

**Advertising:**

We actively advertise on our website. We utilize “Lexus Engage” which sends out mailers, e-blasts, maintenance and recall reminders monthly.

We also utilize Facebook to advertise.

The screenshot shows the website header for Lexus of Colorado Springs with navigation links: HOME, NEW, PRE-OWNED, SERVICE AND PARTS, SPECIALS, RESEARCH, FINANCE, ABOUT US. The main content area is titled "SERVICE OFFERS" and features a promotional banner for a "LEXUS EXCLUSIVE TIRE EVENT". The banner includes an image of two Lexus cars on a road. Text on the banner reads: "LEXUS EXCLUSIVE TIRE EVENT", "BUY 4 TIRES, SAVE \$100\*", "September 26 - October 31, 2018", and a small note: "\*See your Service Consultant Today". To the right of the banner, there is a "SCHEDULE SERVICE" button and additional text: "LEXUS EXCLUSIVE TIRE EVENT", "BUY 4 TIRES, SAVE \$100", "\$100 Expires", and "\*See your Service Consultant today Offer Disclosure".

**Marketing:**

Luckily, we are a single point Lexus dealer in a growing market. At times we compete with the Denver Lexus dealers but not often.

**Facility Utilization: June 2018**

Of the 13 bays, one is an alignment rack and we have a tech in every bay.

FACILITY POTENTIAL	
Number of Bays	13
	x
Number of Days	24
	x
Number of Hours	11
	x
Effective Labor Rate	141
	<i>equals</i>
FACILITY POTENTIAL	\$ 483,912

  

FACILITY UTILIZATION	
Total Labor Sales	\$ 255,774
	+
Facility Potential	\$ 483,912
	<i>equals</i>
FACILITY UTILIZATION	52.86%

**Productivity:**

**LEXUS OF CS ACTUAL SERVICE ANALYSIS JUNE 2018**

**PERFORMANCE**

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 120,275	÷	159.99	=	751.8
Customer Truck*	\$ -	÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 27,148	÷	110.00	=	246.8
Internal	\$ 46,643	÷	179.99	=	259.1
New Vehicle Prep	\$ 61,708	÷	110.00	=	561.0
<b>Total</b>	<b>\$ 255,774</b>				<b>1818.7</b>

**POTENTIAL**

\$ 255,774	÷	1818.69	=	\$ 140.64	
Total labor sales for month		Total hours billed		Effective Labor Rate	
10.00	x	9	x	21	= 1,890.0
# Service mechanical technicians		# Hours/Day		Working Days/Month	Clock Hour Avail
1,890.0	x	\$ 140.64	=	\$ 265,803	
Clock Hours Available		Effective Labor Rate		Labor sales potential	

**PROFICIENCY**

How proficient are your technicians ?					
	1,818.7	÷	1,890.00	=	96.23%
	Hours Produced		Hours Available		Tech Proficiency

We are in top 5 in Tech Proficiency of our 22 stores. Our shop operates in a conventional production method. One Master Tech dispatches the work to the entire shop.

**Cost of Labor:**

## Service Department Sales and Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 120,275	\$ 96,358	80.11%	47.02%
Customer Truck			0%	0.00%
Customer Other			0%	0%
Warranty	\$ 27,148	\$ 21,318	78.53%	10.61%
Warranty Other			0%	0.00%
Internal	\$ 46,643	\$ 32,830	70.39%	18.24%
NVI / Road Ready	\$ 61,708	\$ 47,986	77.76%	24.13%
Adj. Cost Of Labor		\$ (1,624)	0%	0.00%
<b>Total</b>	<b>\$ 255,774</b>	<b>\$ 196,868</b>	<b>76.97%</b>	<b>100.00%</b>

For the month of June 2018, we are above guide.

## Expense Structure:

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 196,868		
Variable Expense		0.00%	
Selling Expense	\$ 43,113	21.90%	
Personnel Expense		0.00%	
Semi-Fixed Expense	\$ 51,400	26.11%	
Fixed Expense	\$ 57,327	29.12%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 151,840	77.13%	
Net Profit	\$ 45,028	22.87%	

Currently we are 23%, for a total of \$45,028 net profit for the month of June.

## Pay Plans:

Pay plans are based on performance and CSI.

## Detail Performance Programs:

Advisor, Technician, Parts Consultants performance is tracked daily and shared weekly by the Service Manager in weekly huddle meetings.

Daily advisor meetings are held on a case by case basis, based on performance.

## Level of current training:

Lexus required certification is monitored and managed through Lexus website.

  
**COMMITMENT to PERFECTION**  
 CERTIFICATION PROGRAM  
 Dealer Certification Status Report  
 All Jobs  
 As Of Date: 10/08/2018 9:51AM

Area/District/Dealer	Current Certification Affected	Expire Date	Requirements to Maintain Certification	Requirements to Advance
31 Western District 6 9606 LEXUS OF COLORADO SPRINGS				
3712 ALEXANDER, JEFFREY	Certified	11/30/2018	Requirements Complete	5 Months of Lexus Tenure 3 Core Courses 1 Elective or Additional Core Course Complete E420, E430, E470, E475, E752, E753, L074, L083, LE218, LEC017A, LEND17A, LSC13A, LSC13F, LSC15S Complete LT030, LT030
5187 ALVORD, TREBOR	Certified	04/30/2019	Requirements Complete	12 Months of Lexus Tenure 3 Core Courses Complete LE218, LSC15S Complete LT030, LT030
6751 ARCHULETA, JR, GILBERT	Certified	06/30/2019	Requirements Complete	3 Core Courses 3 On Demand Courses
8481 BATES, CRAIG	Master	01/31/2019	Complete LT030	N/A
7862 BLACKMAN, MARCIE	Not Certified	N/A		Complete 5 Foundations Online Tests
5536 BOOZER, JOHN	Certified	12/31/2018	Requirements Complete	1 Elective or Additional Core Course Complete E475, E752, E753, LEND17A
4520 DAUGHERTY, MATTHEW	Certified	05/31/2019	Requirements Complete	Complete L623 2 Core Courses 1 Elective or Additional Core Course Complete HL511A, HL610A, HL612A, HL612B, HLB10A, L074, L078, L081, L084, L087, L112A, L680, LE218, LEC015A, LEC017A, LEC300A, LEC300B, LEC303A, LEND17A, LEND18A, LSC17A, FL901A 4 Required ASE Complete LEND16A, LEND16B, LT030, LT030
9999 DAVIS, MARK	Not Certified	N/A		Complete D810
9308 DELGADO PEREZ, IRVING	Not Certified	N/A		Complete 5 Foundations Online Tests

Area/District/Dealer	Current Certification Affected	Expire Date	Requirements to Maintain Certification	Requirements to Advance
5490 ESTES, NICHOLAS	Not Certified	N/A		Complete 5 Foundations Online Tests
5055 FORD, BRYSON	Not Certified	N/A		Complete 4 Foundations Online Tests Complete L205
1663 FOUNTAINE, LAUREN	Not Certified	N/A		Complete 5 Foundations Online Tests
4922 FOX, AMY	Certified	07/31/2019	Requirements Complete	2 Core Courses Complete E430, E607, E660, E670, LE218, LSC15S
9595 GARCIA, AUSTEN	Certified	09/30/2019	Requirements Complete	5 Months of Lexus Tenure 3 Core Courses Complete E470, LE218
9493 GARDUNIO, KENNETH	Certified	02/28/2019	Requirements Complete	10 Months of Lexus Tenure 3 Core Courses 1 Elective or Additional Core Course Complete E430, E470, E607, E660, E670, LE218, LSC15S Complete LT030, LT030
0467 GROCCIA, DON	Master	12/31/2018	Requirements Complete	N/A
0833 HARTLIEB, SCOTT	Certified	05/31/2019	Requirements Complete	13 Months of Lexus Tenure 3 Core Courses Complete E470, E607, LE218, LSC15S
5963 HEBLMAN, STACEY	Certified	08/31/2019	Requirements Complete	3 Core Courses 1 Elective or Additional Core Course Complete LEND17A Complete LT030
2513 KAMINSKI, BILL	Master	10/31/2018	Requirements Complete	N/A
5963 KARRE, PAUL	Master	02/28/2019	Requirements Complete	N/A
9292 KING, TYLER	Master	02/28/2019	Complete LEC100C, LEND18B 2 Required ASE	N/A

## **Special Tools:**

We have a tool room and cabinets with labeled drawers for smaller “special tools”. Minor cleanup in the large “special tool” room is needed.



# Repair Order Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Average	Analysis			
Competitive	\$ 1,319	÷ 13.80	= 95.58	FRH Average			
Maintenance	\$ 12,610	÷ 116.20	= 108.52	FRH Average			
Repair	\$ 19,681	÷ 136.70	= 143.97	FRH Average			
Totals	\$ 33,610	÷ 266.70	= 126.02	Customer ELR			
Target Labor Rate			112.00	Per FRH			
Total Ro's in Sample	100	Difference		14.02	Per FRH		
Cost of Labor							
Total Cost of Labor	5727.17	÷ Total Sales	= 17.04%	Percent Cost of Sales			
Total Cost of Labor	5727.17	÷ Total FRH's	= 21.47	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	33,610.38	÷ Total RO's	= 336.10	Avg Labor per RO			
Total FRH's	266.70	÷ Total RO's	= 2.67	Avg FRH's per RO			
Menu Sales		÷ Total RO's	=	Percent Menu Sales			
Competitive FRH's	13.80	÷ Total FRH's	= 5.17%	Percent Competitive			
Maintenance FRH's	116.20	÷ Total FRH's	= 43.57%	Percent Maintenance			
Repair FRH's	136.70	÷ Total FRH's	= 51.26%	Percent Repair			
One item RO's	45	÷ Total RO's	= 45.00%	Percent One Item RO			
Model Year Analysis							
2019	2018	2017	2016	2015	2014	Older	Total
0	4	8	15	14	5	54	100
0.00%	4.00%	8.00%	15.00%	14.00%	5.00%	54.00%	

  

### Labor Mix

■ Percent Competitive	■ Percent Maintenance	■ Percent Repair
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Our door rate is \$159.99 and our repair labor rate is currently at \$143.97.

- Discounting is factored into advisor's pay plan
- Lexus pre-paid maintenance rate is 110.00 per hour
- Our one-line R.O.'s is high but mostly due to the Lexus pre-paid and complimentary maintenance

# QUALITATIVE SWOT ANALYSIS



## **STRENGTHS:**

Experienced/Knowledgeable Staff  
Service loaners for guests  
Good Service Coordinator  
Ability to adapt to change  
Reliable staff  
New Service Manager - Morale and Customer Service is up!

## **WEAKNESSES:**

Short staffed  
Sharing responsibility  
Empathy with guests  
Time management (punctuality with closing RO's)  
Loaners not clean and ready when guests arrive  
Valets not all on the same page  
Poor Communication

## **OPPORTUNITIES:**

Valet Service level  
Take a different approach with guests  
Lexus Training  
Cross Training  
Peak Performer Awards  
Keeping guests informed  
Poor planning regarding appointments... WE OWE Process  
Growth/Leadership  
Colorado Springs is a growing market

## **THREATS:**

Service capacity/Building capacity  
Only one wash bay  
No parking  
Pride and arrogance  
Unable to complete certifications

## **Objectives:**

1. Improve communication w/in Service and Sales departments
2. Improve on loaner availability and cleanliness for guests.
3. Improve gross on customer pay R.O. labor sales (raise per R.O hrs by 0.3%)
4. Improve communication with guests
5. Improve training, cross-training, and communication with regard to training levels
6. Improve the timing of closed R.O.s
7. Track lost service and parts sales

**Strategies:**

1. Weekly meeting with Sales and Service Managers to review the We Owe schedule
2. Develop a 10, 2, and 4 process to keep guest informed
3. Develop a process for closing support staff with regard to “ready” available loaners
4. Create a Service menu brochure for night drops, make available to Sales Dept.
5. Communicate the Loaner process and availability with the Sales department
6. Advertise and post Service specials (on website) consistently
7. Continue review of lost sales process with Parts and Service Managers

**Tactics:**

1. Coach and train techs on proper documentation in MPI and R.O.s
2. Advertise work on all makes and models
3. Have weekly meeting with Sales, Service and Parts managers
4. Have weekly meeting to review open internal R.O.s
5. Have monthly training for Service Advisors held by Sales Manager
6. Evaluate incoming Service calls and process

**ACTION PLAN**

<b><u>TASK</u></b>	<b><u>BY WHOM</u></b>	<b><u>COMPLETION</u></b>
<b><u>DATE</u></b>		
Create a Service Menu for night drop	Service Manager	Nov 1, 2018

Partner with Corporate Marketing Department to create and develop a schedule for Service specials On Website, Social Media and eblasts	Service Manager	Nov 1, 2018
Monthly evaluation meeting with each Tech to review documentation on R.O.s and MPI	Service Manager	Nov 1, 2018
Weekly meeting to review open Internal R.O.s	Internal Service Advisor, Service Manager, General Sales Manager	Nov 1, 2018
Monthly Sales Training for Service Advisors Monthly	Sales Managers	
Random phone calls to Service Advisors and Parts associates	Service Manager, Service Assistant	Weekly
Weekly meeting with Service, Sales, Parts Weekly	Service Manager, Parts Manager, General Sales Manager	

## ***SYNOPSIS***

It is obvious that the culture at Lexus of Colorado Springs is consistent within all departments. We all believe and take pride in providing the “best” guest experience.

In order to do that at the highest level we will need to have immediate and consistent communication within our departments and throughout. We will begin to conduct sales training led by Sales Managers for Service Advisors which will help to increase guest

confidence and buy-in. This will also help to bridge the communication within the two departments.

The Service Manager will continue to review the notes inserted by the techs in MPI and on R.O.s to allow the Service Advisor to better communicate to the guest.

Consistent meetings between Service, Parts, and Sales will help to decrease the amount of lost sales, and decrease the amount of open R.O.s.

We will also conduct mystery phone shops to our Parts and Service departments to ensure our guests are receiving the best service possible. The findings will be shared with each department by the Service Manager.

We will partner with our Marketing Department to have a consistent message regarding Service specials on our website. They will support us in the creation of a Service Menu which will be utilized in our night drop box and shared with the Sales department.

It is evident that we have outgrown the dealership in all departments and are excited to be moving to a new building in the next 2-3 years. We will need to have good processes and communication in place. We have a team that cares.

We can, We will!