DULLESMOTORCARS
LEESBURG

CDJR

NADA 435

January 2024 Statement

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Marketing

Current practices for marketing our service department include, monthly email blasts to our customer data base and specials posted on our website. We also run a program with our OEM to send out vehicle maintenance reminders and vehicle health reports. Even our DMS (ignite) chips in by targeting customers who have declined work. Also thanks to NADA , we now have price comps laying out in front when customers enter.

In terms of areas of improvement I would suggest, increasing our marking a little more towards Conquest. Also have recently been discussing with staff about implementing a 3 free oil change special, in order to continue having the traffic we already do. All in all I am happy with our current service department marketing. Of course nothing is perfect and everything can be fine tuned.

With these new changes being made, I will monitor monthly, and after 6 months I will reassess.

Changes in Expense Culture

It is with understanding that having 40k in monthly fixed expense can seem like alot, but sometimes it is what it takes to drive traffic in. From marketing to discounting, we are in a very competitive market and have to spend to play. I witnessed first hand, better job distribution amongst technicians is something that can help increase our gross alone. We do have some concern that accounting maybe double paying invoices so we have to make sure we are weekly if not monthly reconciling invoices. Ultimately I think increasing our gross will help resolve a lot of the issues we currently have.

Areas of Improvement:

Reconciling Expenses

Job Distribution

Increase Gross

Increase Tech Productivity

Increase Tech Proficiency

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross
Department Gross	$ 286,836	
Variable Expense		0.00%
Selling Expense	$ 102,876	35.87%
Personnel Expense		0.00%
Semi-Fixed Expense		0.00%
Fixed Expense	$ 40,426	14.09%
Unallocated Expense		0.00%
Dealer's Salary		0.00%
Total Expenses	$ 143,302	49.96%
Net Profit	$ 143,534	50.04%

Analyze Cost of Labor

When inputting our customer, warranty, and internal numbers, it definitely tells me a story. One that we are aware of and some issues that are self inflicting. Even though we do enough, I have identified some areas of improvement. I will continue to monitor our sales and gross numbers using this module and continue to have clear communication with my service director.

Areas of Improvement:

Accessorizing

Video/Picture MP

Advisor Training

Upselling

Increasing New Vehicle Allocation

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	$ 222,423	$ 159,397	71.66%	57.09%
Customer			0%	0%
Customer Other			0%	0%
Warranty	$ 101,187	$ 78,204	77.29%	25.97%
Warranty Other			0%	0%
Internal	$ 54,221	$ 39,382	72.63%	13.92%
NVI / Road Ready	$ 11,758	$ 9,854	83.81%	3.02%
Adj. Cost Of Labor			0%	0.00%
Total	$ 389,589	$ 286,836	73.63%	100.00%

Productivity

Apart from adding more bays to our current set up, and space, the only other improvements I can think of is the distribution of work amongst technicians and upselling. Tech proficiency does not seem to be one of our weaknesses but can be continued to be monitored. We currently do not have a dispatcher, but a team system that we use with each technician. It has worked really well for us but maybe the implementation of a dispatcher can speed things up, while also letting the advisors focus more on upselling. With upselling we have to get out of the habit of settling for just an oil/filter/tire change. The more you build value in what you're presenting to the customer, the more success you will have. Tell them why they need the work done, and what the consequences could be.

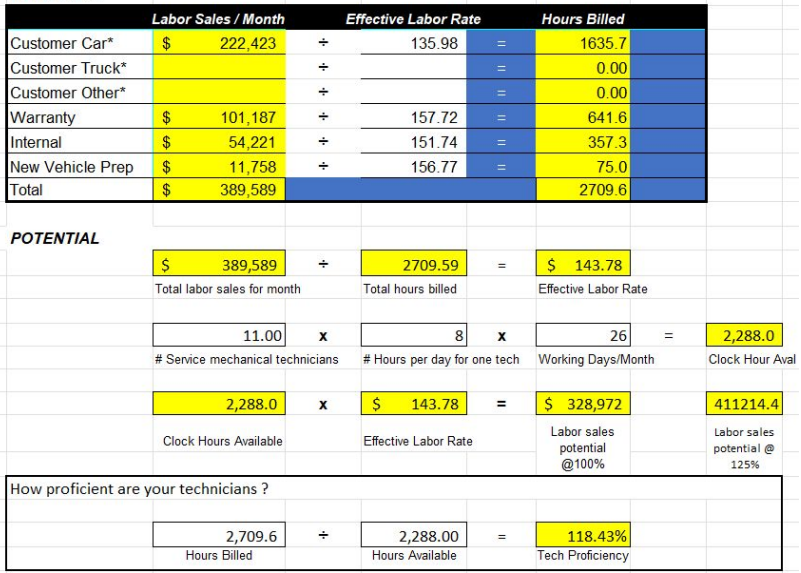
Areas of Improvement:

Upselling

Video/Photo MP

Space

Tech Proficiency



	Labor Sales / Month		Effective Labor Rate		Hours Billed
Customer Car*	$ 222,423	÷	135.98	=	1635.7
Customer Truck*		÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	$ 101,187	÷	157.72	=	641.6
Internal	$ 54,221	÷	151.74	=	357.3
New Vehicle Prep	$ 11,758	÷	156.77	=	75.0
Total	$ 389,589				2709.6

POTENTIAL

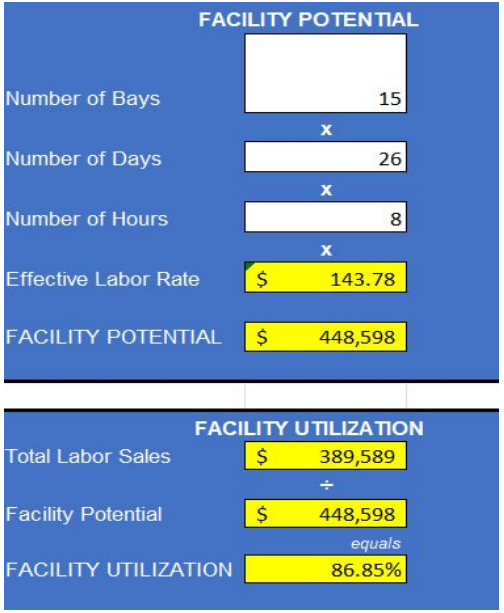
$ 389,589	÷	2709.59	=	$ 143.78			
Total labor sales for month		Total hours billed		Effective Labor Rate			
11.00	x	8	x	26	=	2,288.0	
# Service mechanical technicians		# Hours per day for one tech		Working Days/Month		Clock Hour Aval	
2,288.0	x	$ 143.78	=	$ 328,972		411214.4	
Clock Hours Available		Effective Labor Rate		Labor sales potential @100%		Labor sales potential @ 125%	

How proficient are your technicians ?

2,709.6	÷	2,288.00	=	118.43%
Hours Billed		Hours Available		Tech Proficiency

Facility

Current facility utilization is sitting at 86.85%, with the number of bays currently available to us at 15. Sitting with my service advisor , we have come to the conclusion that in order to work at full productivity with our current staff, we would require 18 bays to operate a store of our size. We have been handcuffed in this area. A solution is purchasing property in the near by area, and turning those into extra space and or bays. We can not expand the current building any further due to town regulations. Current hours of operation are Monday-Saturday, 8am-6pm. I feel we do a good job in maximizing the hours given, while also allowing for our employees to not be overworked. In the future we could switch to a system of teams, therefore being open sundays or for longer hours, won't be so burdensome.



Areas of Improvement:

Purchasing more property

Increasing Store Hours

Open Sunday

Split technicians into 2 teams

Repair Order Analysis

Areas of improvement after speaking with manager:

1. Increase repair work %
2. Increase and train for upselling
3. Video Photo MP
4. Hiring a dispatcher

Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	$ 7,287	÷	92.31	=	78.95	FRH Average
Maintenance	$ 13,271	÷	70.30	=	188.77	FRH Average
Repair	$ 14,092	÷	75.40	=	186.89	FRH Average
Totals	$ 34,650	÷	238.01	=	145.58	Customer ELR
			Target Labor Rate			Per FRH
Total Ro's in Sample	0		Difference		145.58	Per FRH

Cost of Labor

Total Cost of Labor	8831.10	÷	Total Sales	=	25.49%	Percent Cost of Sales
Total Cost of Labor	8831.10	÷	Total FRHs	=	37.10	Cost per FRH

Repair Order Measurements

Total Labor Sales	34,649.93	÷	Total ROs	=		Avg Labor per RO
Total FRHs	238.01	÷	Total ROs	=		Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	92.31	÷	Total FRHs	=	38.78%	Percent Competitive
Maintenance FRHs	70.30	÷	Total FRHs	=	29.54%	Percent Maintenance
Repair FRH	75.40	÷	Total FRHs	=	31.68%	Percent Repair
One item ROs	0	÷	Total ROs	=		Percent One Item RO

Model Year Analysis

2025	2024	2023	2022	2021	2020	Older
0	0	4	6	13	13	64
0.00%	0.00%	4.00%	6.00%	13.00%	13.00%	64.00%