



FIXED OPS: SERVICE



CACESA



September 2018. León, México. ATD 039-21





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ADVERTISING & MERCHANDISING

- COMPETITIVE PRICING EFFORTS**

In an effort to increase Hours in the Service Dept. we researched and created Menus in order to make it easier to sell and have a comparison with Auto Dealership We research our main competitors pricing as well as asked Navistar & Cummins to help us with Discounts and Political Warranties (if applicable).

- MENUS (examples)**

Paquete Express (Cualquier hora)	Paquete Mediano (Cualquier hora)	Paquete Mayor (PREVIA CITA)
Cambio aceite y filtros de motor. Engrasado Chasis: perchas, dirección, pernos y collarín. Cruceatas, matracas y frenos.	Básico + Cambio aceite transmisión Engrasado baleros ruedas delanteras.	Mediano + Cambio aceite diferencial Cambio aceite dirección Engrasado baleros ruedas traseras.

TIPO DE CAMIÓN Y MOTOR	PROMOCIÓN EXPRESS 14% a 19% de Desc.	PROMOCIÓN MEDIANO 5% a 8% de Desc.	PROMOCIÓN MAYOR 10% a 19% de Desc.
Pasaje DT 466 EPA-98	\$ 2,566.28	\$ 4,992.29	\$ 7,879.28
Pasaje I313 EPA-04	\$ 3,735.91	\$ 6,161.92	\$ 9,048.90
Pasaje MWM-4 EURO-3	\$ 2,831.27	\$ 5,599.81	\$ 8,967.71
Pasaje MWM-4 EURO-4	\$ 3,059.21	\$ 5,827.74	\$ 9,195.65
Pasaje MWM-6 EURO-4	\$ 3,189.46	\$ 5,957.99	\$ 9,325.89
Pasaje VT 365	\$ 2,535.77	\$ 4,961.78	\$ 7,812.44
Ligero CF	\$ 2,119.06	\$ 7,397.45	\$ 11,760.18
Rabón DT 466	\$ 2,731.32	\$ 5,157.33	\$ 8,007.98
Rabón VT-365	\$ 2,535.77	\$ 4,961.78	\$ 7,812.44
Thorton DT 466	\$ 2,731.32	\$ 5,157.33	\$ 8,007.98
Thorton DT 530	\$ 2,731.32	\$ 5,157.33	\$ 8,007.98
Tracto ISX	\$ 3,391.74	\$ 5,884.64	\$ 11,596.82
Tracto N14	\$ 3,210.67	\$ 7,720.05	\$ 11,154.90

OTROS SERVICIOS				
Tipo de Servicio	Rabón/ Pasaje	Thorton	Tracto	Ligero
Embalatado Eje Delantero Local	\$1,622.62	\$1,622.62	\$1,711.04	\$1,829.25
Embalatado Eje Delantero Foráneo	\$1,636.76	\$1,636.76	\$1,636.76	\$1,829.25
Embalatado eje Trasero Local	\$1,607.91	\$2,115.82	\$1,569.26	\$2,379.25
Embalatado Eje Trasero Foráneo	\$1,730.83	\$2,361.66	\$1,730.83	\$2,379.25
Lavado de tanque de Diesel	\$800.00	\$800.00	\$1,600.00	\$800.00
Revisión y Carga de A/C	\$1,450.00	\$1,450.00	\$1,450.00	\$1,450.00
Alineación por eje	\$490.00	\$490.00	\$490.00	\$490.00
Balaceo por llanta	\$70.00	\$70.00	\$70.00	\$70.00
Lavado de unidad	\$490.00	\$490.00	\$490.00	\$490.00
Mantenimiento Eléctrico-Electrónico	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00





MARKETING

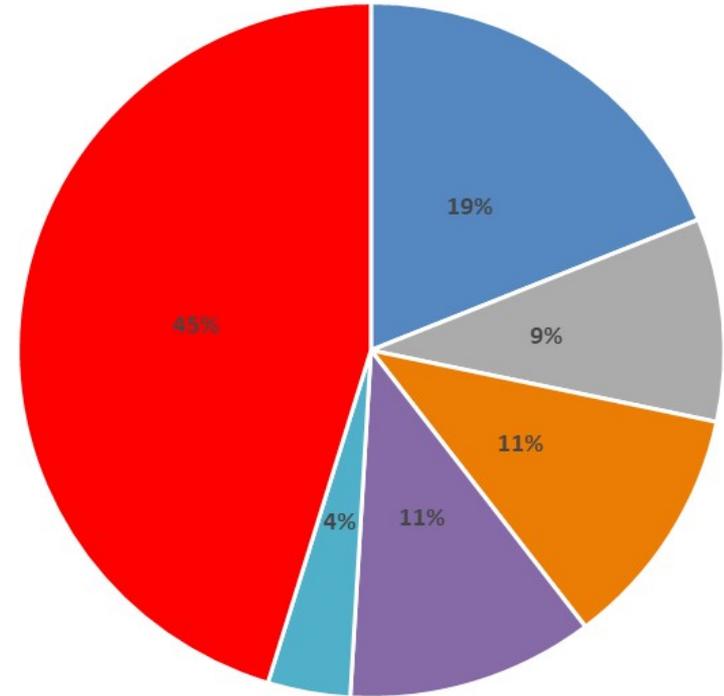
- POTENTIAL, PENETRATON & COMPETITION**

Our location penetration is represented in the chart.
We have many opportunity to grow in Service and Units.

We are offering:

- Warranty in all of our parts & service
- Extended hours of service (weekends)
- Service in Customer location
- free inspection in 26 security points

Thanks to our Service Menus, we have already attracted 2 big fleets.



■ FREIGHTLINER ■ HINO ■ INTERNATIONAL ■ ISUZU ■ VOLVO ■ KW





FACILITY (JULY DATA)

- CAPACITY & POTENTIAL**

19 Stalls in León, 12 Stalls in Aguascalientes & 10 Stalls in Irapuato.

Potential = \$264,893 USD

- UTILIZATION**

Given our July data, we have a 36.35% Facility Utilization. “A lot of ice melt in July”

Way below NADA Guideline of 80%!!

- LIMITATIONS**

Our Irapuato facility is the one with the lower percentage of participation. We need to replace Service Manager.

FACILITY POTENTIAL	
Number of Bays	41
	x
Number of Days	24
	x
Number of Hours	10
	x
Effective Labor Rate	26.92
	<i>equals</i>
FACILITY POTENTIAL	\$ 264,893

FACILITY UTILIZATION	
Total Labor Sales	\$ 96,286
	÷
Facility Potential	\$ 264,893
	<i>equals</i>
FACILITY UTILIZATION	36.35%





PRODUCTIVITY

• ACTUAL VS. POTENTIAL IN SERVICE (JULY)

Performance

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ -	÷		=	0.00
Customer Truck*	\$ 44,796	÷	27.50	=	1628.9
Customer Other*	\$ 35,059	÷	27.50	=	1274.9
Warranty	\$ 6,923	÷	35.00	=	197.8
Internal	\$ 9,508	÷	20.00	=	475.4
New Vehicle Prep	\$ -	÷		=	0.00
Total	\$ 96,286				3577.0

POTENTIAL

$$\frac{\$ 96,286}{3577.02} = \$ 26.92$$

Total labor sales for month

Total hours billed

Effective Labor Rate

$$22.00 \times 8 \times 24 = 4,224.0$$

Service mechanical technicians # Hours/Day

Working Days/Month

Clock Hour Aval

$$4,224.0 \times \$ 26.92 = \$ 113,701$$

Clock Hours Available

Effective Labor Rate

Labor sales potential

There is still Labor Sales potential. This is mainly driven to our Irapuato & León facilities. We need to take measures to ensure we do achieve Sales potential and prevent “ice keep melting”.





ORGANIZATION & PRODUCTION METHODS

- **ORGANIZATION**

6 Techs & 3 “helpers” in León

2 Techs & 5 “helpers” in Aguascalientes

4 Techs & 2 “helpers” in Irapuato

“Helpers”: is personnel who undergo training 2 years before being Tech and start their Carrer.

By what we are currently invoicing, we are OK. We need to hire 1 more tech in León.

- **PRODUCTION METHODS**

We are implementing the figure of “Service Salesman” in Aguascalientes & Irapuato to gain more Service Shop Traffic. Already implemented with great results in León.

We are offering Sunday attention (for big Fleets) and we also go to our customers with our Service Delivery Truck.





COST OF LABOR & GROSS PROFIT

Cost of Labor is not a big issue in Mexico.

We do need to increase tech proefficiency.

We need to increase billed hours above Averige:

- IRAPUATO 700 hours vs. Avg 600 hours
- AGUASCALIENTES 800 hours vs. Avg. 650 hours
- LEÓN 1000 hours vs. Avg. 700 hours

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ -	\$ -	0%	0.00%
Customer Truck	\$ 44,796	\$ 29,406	65.64%	46.52%
Customer Other	\$ 35,059	\$ 7,092	20.23%	36.41%
Warranty	\$ 6,923	\$ 4,549	65.71%	7.19%
Warranty Other	\$ -	\$ -	0%	0.00%
Internal	\$ 9,508	\$ 7,092	74.59%	9.87%
NVI / Road Ready	\$ -	\$ -	0%	0.00%
Adj. Cost Of Labor		\$ -	0%	0.00%
Total	\$ 96,286	\$ 48,139	50.00%	100.00%





EXPENSE STRUCTURE

Expense Structure is controlled and in line with NADA Guideline. We do have some changes to apply in the Personnel Expense since one manager is Expensive and it isn't producing a lot.

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 48,139		
Variable Expense	\$ 15,279	31.74%	1
Selling Expense	\$ -	0.00%	
Personnel Expense	\$ 9,021	18.74%	3
Semi-Fixed Expense	\$ 9,471	19.67%	2
Fixed Expense	\$ -	0.00%	
Unallocated Expense	\$ -	0.00%	
Dealer's Salary	\$ 4,000	8.31%	4
Total Expenses	\$ 37,771	78.46%	
Net Profit	\$ 10,368	21.54%	





PAY PLANS

- **STRATEGIES**

My labor rate has an annual revision. In my location we have a lot of industries & factories; thus salaries are getting higher and techs prefer to work in Industrial Parks. We are implementing some strategies in our locations:

“Tech Career Growth”. Tech accomplish courses and starts getting rewards as well as a higher pay per hour. More detailed in “Level of Current Training Program”.

Bonus & Compensation.

Continue adding bonuses depending on their advancement throughout the career path.





PERFORMANCE ENHANCEMENT PROGRAMS

- **PERFORMING PROGRAMS**

- Currently under Uptime Partner Program with Navistar. Currently Gold in 3 Dealerships, we want to achieve Platinum Status.
- Currently Rolling out Tablet Reception for Trucks to give a faster and better service.
- Currently visiting Customers throughout 3 locations by Service Managers.

- **Service Hour Objectives before year end:**

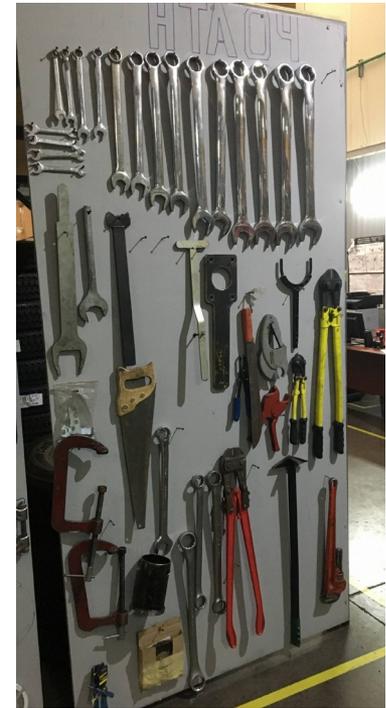
- IRAPUATO **700** hours vs. Avg 600 hours
- AGUASCALIENTES **800** hours vs. Avg. 650 hours
- LEÓN **1000** hours vs. Avg. 700 hours





CONDITION OF SPECIAL TOOLS & EQUIP.

During my revision of tools & equipment I found out; ORDER in 1 location and DISORDER in the 2 other locations. This is the ORDER being implemented in 2 locations and being finished by September. Condition is Fine, only organization.





QUALITATIVE SWOT ANALYSIS

Strengths

Certified Tech's w/ Constant Training
Low Tech Rotation
Teamwork
Focus on Customers
Solid Company w/ bays available
Competitive Pricing (Parts & Labor)
Company in Constant Innovation
Availability of Working Tools to Diagnose
Great relation w/ OE's
Agile Warrantys for Customers

Opportunities

Confortable Space for Drivers
Promotion of Service Menus
Visible Career Plan
Better Internal Communication
Establish Corporate Criteria
Work Better w/ Parts Dept.
QuickChek in Tabletss
Utilize Telematics
Better training from OE for new Engines

Weakness

Not competitive in Cummins
Internal Bureocracy for decisions
Constant problems with Company Systems
Sense of Urgency
Parts Availability
Slow Parts Fullfilment
Low Knowledge in Parts Personnel
Low Gurantees becuase low NAV penetration

Threats

External Shops Long Distance
No inventory for Tools Equipment
Parts & Labor cheaper in other Shops
Parts Availability = Angry customers
Low Navistar Penetration in Market
Unloyal competiton (chinese parts)
Expensive Cummins Parts
Fleets or Shops stealing our Techs
Industrial Parks offering more \$\$





OBJECTIVES / STRATEGIES / TACTICS

- **OBJECTIVES**

- Increase Hours Billed in our 3 facilities.
- Increase GROSS on Customer pay repair order parts sales.
- Incentivize managers to gain more customers and work to our shops
- Keep track of lost sales & remain competitive

- **STRATEGIES**

- Hire Service Commercial in Aguascalientes & Irapuato.
- Minimize discount by eliminating the ability of Service advisors to give discounts.
- Give commission based on Parts Sold & hours billed for new Customers.
- Do the Competitive Matrix in 3 locations every 3 months.

- **TACTICS**

- Establish a minimum monthly Goal for each location.
- Structure a Price pricing program for each customer.
- Define the rules of the game to gain commissions based on invoice.
- Service Commercial do a constant revisión of Service Menus vs Competiton

