

## Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 3,995 ÷	36.30 =	110.08	FRH Average
Maintenance	\$ 3,100 ÷	15.37 =	201.65	FRH Average
Repair	\$ 5,521 ÷	27.84 =	198.31	FRH Average
Totals	\$ 12,616 ÷	79.51 =	158.67	Customer ELR
		Target Labor Rate	141.53	Per FRH
Total ROs	100	Difference	117.14	Per FRH

### Cost of Labor

Total Cost of Labor	1803.61 ÷	Total Sales =	14.30%	Percent Cost of Sales
Total Cost of Labor	1803.61 ÷	Total FRHs =	22.68	Cost per FRH

### Repair Order Measurements

Total Labor Sales	12,616.00 ÷	Total ROs =	126.16	Avg Labor per RO
Total FRHs	79.51 ÷	Total ROs =	0.80	Avg FRH's per RO
Menu Sales		Total ROs =		Percent Menu Sales
Competitive FRHs	36.30 ÷	Total FRHs =	45.65%	Percent Competitive
Maintenance FRHs	15.37 ÷	Total FRHs =	19.33%	Percent Maintenance
Repair FRH	27.84 ÷	Total FRHs =	35.01%	Percent Repair
One item ROs	9 ÷	Total ROs =	9.00%	Percent One Item RO

### Model Year Analysis

	2024	2023	2022	2021	2020	Older	Total
2025	0	1	5	5	0	12	23
0.00%	0.00%	4.35%	21.74%	21.74%	0.00%	52.17%	

# NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month	Effective Labor Rate	Hours Billed
Customer Car*	\$ 4,360,000	153.03	28491.1
Customer Truck*			0.00
Customer Other*			0.00
Warranty	\$ 431,000	143.67	2999.9
Internal	\$ 1,546,000	113.35	13639.2
New Vehicle Prep	\$ 243,000	139.92	1736.7
<b>Total</b>	<b>\$ 6,580,000</b>		<b>46867.0</b>

## POTENTIAL

Total labor sales for month  $\div$  Total hours billed = Effective Labor Rate

\$ 6,580,000  $\div$  46866.95 = \$ 140.40

# Service mechanical technicians  $\times$  # Hours per day for one tech  $\times$  Working Days/Month = Clock Hour A

19.00  $\times$  8  $\times$  24 = 3,648.0

Clock Hours Available  $\times$  Effective Labor Rate = Labor sales potential @ 100%

3,648.0  $\times$  \$ 140.40 = \$ 512,170

Labor sales potential @ 125%

640212.3

How proficient are your technicians ?

Hours Billed  $\div$  Hours Available = Tech Proficiency

121.0  $\div$  118.00 = 102.54%

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	% of Sales	Gross as % of Sales
Customer Car	\$ 4,360,000	\$ 3,114,000	71.42%	66.26%
Customer			0%	0%
Customer Other			0%	0%
Warranty	\$ 431,000	\$ 327,000	75.87%	6.55%
Warranty Other			0%	0%
Internal	\$ 1,546,000	\$ 1,075,000	69.53%	23.50%
NVI / Road Ready	\$ 243,000	\$ 199,000	81.89%	3.69%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 6,580,000</b>	<b>\$ 4,715,000</b>	<b>71.66%</b>	<b>100.00%</b>

Service Department Profit Centering

Expense Category		Dollar Amount	% of Gross
Department Gross	\$	4,715,000	
Variable Expense			0.00%
Selling Expense			0.00%
Personnel Expense			0.00%
Semi-Fixed Expense	\$	1,254,000	26.60%
Fixed Expense	\$	1,361,000	28.87%
Unallocated Expense			0.00%
Dealer's Salary			0.00%
Total Expenses	\$	2,615,000	55.46%
Net Profit	\$	2,100,000	44.54%



**FACILITY UTILIZATION**

Total Labor Sales	\$ 6,580,000	÷	Facility Potential	\$ 4,912,787	=	Facility Utilization	133.94%
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**FACILITY POTENTIAL**

Number of Days	27	x	Number of Days	6	x	Number of Hours	216	x	Effective Labor Rate	\$ 140.40	=	Facility Potential	\$ 4,912,787
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1. **Service department marketing strategy**
  1. Current Practice of maintaining customers and attracting new customers
    - a. Optimized SEO Strategy with electronic providers
    - b. Local and OEM Specific SEM Strategy
    - c. Direct Email Campaigns
    - d. Social Media Advertising
    - e. Direct Mail
    - f. Business Development Center for Telemarketing
  2. Goals to Improve
    - g. From a Marketing Perspective:
      - i. Consistent growth and increase in Organic and Paid traffic to Service Landing Pages.
    - h. From a Business Unit Perspective
      - ii. Increase in Online Appointment Scheduling from referral sources
      - iii. Increased CPRQ Count and growth Month over Month
      - iv. Increased Retention Metrics
      - v. Increase and Maintain CSI Scores
    3. Plans to achieve goals
      - i. From a Marketing Perspective
        - vi. Constant Monitoring of Audience Behavior and Marketing Metrics
        - vii. A/B Test New Ideas for efficacy
        - viii. Continue to Train, Monitor, and Develop Business Development Center
      4. Plan to evaluate changes
        - j. From a Marketing Perspective
          - ix. Monitor Google Analytics, Website Performance, and Online Scheduling Metrics
          - x. Monitor Business Development KPIs. ie Appointments Scheduled and Show % along with schedule capacities.
    5. Maintain Current Customers
      - k. Maintain proper follow up with current customers.
      - l. Provide marketing materials to keep customers informed on specials or changes
      - m. Provide proper customer experience

6. Obtain New Customers

n. See above in section 1

o. Ensure proper Sales to Service Introduction has been completed at POS

## **II. Cost of Labor**

We use a merit-based pay scale for our technicians. We manage our shops' skill level to ensure proper needs are for business operations while controlling the expense of labor. The shop is set up with a team system with all teams having a vary skill level/labor cost. Team leaders dispatch the work to the proper person with skill level and cost of labor in mind. Our clear merit-based pay structure provides an understandable growth path with the associated pay reducing negotiation and emotional decisions around pay.

## **III. Expense Structure**

We have no intention of changing our expense structure as our gross goals have been set up in a way to appropriately offset the expenses. We are higher on compensation and sales compensation to help support of a culture to be the employer of choice. We have made this decision to reduce turnover and maintain employee satisfaction, which trickles down to drive customer satisfaction. Unapplied and overtime are monitored by the appropriate manager in the department.

## **IV. Productivity**

We have created tools called Spotlights that are used for goal setting with Service Advisors, Technicians, Parts Personnel and Body shop technicians. The goals are set through monthly goal meetings and are followed up on with daily results in the Spotlights which highlight the key performance indicators relative to the job. Pacing towards monthly goals is reviewed weekly in a one-on-one meeting. We back into these monthly goal numbers by identifying a realistic annual target for the individual that would provide personal financial growth year over year and backed into a monthly goal.

## **V. Facility**

Our service drive is set up in a very utilitarian way that doesn't provide a warm customer experience that utilizes some temporary furniture that hasn't been well thought out use of the space. We are planning a remodel for a warmer customer-centric service drive that will improve both internal and external customer experience.

After requesting input from the technicians, service writers, service experience center personnel and fixed operations team, I have outlined a few items that are note worthy.

A. Strengths- We are a largely process driven store with a very strong culture of collaboration and teamwork which provides a consistent, positive, predictable experience both internally and externally which helps drive employee retention. The most common strengths identified by the team were: Company culture being friendly, welcoming, and pleasant, willingness of the store to continually invest in training, physical condition of the work environment, and availability of help to the lesser experienced people.

B. Weaknesses- The fact that we are process driven creates challenges when faced with situations that may require us to operate outside of our standard process to help a customer or overcome a challenge. Some weaknesses that showed up most commonly were compensation based. Either techs were paid enough for jobs or didn't receive regular bonuses or incentives. Tracking wrenching time versus taking breaks seemed to be perceived as invasive and anti company culture. The store not providing gophers for parts and cars resulting in lost time for techs also reared its head.

C. Opportunities- Individualized coaching to more flexible operation in situations that require more finesse than our standard process is set up for. We also see multiple opportunities in increasing efficiency by deploying parts and car gophers as well as filling parts carts full of the parts needed to complete the R.O. being delivered to the service bay as soon as the vehicle goes up on the lift. We can also increase positive perception by offering periodic contests and giveaways to encourage goals, healthy competition, and forward thinking.

D. Threats- Local franchise service centers such as: Mavis, Kost, Laser Lube and Jack Williams as well as independently owned shops all represent threats to our service business. Of less threat, are do it yourselfers that purchase parts from our parts department. Internally, threats that were mentioned were centered around job assignment and perceived favorites. This is the same notion that we struggle with in our finance departments when it comes to deal distribution. Other dealerships represent a hiring threat with creative and seemingly lucrative signing bonuses, but fortunately, so many have been down that road that the discussion between senior and junior employees has pretty much squelched the notion that the grass is always greener.

E. Objectives- Conquest defected Toyota customers and non-Toyota customers, increase service employee morale and retention, and encourage mentorship programs in house between junior and senior staff and initiate a feeder system with local high schools and technical colleges to our store. Continuing to be a leader in the community with our

charitable giving and maintaining a high profile fortified by our moral character is an objective that I never want to lose sight of.

F. Strategies-We have tried multiple electronic and regular mail strategies in the past that have yielded mediocre results. We are going to aggressively try targeting people in our database that have purchased vehicles from us, serviced with us through their Toyota Care period, and have since lost touch with our service department. We are at the end stage of finalizing a store based loyalty program much like hotel chains and retailers with an app to track progress, offer rewards, discounts, and coupons and levels of status for service based customers.

G. Tactics-We have started to use a QR based/windshield applied oil change sticker that, when scanned by the customer, will help us both track and interact with the customer for future service related appointments. Another qualitative tactic that I have employed to remind people that we are not just a place to buy cars and trucks, but a place to maintain and repair them as well. The community engagement by our employees and donations made to charitable organizations over many years, should service to buttress our reputation as a trusted, skilled, and efficient method for servicing one's vehicle. The trust that we have built in the community should yield a sense of trust between a customer and his or her service advisor when earning the opportunity to assess their vehicle in service and suggest appropriate preventative maintenance and reliable and safety focused, and factory authorized, repairs and tires.

H. Action Plan-Both the app based loyalty program and QR code stickers will provide methods by which we could quantify the service retention and RO quality of our customers, utilizing 2023 service numbers, R.O. count. And R.O. quality in terms of line items and hours, as a baseline. We will be able to measure the impact on our service business both periodically and seasonally. We have been working with multiple vendors on the loyalty program once we realized that reinventing the wheel wasn't a productive idea. No matter what, the program will be in place by 1 March, 2024. I have realized that both internal and external factors are paramount to our success. By involving the staff, and soliciting their input for the S.W.O.T. analysis, we have become more aware and sensitive to the nature of the concerns of the staff.