.9%
Closed Rentals	16,806	16,516	1.8%
T & M Revenue	\$3,341,563	\$3,148,304	6.1%
Other Revenue	\$637,351	\$522,046	22.1%
Unit Expense	\$1,412,451	\$1,357,619	4.0%
Personnel Expense	\$1,029,443	\$951,781	8.2%
Other Rental Expenses	\$1,149,637	\$1,091,676	5.3%
Other Rev (Exp)	\$51,492	\$86,843	-40.7%
Net Profit	\$438,875	\$356,117	23.2%

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Profitability	Weighted Averages		
	2010	2009	Yr to Yr
Total Revenue	\$4,030,405	\$3,757,193	7.3%
Total Expenses	\$3,591,531	\$3,401,076	5.6%
Net Profit	\$438,875	\$356,117	23.2%

- 2010 Revenue is up 7.3% over 2009
- Expenses are up 5.6%
- Revenue grew faster than expenses, resulting in a very nice profitability increase of 23.2%

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Revenue Components	Weighted Averages		
	2010	2009	Yr to Yr
T & M/Day	\$36.69	\$36.94	-0.7%
Other Rev/Day	\$7.00	\$6.13	14.2%
Utilization	71.3%	74.3%	-4.0%
Rev/Unit/Mth	\$955	\$956	-0.1%

- Rates dropped marginally from 2009 to 2010
- Incremental sales increase more than made up for T & M decrease
- Utilization decreased 3 points or 4%
- Revenue per unit essentially unchanged

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Unit Expense	Weighted Averages		
	2010	2009	Yr to Yr
Unit Expense % Rev	35.5%	37.0%	-4.0%
Unit Exp/Vehicle	\$339	\$354	-4.1%

- Unit expense (the biggest single expense for the industry) decreased 4%.

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Personnel Expense	Weighted Averages		
	2010	2009	Yr to Yr
Pers Expense % Rev	25.9%	25.9%	-0.2%
Pers Exp/Vehicle	\$247	\$248	-0.4%

- Personnel expense, generally the next biggest expense, was flat.

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All Other Expenses	Weighted Averages		
	2010	2009	Yr to Yr
Other Exp % Rev	28.9%	29.7%	-2.9%
Other Exp/Vehicle	\$276	\$284	-3.0%

- All other expenses – Direct Operating, Indirect Operating, Advertising and Sales, Premises and General and Admin – were down about 3%

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Per Unit & % Revenue Profitability	Weighted Averages		
	2010	2009	Yr to Yr
Net Profit % Rev	11.0%	9.7%	13.7%
Net Profit/Vehicle	\$105	\$93	13.5%

- Profit expressed both as a % of revenue and as profit per vehicle increased about 13.5%.
- Combined with a nice increase in fleet and revenue, the overall profit increased 23.2%.

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Revenue Components	Weighted Averages		Lowest		Highest		Difference
	2010	2009	2010	2009	2010	2009	2010
T & M/Day	\$36.69	\$36.94	\$24.21	\$24.10	\$56.38	\$50.12	\$32.17
Other Rev/Day	\$7.00	\$6.13	\$1.68	\$1.88	\$17.38	\$18.98	\$15.70
Utilization	71.3%	74.3%	65.5%	64.0%	84.8%	85.2%	19.3%
Rev/Unit/Mh	\$955	\$956	\$551	\$574	\$1,715	\$1,363	\$831

Unit Expense	Weighted Averages		Highest		Lowest		Difference
	2010	2009	2010	2009	2010	2009	2010
Unit Expense % Rev	35.5%	37.0%	51.8%	53.3%	22.0%	20.1%	-\$1.8%
Unit Exp/Vehicle	\$339	\$354	\$501	\$513	\$123	\$162	(\$339)

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Personnel Expense	Weighted Averages		Highest		Lowest		Difference
	2010	2009	2010	2009	2010	2009	2010
Pers Expense % Rev	25.9%	25.9%	45.5%	44.8%	16.8%	17.2%	-28.3%
Pers Exp/Vehicle	\$247	\$248	\$375	\$343	\$153	\$136	(\$239)

All Other Expenses	Weighted Averages		Highest		Lowest		Difference
	2010	2009	2010	2009	2010	2009	2010
Other Exp % Rev	28.9%	29.7%	40.9%	38.5%	20.8%	22.8%	-18.0%
Other Exp/Vehicle	\$276	\$284	\$506	\$459	\$146	\$155	(\$352)

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Per Unit & % Revenue Profitability	Weighted Averages		Lowest		Highest		Difference
	2010	2009	2010	2009	2010	2009	2010
Net Profit % Rev	11.0%	9.7%	4.5%	2.6%	39.5%	37.7%	33.2%
Net Profit/Vehicle	\$105	\$93	\$44	\$20	\$677	\$521	\$478

- Highest Revenue per day was double that of the lowest
- Highest Utilization was almost 20 percentage points higher than lowest
- Highest Unit Expense was 4 times that of lowest
- Highest Personnel and All Other Expenses were more than double lowest
- In spite of these large swings, every single submitting company was profitable in both years!

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- Which metric is most important?
 - We analyzed financial results from 40 different companies over 3 years, a total of 85 financials in all, for a seminar we gave at a previous Car Rental Show.
 - We used a mathematical technique to determine which of 10 metrics was the best predictor of profitability. In the case of some expenses, we used both \$ per vehicle and % of Revenue, so we had a total of 17 measurements.

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- Which metric is most important?
- The metrics we analyzed were:
 - Size of operation – Total Revenue and Fleet Size
 - Length of Rental
 - Non-rental activity revenue – e. g. parking
 - Revenue per day – T & M, Incremental and Total per day
 - Utilization
 - Revenue per Vehicle
 - Fleet expense, both per vehicle and % of revenue
 - Personnel expense, per vehicle and % of revenue
 - Direct Operating, per vehicle and % of revenue
 - All other expenses (Indirect Operating, Marketing, Occupancy and G & A), per vehicle and % of revenue

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- Which metric is most important?

Sorted in Decreasing Order of Correlation	Correlation	Average of 43 Least Profitable	Average of 43 Most Profitable
Profit as a % of Sales		-1.4%	10.1%
Fleet Expense % of Revenue	(0.4934)	48.9%	43.4%
Fleet Expense \$ Per Vehicle	(0.3466)	\$447.21	\$412.89
T & M Per Day	0.3062	\$35.21	\$36.54
Revenue Per Unit	0.2791	\$922.26	\$961.17
Total Rev Per Day	0.2731	\$40.62	\$41.59
Indirect Operating, Marketing, Occupancy and G & A % Revenue	(0.2661)	25.0%	22.2%
Fleet Size	(0.2334)	713.5	597.3
LOR	0.1905	4.6	5.1
Total Revenue	(0.1754)	\$8,008,489	\$7,058,982
Indirect Operating, Marketing, Occupancy and G & A \$ Per Vehicle	(0.1529)	\$231.75	\$214.69
Personnel Expense \$ Per Vehicle	0.1241	\$204.29	\$213.00
Direct Operating % of Revenue	(0.1108)	9.0%	8.6%
Direct Operating \$ Per Vehicle	(0.0590)	\$84.29	\$81.94
Non Rental Activities	0.0571	\$340,650	\$480,098
Incr Sales per day	(0.0102)	\$5.41	\$6.05
Utilization	0.0036	74.9%	76.4%
Personnel Expense % of Revenue	0.0031	22.0%	22.1%

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- Reasons your results will vary:
 - Perhaps you have a maintenance staff – higher personnel, but lower direct operating
 - Local Sales Staff – higher personnel, but lower advertising or better rates or better utilization in slow periods
 - Franchise System – System and Ad fees high but better rates and more volume
 - Airport Operation – Longer hours, higher costs
 - Etc.

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