

CSI – CUSTOMER SUPPLIES INCOME

Comparing September 17 vs. September 18 our customer pay RO count has increased over 200 RO's which has increased CP gross \$20,000 year over year. We have been focused on advertising, pay plans and doing a better job of training advisors on how to sell/upsell. We are spending our advertising monies in the following main areas to achieve this: **emails, mailers and search engine optimization**. Our facility utilization is 71% with a potential of \$490,321, our current facility utilization is around 65%, and we are not there yet but are continuing to take steps to get us closer. Our tech proficiency is at 87% and gaining more CP customers will only increase that number. Our cost of labor overall is at 78% with CP at 76%. One of the issues is our expenses are averaging \$274K per month and gross is averaging \$272K, in June, 2018 we changed our service manager's pay plan to a more performing plan instead of salary and no incentive. Service manager's salary was reduced while increasing the percentages, added CSI & training initiatives in which he will receive a lesser percentage if CSI is below zone on a 3 month rolling average. Service training must be at 100% per General Motors.

We have also shifted focus on our advertising methods; trimming out advertising that was not effective and focused more on hitting our customer base along with reaching out to new customers. Logging how customers came into our dealership has been simple and **VERY** effective, at the cashier window; a simple question, "how did you hear about us today"? This log is sent to the General Manager and Service Manager each month with totals so we can see what is effective and spend our money in areas that are working.

We have also put a tremendous focus on selling tires through advertising on our website, mailers, emails and search engine optimization. Surveys have shown that over half our customers did not even know we sold tires and keeping that information in front of customers has been important.

We will match ANY price (see below). Tire sales have increased 50% year over year for CP and below is a sample of our tire marketing.

Schedule Service

Tire Price Match Guarantee

Provide us with a better price at the time of purchase and we'll match it.

Coupon Code: 201
Expires

12-31-2018

Find a better price within 30 days of the purchase, and we'll refund the difference.* Eligible Tire Brands: BFGoodrich, Bridgestone, Continental, Dunlop, Firestone, General, Goodyear, Hankook, Kelly, Michelin, Pirelli, and Uniroyal.

Offer Disclosure

Another area of improvement is investing in training for our service advisors. Service advisors see far more customers on a daily basis than sales personnel; yet often receive no formal training. We hired JM&A to come in and do service advisor training with word tracks, role-play,

etc. This is another factor as to why our CP sales have increased because for once we are investing in our advisors and not just giving them a desk & computer and hoping they will succeed. We also incorporated training requirements in the service advisors pay plans in which they will have percentage deductions if manufacturer and JM&A training is not compliant. The JM&A training gives the advisors 3 days of intensive training, and an additional 6 months of sales coaching from a coach. One particular advisor was on track to make \$61,500 in 2017 per year and as of 9/30/18 is on track to make \$95,000. Prior to bringing in this training, our top advisor was making \$62,500 annually.

Special order tools are kept in the parts department and have to be checked out with a log with date, tool number, tech and signature. Our assistant parts manager does an inventory of special tools twice per month. (See photo below of special tools area) The parts manager has been working on clearing more space to move this area for better organization. This task will be completed by 12/31/18.

These main areas of focus have all contributed to the growth of CP and while we are not, where we want to be we are making strides with the focus, while we are not where we want to be but have made tremendous progress on getting there. Our goal is to be 100% fixed coverage and right now the store YTD is at 64%. In September 17, we were at 54% so we are heading in the right direction but definitely have more work to do.

We must not forget about the “CSI” (Customer Supplies Income)



Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 1,832	18.60	98.51	FRH Average
Maintenance	\$ 4,656	40.00	116.40	FRH Average
Repair	\$ 17,949	178.60	100.50	FRH Average
Totals	\$ 24,438	237.20	103.03	Customer ELR
			Target Labor Rate	Per FRH
Total Ro's in Sample	50	Difference	103.03	Per FRH

Cost of Labor

Total Cost of Labor	6413.50	Total Sales	26.24%	Percent Cost of Sales
Total Cost of Labor	6413.50	Total FRHs	27.04	Cost per FRH

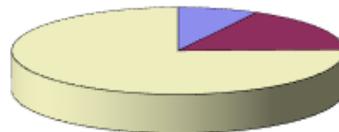
Repair Order Measurements

Total Labor Sales	24,437.61	Total ROs	488.75	Avg Labor per RO
Total FRHs	237.20	Total ROs	4.74	Avg FRH's per RO
Menu Sales		Total ROs		Percent Menu Sales
Competitive FRHs	18.60	Total FRHs	7.84%	Percent Competitive
Maintenance FRHs	40.00	Total FRHs	16.86%	Percent Maintenance
Repair FRH	178.60	Total FRHs	75.30%	Percent Repair
One item ROs	0	Total ROs	0.00%	Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older	Total
0	1	5	4	12	7	21	50
0.00%	2.00%	10.00%	8.00%	24.00%	14.00%	42.00%	

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair