

SERVICE DEPARTMENT ANALYSIS

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CLASS #429

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ -	÷ 0.00	=	FRH Average
Maintenance	\$ 4,034	÷ 31.50	= 128.06	FRH Average
Repair	\$ 14,633	÷ 59.34	= 246.60	FRH Average
Totals	\$ 18,667	÷ 90.84	= 205.49	Customer ELR
		Target Labor Rate	167.00	Per FRH
Total Ro's in Sample	100	Difference	38.49	Per FRH

Cost of Labor

Total Cost of Labor	2188.28	÷ Total Sales	= 11.72%	Percent Cost of Sales
Total Cost of Labor	2188.28	÷ Total FRHs	= 24.09	Cost per FRH

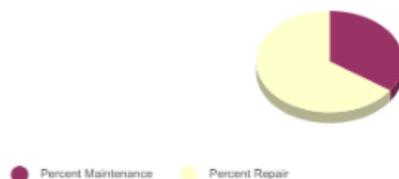
Repair Order Measurements

Total Labor Sales	18,667.16	÷ Total ROs	= 186.67	Avg Labor per RO
Total FRHs	90.84	÷ Total ROs	= 0.91	Avg FRH's per RO
Menu Sales		÷ Total ROs	=	Percent Menu Sales
Competitive FRHs	0.00	÷ Total FRHs	= 0.00%	Percent Competitive
Maintenance FRHs	31.50	÷ Total FRHs	= 34.68%	Percent Maintenance
Repair FRH	59.34	÷ Total FRHs	= 65.32%	Percent Repair
One item ROs	43	÷ Total ROs	= 43.00%	Percent One Item RO

Model Year Analysis

2024	2023	2022	2021	2020	2019	Older	Total
0	6	19	9	16	12	38	100
0.00%	6.00%	19.00%	9.00%	16.00%	12.00%	38.00%	

Labor Mix



STRENGTHS

1. All technicians, service advisors, and support from the salespeople.
2. Capable technicians.
3. Strong team.

WEAKNESSES

1. Lack of order/ organization.
2. Lack of proper chain of command.
3. No single system for everyone to follow.
4. Some missing shop equipment eg. a proper rotor machine.

OPPORTUNITIES

1. Additional equipment eg. proper rotor machine would bring potential for additional profits.
2. Allow foreman to take control and bring order to the shop.

THREATS

1. Unnecessary yelling/ rushing.
2. Chance of vehicle being sold before proper safety inspection is completed.

OBJECTIVES

1. Cement the chain of command for all employees.
2. Make official all processes and procedures. Verify that everyone is in agreement with how to conduct themselves and the department at all times.
3. Establish consistent order.
4. Consider purchasing additional heavy equipment for the shop.

TACTICS

1. Ensure all processes and procedures are printed and officialized.
2. Hold weekly/ monthly meetings for both advisors and technicians, in conjunction with the parts department.
3. Analyze potential short-and-long-term ROI, demand, and purchase additional shop equipment.

ACTION PLAN

TASK	Position responsible	Check in/completion schedule
Officialize all processes and procedures.	Service Manager	12/31/23
Hold weekly/ monthly meetings.	Service Manager	12/31/23
Analyze ROI and demand for additional equipment.	Service Manager & General Manager	1/31/24

SYNOPSIS

With the service department suitably staffed and positive connections being made among employees, the proper foundation and backbone is still missing. This is paramount to allowing the staff to work to their fullest potential. Establishing and strict adherence to chain of command, process and procedures—while not being an end-all-be-all of every departmental issue—will be the primary step in solving recurring general disorder and disorganization behind the advisor's desk and in the shop, of which has proven to be a major bane on the department.

NADA Service Homework

Title Page

Marketing

- ▶ Our current marketing practices consist of exposure on the largest vehicle listing websites, comprehensive digital marketing/ targeted ads/ social media marketing, and low-cost options such as email blasts to current or previous clientele.
- ▶ More accurate reporting and/ or matchback to ensure a satisfactory ROI and that dealer objectives are being met. Improved SEO.
- ▶ Analyze portal data more effectively, communicate with company reps to gather all data necessary.
- ▶ Creation of monthly reports to track ROI.

Analyze Cost of Labor

- ▶ Outside of internal, customer car has the largest sales contribution. This is good because customer pay has the highest ELR.
- ▶ Increase customer car sales contribution. Increase customer ROs.
- ▶ Utilize more effective marketing techniques, increase marketing spend on service side. Convert more, if not all, sales customers to service.
- ▶ Re-run the necessary reports in one, three, and six months to analyze effectiveness.

Category	States	Gross	Gross as % of States	%Sales Contribution
Customer Car	\$ 15,901	\$ 13,779	86.65%	25.17%
Customer Truck	\$ -	\$ -	0%	0.00%
Customer Other	\$ -	\$ -	0%	0.00%
Warranty	\$ 7,425	\$ 5,790	77.98%	11.75%
Warranty Other	\$ -	\$ -	0%	0.00%
Internal	\$ 16,841	\$ 14,105	83.75%	26.66%
NVI / Road Ready	\$ 23,000	\$ 21,539	93.65%	36.41%
Adj. Cost Of Labor	\$ -	\$ -	0%	0.00%
Total	\$ 63,167	\$ 55,213	87.41%	100.00%

Changes in Expense Structure

- ▶ The majority being expensed are fixed and selling expenses.
- ▶ We would like to lower expenses across the board.
- ▶ Track unnecessary cost, find opportunities to minimize.
- ▶ Review financial statement in one, three, and six months to analyze effectiveness.

Expense Category	Dollar Amount	% of Gross
Department Gross	\$ 55,213	
Variable Expense	\$ 35,466	64.23%
Selling Expense	\$ 46,221	83.71%
Personnel Expense	\$ 17,531	31.75%
Semi-Fixed Expense	\$ -	0.00%
Fixed Expense	\$ 50,084	90.71%
Unallocated Expense	\$ -	0.00%
Dealer's Salary	\$ 1,750	3.17%
Total Expenses	\$ 131,052	237.58%
Net Profit	\$ (95,839)	-173.58%

Productivity

- ▶ Low technician utilization.
- ▶ Increase technician utilization and proficiency.
- ▶ Form a better link connection between advisors and technicians, boost morale.
- ▶ Re-run the necessary reports in one, three, and six months to analyze effectiveness.

NADA ACTUAL SERVICE ANALYSIS			
Performance			
	Labor Sales / Month	Effective Labor Rate	Hours Billed
Customer Car*	\$ 15,901	= 180.71	= 88.0
Customer Truck*	\$ -	= 180.71	= 0.0
Customer Other*	\$ -	= 180.71	= 0.0
Warranty	\$ 7,425	= 159.63	= 46.5
Internal	\$ 16,841	= 123.25	= 136.6
New Vehicle Prep	\$ 23,000	= 123.25	= 186.6
Total	\$ 63,167		457.0

POTENTIAL						
	\$ 63,167	= 457.26	= \$ 137.99			
Total labor sales for month		Total hours billed	Effective Labor Rate			
4.00	x	8	x	27	=	864.0
# Service mechanical technicians		# Hours per day for one tech		Working Days/Month		Clock Hour Avail
864.0	x	\$ 137.99	=	\$ 119,225		\$49031.1
Clock Hours Available		Effective Labor Rate		Labor sales potential @100%		Labor sales potential @ 125%
How proficient are your technicians?						
248.0	=	680.00	=	36.47%		
Hours Billed		Hours Available		Tech Proficiency		

Facility

- ▶ Low facility utilization
- ▶ Increase utilization to within 15% of potential.
- ▶ Ensure accuracy with punch-in/punch-out, increase labor sale volume.
- ▶ Re-run the necessary reports in one, three, and six months to analyze effectiveness.

FACILITY POTENTIAL	
Number of Days	10
Number of Days	x 27
Number of Hours	= 8
Effective Labor Rate	= \$ 137.99
FACILITY POTENTIAL	\$ 298,063

FACILITY UTILIZATION	
Total Labor Sales	\$ 63,167
Facility Potential	= \$ 298,063
FACILITY UTILIZATION	21.19%

Repair order analysis

- ▶ Our repair labor rate is much higher than our posted door rate at \$246.60 vs. \$195.00.
- ▶ There is discounting; for example, the maintenance average is far below target at \$128.06 vs. the \$165.00 warranty rate.
- ▶ Average hours per RO is below target at 0.91.
- ▶ The percent of one-line ROs is greatly above target at 43.00%.

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Percent Repair	65.32%

SWOT Analysis - Strengths

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SWOT Analysis - Weaknesses

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SWOT Analysis - Opportunities

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SWOT Analysis

➤ Action Plan

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