

NADA Service Homework

Title Page

Marketing

- ▶ Current practices – Direct Mail and Email Campaigns (National Retail Plan/Epsilon)
- ▶ Goals for improvement – Increasing sales and opportunity
- ▶ Plans to achieve your goals – Extend ours of operation and increase ad spend
- ▶ Plans to evaluate your changes – Quarterly reviews and measuring KPI metrics

Analyze Cost of Labor

- ▶ Current practices – Currently paying techs on flag time. No, we will not make any changes. Tech efficiency is good.
- ▶ Goals for improvement – Need to make sure techs are utilized for proper jobs. Lube tech for oil change etc. Hire more techs and maintain same efficiency
- ▶ Plans to achieve your goals – Go to job fairs to hire more techs out of trade schools to build bench.
- ▶ Plans to evaluate your changes – Monthly reviews with Techs on performance, hours, and abilities.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer MAIN	\$ 185,099	\$ 119,564	64.59%	27.40%
Customer QUICK	\$ 36,829	\$ 21,903	59.47%	5.45%
			0%	0%
Warranty	\$ 148,822	\$ 107,382	72.15%	22.03%
SUBLET	\$ 85,223	\$ 55,614	65.26%	12.62%
Internal	\$ 147,682	\$ 96,299	65.21%	21.86%
NVI / Road Ready	\$ 71,833	\$ 60,347	84.01%	10.63%
Adj. Cost Of Labor		\$ 4,943	0%	0.00%
Total	\$ 675,488	\$ 466,052	68.99%	100.00%

Changes in Expense Structure

- ▶ Current practices – **Our personnel expense is higher than it should be. We don't spend a ton in advertising. Policy is getting out of hand.**
 - ▶ Goals for improvement – **Decrease comp. Lower policy. Watch our WHIP. Increase gross and net profit**
 - ▶ Plans to achieve your goals -**Adjust comp with personnel changes and pay plans. Increase Ad spend to generate more traffic. Sign off on all Policy over \$200. Charge backs if necessary.**
- Plans to evaluate your changes – **Monthly review of policy work, WHIP, and overtime. Track ad spend relative to increase opportunities.**

Expense Category	Dollar Amount	% of Gross
Department Gross	\$ 466,052	
Variable Expense	\$ -	0.00%
Selling Expense	\$ -	0.00%
Personnel Expense	\$ 282,743	60.67%
Semi-Fixed Expense	\$ 50,677	10.87%
Fixed Expense	\$ 65,452	14.04%
Unallocated Expense	\$ -	0.00%
Dealer's Salary	\$ -	0.00%
Total Expenses	\$ 398,872	85.59%
Net Profit	\$ 67,180	14.41%

Productivity

- ▶ Current practices – **AVG of 50-55 apts set a day. If not an apt 1st up. Greet within 60 seconds. Dongle/write RO/dispatch. 2-3 day for diag w apt/ 3-4 w/o apt. MPI on all vehicles.**
- ▶ Goals for improvement – **Decrease diag time/wait time. Upsell off MPI. Dispatch quicker. Increase RO/CP/CSI/TURN**
Plans to achieve your goals – **Hire 2 quicklane advisors and techs. Need 5 more techs. Trans specific for a 6th. Adjust hours of op? Heating/AC ? FACILITY!**
- ▶ Plans to evaluate your changes – **Daily inspection of RO time and dispatch. Accountability on dispatch daily. WHIP daily and monthly reviews.**

NADA ACTUAL SERVICE ANALYSIS					
Performance					
	Labor Sales / Month		Effective Labor Rate		Hours Billed
Customer MAIN'	\$ 185,099	÷	131.83	=	1404.1
Customer QUICK	\$ 36,829	÷	110.24	=	334.1
Sublet	\$ 85,223	÷	134.37	=	634.2
Warranty	\$ 148,822	÷	160.43	=	927.6
Internal	\$ 147,682	÷	128.43	=	1149.9
New Vehicle Prep	\$ 71,833	÷	291.93	=	246.1
Total	\$ 675,488				4696.0
POTENTIAL					
	\$ 675,488	÷	4696.00	=	\$ 143.84
	Total labor sales for month		Total hours billed		Effective Labor Rate
	22.00	x	9	x	22
	# Service mechanical technicians		# Hours per day for one tech		Working Days/Month
	4,356.0	x	\$ 143.84	=	\$ 626,581
	Clock Hours Available		Effective Labor Rate		Labor sales potential @100%
					Labor sales potential @ 125%
How proficient are your technicians ?					
	4,696.0	÷	4,356.00	=	107.81%
	Hours Billed		Hours Available		Tech Proficiency

Facility

- ▶ Current practices – **M-F 7-7/ S 8-3. Very disorganized front and back. Open to elements. Out dated.**
 - ▶ Goals for improvement – **Increase utilization to make better use of what we have.**
 - ▶ Plans to achieve your goals – **Move techs around to organize better. Personnell. Invest in heaters and porta cools.**
- Plans to evaluate your changes – **Track difference from before and after movement on utilization and quickness of turn. Monthly Review. Accountability**

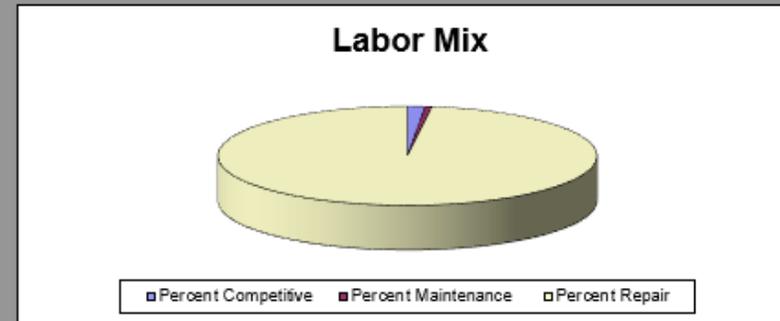
FACILITY POTENTIAL	
Number of Bays	54
	x
Number of Days	25
	x
Number of Hours	11
	x
Effective Labor Rate	\$ 143.84
FACILITY POTENTIAL	\$ 2,136,071

FACILITY UTILIZATION	
Total Labor Sales	\$ 675,488
	÷
Facility Potential	\$ 2,136,071
	<i>equals</i>
FACILITY UTILIZATION	31.62%

Repair order analysis

- ▶ We have a high percentage of 1 line ROs and do about a 50/50 split of main drive/quick lube monthly.
- ▶ EFL has some opportunity.
- ▶ More upselling off MPIs
- ▶ Facility needs to be looked at for improvements/organization to better utilize techs and advisors and their time.
- ▶ More customer facing/friendly

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Average	Analysis			
Competitive	\$ 320	6.40	50.00	FRH Average			
Maintenance	\$ 107	2.40	44.56	FRH Average			
Repair	\$ 55,914	417.71	133.86	FRH Average			
Totals	\$ 56,341	426.51	132.10	Customer ELR			
Target Labor Rate			163.86	Per FRH			
Total Ro's in Sample	100	Difference	-31.76	Per FRH			
Cost of Labor							
Total Cost of Labor	15568.27	Total Sales	27.63%	Percent Cost of Sales			
Total Cost of Labor	15568.27	Total FRHs	36.50	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	56,341.35	Total ROs	563.41	Avg Labor per RO			
Total FRHs	426.51	Total ROs	4.27	Avg FRH's per RO			
Menu Sales		Total ROs		Percent Menu Sales			
Competitive FRHs	6.40	Total FRHs	1.50%	Percent Competitive			
Maintenance FRHs	2.40	Total FRHs	0.56%	Percent Maintenance			
Repair FRH	417.71	Total FRHs	97.94%	Percent Repair			
One item ROs	48	Total ROs	48.00%	Percent One Item RO			
Model Year Analysis							
2025	2024	2023	2022	2021	2020	Older	Total
0	5	8	7	15	10	55	100
0.00%	5.00%	8.00%	7.00%	15.00%	10.00%	55.00%	



SWOT Analysis- Strengths

- ▶ Strengths
- ▶ **TECH EFFECTIVENESS**
- ▶ **SHOP UTILIZATION**
- ▶ **INTERDEPARTMENT COOPERATION**

SWOT Analysis- Weaknesses

- ▶ Weaknesses
- ▶ FACILITY OVERALL
- ▶ LOGISTICS
- ▶ UPSELLING ON DRIVE
- ▶ LACK OF BACK COUNTER HELP
- ▶ PERSONNEL

SWOT Analysis- Opportunities

- ▶ Opportunities
- ▶ **UPSELLING ON THE DRIVE!**
- ▶ **FACILITY IMPROVEMENT FOR ELEMENTS. HEATING AND AIR**
- ▶ **ADVISOR SEATING POSITION AND LAY OUT**
- ▶ **PERSONNEL**
- ▶ **QUICK LUBE SPECIFIC ADVISORS**
- ▶ **PORTER**

SWOT Analysis- Threats

- ▶ Threats
- ▶ **THEFT OF PARTS AND TIME**
- ▶ **KEEPING TECHS HAPPY**
- ▶ **COMPETITION TRYING TO TAKE BUSINESS AND TECHS OR ADVISORS**
- ▶ **BLOCKADES**
- ▶ **PARTS BACK ORDER**

SWOT Analysis- Objectives

- ▶ Objectives
- ▶ **GROW THE NET PROFIT OF THE DEPT**
- ▶ **BECOME MORE EFFICIENT**
- ▶ **QUICKER TURN TIME FOR CUSTOMERS**
- ▶ **IMPROVE CSI**
- ▶ **INCREASED PERSONNEL MORALES**

SWOT Analysis-Strategies

- ▶ Strategies
- ▶ INCREASE AD SPEND SHOULD HELP WITH TRAFFIC
- ▶ HIRING 2 LUBE ADVISORS SHOULD ALLOW MAIN DRIVE TO FOCUS ON UPSELLING
- ▶ MORE TECHS WILL HELP DECREASE WAIT TIME
- ▶ ANOTHER DISPATCHER COULD HELP WITH THAT AS WELL
- ▶ RELOCATING ADVISORS
- ▶ PUTTING UC TECHS TOGETHER. LUBE TECHS TOGETHER. MAIN TOGETHER
- ▶ PARTS RUNNER IF NOT BACK PARTS COUNTER PERSON

SWOT Analysis-Tactics

- ▶ Tactics
- ▶ **ATTEND JOB FAIRS TO GET MORE PEOPLE**
- ▶ **SHOW APPRECIATION TO THOSE WE HAVE**
- ▶ **INSPECT TECHS TICKET ITEMS AND PARTS**

SWOT Analysis- Action Plan

▶ Action Plan

TASK	Position responsible	Check in/completion schedule
HIRING ADVISORS	SERVICE MANAGER	FIRST QUARTER
MOVING TECHS	FOREMAN	FIRST QUARTER
ELEMENT PROTECTION	SERVICE DIRECTOR/GM	FIRST QUARTER
INCREASED AD SPEND	SERVICE DIRECTOR/GM	FIRST QUARTER
MOVING ADVISORS	SERVICE DIRECTOR/GM	FIRST QUARTER

Homework Synopsis

- ▶ Synopsis
- ▶ While we do a really good job of utilizing our techs and our advisors we could optimize our production by focusing on increasing personnel, wathcing our expenses and managing our time better. Our facility is outdated and needs some improvement, but without spending a ton of money, there are some small changes that could be made to make us more customer facing friendly and organized for all parties involved.