



- Express Oil Change average of all locations open prior to 1/1/2016 and the full 12 months of 2016.
- Cost of Goods is estimated between 28% and 30% of sales but may decrease or increase depending on pricing in your market, business mix and operational management. In the illustration above, cost of goods has been calculated at 29% of sales.
- It is recommended that you invest in your labor to build early sales. A typical location will spending \$16,00 to \$20,000 per month including a 15% burden in labor costs. Once sales reach approximately \$50,000 per month, labor should move as a percentage of sales with a target of 30% to 34%. We strongly recommend use of a third-party payroll service, with an estimated annual cost of \$4,200 to \$7,200 for a six person crew, which has been included in operating expenses below. In the illustration above, labor has been calculated at 32% of sales.
- We divide operating expenses into two categories:
  - A) Variable Costs - are items directly related to store sales, which include: royalty fee at 5%, advertising at 3%, credit card fees at 1.21% and shop supplies at 0.84%.
  - A) Non-Variable Costs - Although these costs are not truly fixed, they do have a controlled aspect, and include accounting, insurance, bank fees, computer expense, dues and subscriptions, office supplies, repair and maintenance, small tools, uniforms, utilities, miscellaneous items and the use of a payroll service. We estimate non-variable costs to be in the range of \$50,000 to \$60,000 with a marginal annual increase. In the illustration above we have estimated these expenses at \$55,000 per year with a 5% increase per year to account for sales volume increases. This estimate does not include property tax. Please check with local authorities for estimated cost.

*Note: These expenses should not be considered as the actual or probable results that will be realized by you. Your own financial results are likely to differ from these results. You are urged to consult with appropriate financial, business and legal advisors in connection with this historical information. Substantiation of data used in preparing this analysis will be made available to you upon reasonable request.*