

2007 National Automatic Merchandising Association Operating Ratio Report

	<u>Typical NAMA</u>	<u>High Profit NAMA</u>	<u>NAMA Small Firm</u>	<u>NAMA Large Firm</u>
Employees by Function				
Owners/Managers	2.0	1.0	1.0	3.0
Route Employees	11.8	5.7	4.0	20.5
Warehouse & Delivery	1.5	1.0	0.1	3.0
Maintenance & Repair	2.5	1.3	1.0	4.0
Supervisory	2.0	1.0	0.4	3.0
All Other Vending Employees	1.0	0.0	0.0	2.5
Location Attendants	0.0	0.0	0.0	0.0
Commissary	0.0	0.0	0.0	0.0
All Other Employees	<u>2.2</u>	<u>2.0</u>	<u>0.0</u>	<u>6.0</u>
Total Number of Employees (FTE)	23.0	12.0	6.5	42.0
Total Sales per Employee	\$154,096	\$153,975	\$145,361	\$160,716
Gross Margin per Employee	\$80,547	\$73,102	\$69,544	\$82,817
Total Payroll Expenses (% of sales)	25.4%	23.1%	20.1%	26.9%
Personnel Productivity Ratio	49.8%	45.9%	42.1%	52.2%

Chart 1 shows that payroll expenses range from 20% to 27% of sales for the industry.

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Number of Firms Reporting	125	31	44	80
Typical Sales Volume	\$3,690,785	\$2,152,927	\$1,092,676	\$7,864,258
Sales Change (2007 vs. 2006)	4.3%	6.4%	8.6%	3.6%
Income Statement				
Net Sales (vending + non-vending)	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold	<u>49.0</u>	<u>49.7</u>	<u>52.3</u>	<u>48.5</u>
Gross Margin	51.0	50.3	47.7	51.5
Operating Expenses				
Total Salaries, Wages & Bonuses	21.3	19.0	18.2	22.5
Total Fringe Benefits & Payroll Taxes	<u>4.1</u>	<u>4.1</u>	<u>1.9</u>	<u>4.4</u>
Total Payroll Expenses	25.4	23.1	20.1	26.9
Total Other Operating Expenses	<u>23.1</u>	<u>21.1</u>	<u>23.1</u>	<u>22.9</u>
Total Operating Expenses	48.5	44.2	43.2	49.8
Operating Profit				
Other Income	0.1	0.2	0.0	0.2
Interest Expense	0.7	0.3	0.5	0.8
Other Non-operating Expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Profit Before Taxes	1.9%	6.0%	4.0%	1.1%

Chart 2 shows that profit before taxes ranges from 1.9% to 6% and operating expenses from 18% to 22.5%.

Operators who are promising significantly higher commissions than the median industry rate of 6% should be asked to show exactly where their company operates more efficiently and profitably. In addition, many accounts don't receive any commissions at all, which is factored into the 6% figure.