

Fixed Operations 2 Service Homework

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Audi Fort Myers

337-01

A. Advertising:

We send out emails and mailers with coupons that are generated by us, Audi, and Auto point (3rd party). We also have a specials/coupons page on our website.

B. Marketing:

Competitor	LOF	Road tires	Balance 4 Tires	Alignment	Service/AC	Front Pads/Disc Replacement
VAP Motors-Mark	\$ 9450	\$ 1000	\$ 1000	\$ 799	\$ 8900	\$ 4800
Tills-Ryan	\$ 13900	Included with Balance	\$ 600	\$ 1395	\$ 1500	\$ 5000
PAVS-Jim	\$ 7229	\$ 1500	\$ 400	\$ 999	\$ 5900	\$ 5462
Tires Plus-Ken	\$ 6916	Included with Balance	\$ 520	\$ 899	\$ 499	Need to bring it in for price!
Average	\$ 9873	\$ 1500	\$ 320	\$ 1028	\$ 8700	\$ 5000
Audi Fort Myers	\$ 9995	\$ 495	\$ 895	\$ 1095	\$ 2995	\$ 9500

C. Facility:

FACILITY POTENTIAL	
Number of Bays	18
	x
Number of Days	21
	x
Number of Hours	8
	x
Effective Labor Rate	128.97
	equals
FACILITY POTENTIAL	\$

Capacity & Utilization

FACILITY UTILIZATION	
Total Labor Sales	\$ 234,335
	÷
Facility Potential	\$ 390,005
	equals
FACILITY UTILIZATION	60.09 %

390,005

D. Productivity:

How proficient are your technicians?

$$\frac{1,817.0}{\text{Hours Produced}} \div \frac{1,848.00}{\text{Hours Available}} = \frac{98.32\%}{\text{Tech Proficiency}}$$

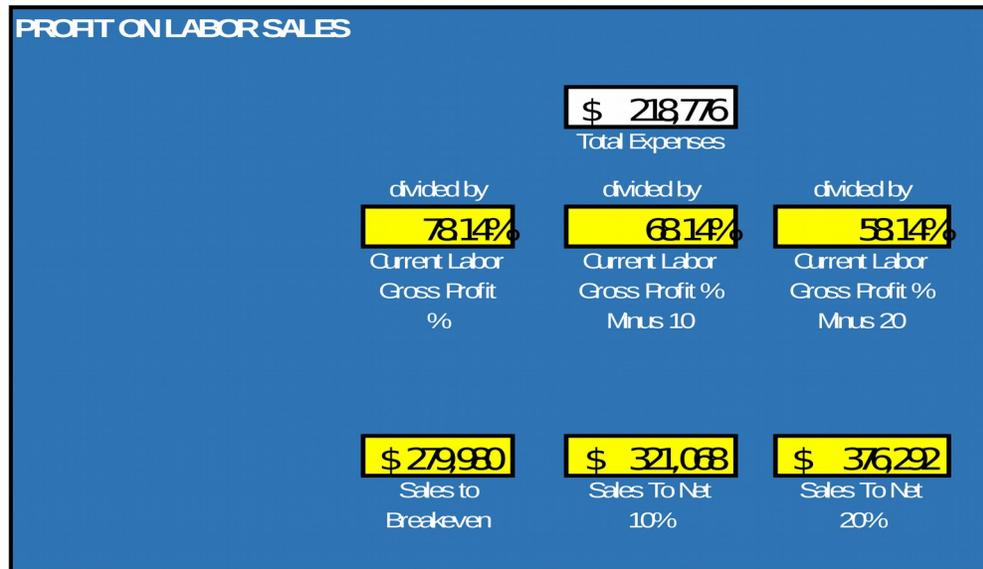
E. Production Method:

Our current production method at Audi Fort Myers is Conventional.

F. Analyze Cost of Labor:

Total labor sales	\$	294,350.00
-		
Total Service Gross Profit	\$	180,441.00
=		
Cost of Labor Sales	\$	53,891.00

G. Changes in Expense Structure:



H. Pay Plans:

Service Manager

Draw against commission - \$7,500

2.25% of Audi Service Gross when Labor gross is \$0-\$300,000 (line 2)

OR

1.25% of Audi Service Gross when Labor gross exceeds \$300,000 (line 2)

Plus

8% of Audi Variable Selling Gross (VSG) when VSG is \$0-\$80,000

OR

7.25% of Audi VSG when VSG Exceeds \$80,001

*VSG is calculated as follows;

Audi Service Labor Gross Line 2:

Less

Total Selling Expense (line 16)

Total Personnel Expense (line 28)

Total Semi-Fixed Expense (line 48)

Add back the non-manager controllable expenses of:

Salary Owner (line 18)

Workman Compensation Insurance (line 24)

Payroll taxes (line 25)

Pension (line 26)

Other employee expenses/benefits (Line 27)

Plus

CES - Top Box Customer Satisfaction scores are an expectation of your position. If Audi CSI score is Above Region average score you will receive an additional 1.0% of Audi Labor Gross (line 2)

Service Advisor

Name _____

Effective Date _____

Position Service Advisor

Department Service

Exempt _____

Non-Exempt _____

Wages Per:

Draw \$ 1000.00 towards commission

Paid: circle

Weekly Monthly

Commission/Washout:

Paid: circle

Weekly

Monthly

Details of Commission/Washout:

2.0% of total Audi gross profit of parts and labor sale, as shown on the Reynolds 3611 report, plus a possible additional percentage based on Audi Fort Myers CSI score as shown on the factory's website for the **rolling 3 month** as follows:

- 1.0% for combined CSI over the Area
- 0.0% for combined CSI under the Area

I. Detail performance programs:

Service Manager tracks performance/objectives on a daily basis. He has a few different excel worksheets that he looks at and updates them daily. These excel sheets gets sent out to Service Staff and the GM daily or every other day. Here's a few example of our performance metrics.

Advisor Forecast

DanReich FORECAST					
Workingdays	24	Repair Orders	42	Avg per RO	261
Daysworked	22	ROGoals	34	Goal per RO	3
Daysleft	2	Needed Daily	15	Difference	-0.33
		Current Avg	192	Avg RO \$CP	\$64500
		Tracking	460	Avg RO Goal	\$80000
				Diff \$\$\$	\$4500
P&L Gross	\$10952000	ELR CP	\$11800		
P&L Goals	\$150000	ELR Goal	\$12500		
Needed Daily	\$370500	Difference	-\$700		
Current Avg	\$19818				
Daily Diff	\$1,27318				
Tracking	\$1194633				
CSI 1month	98				
CSI 3month	97				
DISCOUNT%	16				

Tech Average's

Tech	Total	Labor Sales	ELR	Average	Productivity %	Potential @120%	Hours Difference	Sales Increase	10% over	CLOCK HRS	FLAG HOURS
FR											
516	175.25	\$ 21,642.00	\$123.49	8.8	109.5%	196.0	20.75	\$ 2,562.46	9.6	179.47	97.65%
638	147.53	\$ 14,414.00	\$ 97.70	7.4	92.2%	196.0	48.47	\$ 4,735.62	8.1	188.49	78.27%
711	204.56	\$ 25,874.00	\$126.49	10.2	127.9%	196.0	-8.56	\$ (1,082.72)	11.3	178.08	114.87%
714	161.64	\$ 20,694.00	\$128.03	8.1	101.0%	196.0	34.36	\$ 4,398.95	8.9	152.13	106.25%
724	149.56	\$ 19,147.00	\$128.02	7.5	93.5%	196.0	46.44	\$ 5,945.35	8.2	144.21	103.71%
753	150.33	\$ 19,725.00	\$131.21	7.5	94.0%	196.0	45.67	\$ 5,992.42	8.3	169.76	88.55%
758	207.15	\$ 26,641.00	\$128.61	10.4	129.5%	196.0	-11.15	\$ (1,433.97)	11.4	186.41	111.13%
824	145.91	\$ 17,603.00	\$120.64	7.3	91.2%	196.0	50.09	\$ 6,043.00	8.0	169.49	86.09%
836	171.38	\$ 21,847.00	\$127.48	8.6	107.1%	196.0	24.62	\$ 3,138.48	9.4	149.1	114.94%
888	139.98	\$ 16,152.00	\$115.39	7.0	87.5%	196.0	56.02	\$ 6,464.03	7.7	189.1	74.02%
904	143.63	\$ 17,819.00	\$124.06	7.2	89.8%	196.0	52.37	\$ 6,497.12	7.9	184.99	77.64%
	1796.92	\$ 221,558.00	\$122.83	89.8	103.2%	2,156.0	359.08	\$ 43,260.75	98.8	1891.23	95.01%

Minimum 40 Hours

\$ 27.05

Days worked
20

Service Projection

1	Advisors (#)	3	Advisor Hours Needed	835.49
2	Techs (#)	11	Tech Hours Needed per tech	227.86
3				
4	CP Sales	\$ 129,767	Working Days in Month	24
5	CP Discounts	\$ (2,033)	Days Worked	22
6	CP Gross Profit %	76.65%	Targeted Gross	\$ 242,000
7	Warranty Sales	\$ 125,142	Current EL Gross <small>Enter value from R29</small>	\$ 96.55
8	Warranty Gross Profit %	80.29%	Hours Needed For Target	2,506.5
9	Internal Sales	\$ 32,260	Projected Gross	\$ 244,521
10	Internal Gross Profit %	72.57%	Difference From Target	\$ 2,521
11	GOG Sales	\$ -	Hours needed	222.1
12	GOG GP%	0.00%	Days Left in Month	2
13	Sublet Sales	\$ 8,109	Hours needed per Day	111.06
14	Sublet GP%	28.96%	Gross Needed Per Day	\$ 8,928
15	Unapplied Time	\$ -		
16	Current Gross \$	\$ 224,144		
17	Hours Flagged MTD	2,284.35	Projected Hours	2492.0
18	ELR	\$ 125.71	Projected Hours over/under target	-14.5
19	EL Gross	\$ 97.78		
20			Discounts MTD	
21	Input Cells		Policy MTD	
22				
23				
24				
25	Total Service Sales	\$ 287,169		
26	Total Service Gross Profit %	78.05%		
27				
28				
29				

Gross Opportunity is Number of techs available times 9.8 flag hours per day (minimum expectation) times work days in month times gross per hour

J. Level of current training:

All of our training comes from the Manufacturer website and manufacturer on/off site training.

K. Special Tools:



1. 100 Repair Order Analysis:

Repair Order Analysis Summary Report								
	Sales in Dollars	FRH's on RO's	Averages	Analysis				
Competitive	\$ 6,026	62.40	96.57	FRH-Average				
Maintenance	\$ 8,803	66.20	132.98	FRH-Average				
Repair	\$ 31,596	215.00	146.96	FRH-Average				
Totals	\$ 46,425	343.60	135.11	Customer FLR				
Total Rps in Sample		100	Target Labor Rate	137.00	Per FRH			
			Difference	-1.89	Per FRH			
Cost of Labor								
Total Cost of Labor	8912.20	Total Sales	19.20%	Percent Cost of Sales				
Total Cost of Labor	8912.20	Total FRH's	25.94	Cost per FRH				
Repair Order Measurements								
Total Labor Sales	46,425.39	Total RO's	464.25	Avg Labor per RO				
Total FRH's	343.60	Total RO's	3.44	Avg FRH's per RO				
Menu Sales		Total RO's		Percent Menu Sales				
Competitive FRH's	62.40	Total FRH's	18.16%	Percent Competitive				
Maintenance FRH's	66.20	Total FRH's	19.27%	Percent Maintenance				
Repair FRH's	215.00	Total FRH's	62.57%	Percent Repair				
One Item RO's	28	Total RO's	28.00%	Percent One Item RO				
Model Year Analysis								
2019	2018	2017	2016	2015	2014	Older	Total	
0	11	4	9	16	5	55	100	
0.00%	11.00%	4.00%	9.00%	16.00%	5.00%	55.00%		

Labor Mix

■ Percent Competitive ■ Percent Maintenance ■ Percent Repair

SWOT Analysis

Strengths

1. Management Team
2. Working relationship between Parts & Service
3. Clean/State of the art facility
4. Great Pay plan Structure
5. Hard working & very knowledgeable techs
6. Strong team environment
7. Customer service relationship/Interaction is very positive
8. Consistently top 10 in the country with CSI
9. Great Customer Service
10. Special tools in stock to complete jobs
11. Indoor/ AC'd shop
12. Spiffs and incentives
13. Free car wash to customer who buys from us
14. Pick up and drop off
15. Audi loaners (Strength to customer, weakness/threat to expenses)
16. Brand loyalty
17. Strong employee retention/loyalty
18. Coachable
19. Committed to constantly improving
20. Gross profit % of sales

Weaknesses

- 1.** Parking lot
- 2.** Communication between departments
- 3.** Sometimes unnecessary corners are skipped
- 4.** Rushed CCC's
- 5.** Service advisors are on a pool pay plan which leads to complacency
- 6.** Over staffed with Advisors and support staff
- 7.** A lot of down time
- 8.** Catering to rude customers
- 9.** Lack of follow up to unsold work
- 10.** Too high of grid pricing on parts
- 11.** Organization
- 12.** Location
- 13.** Lack of process
- 14.** Health Coverage
- 15.** 401k match
- 16.** Recalls

- 17.** Unsustainable growth goals
- 18.** Follow up, active selling, asking for the sale
- 19.** Too easy to discount, need to get better at overcoming objections
- 20.** Time management
- 21.** Service Manager should have meetings at least 3 times a week
- 22.** Train the advisors to become order makers and not order takers
- 23.** If the Service Manager was held accountable his department could/would generate more profit
- 24.** Paying attention to 1 item RO's
- 25.** Service hours of operation do not mirror those of the sales department.
- 26.** Not working on all makes and models
- 27.** No non-dealer competitive pricing board in service drive

Opportunities

- 1.** Bonuses, spiffs
- 2.** Growth within the company
- 3.** Advertisement
- 4.** Goals/Rewards system
- 5.** Promoting Brand and dealer loyalty
- 6.** Fun events to generate positive team building
- 7.** Walk arounds
- 8.** Attention to detail
- 9.** Replace when necessary and avoid shop comebacks
- 10.** To make more money
- 11.** Training
- 12.** Getting our name and product out in the community (events and car shows is a good way to show off what we have to offer)
- 13.** Benefits/Health coverage
- 14.** Online sales
- 15.** Additional sales through effective follow up
- 16.** Observe critical feedback to improve
- 17.** Cross training between different positions and departments

Threats

- 1.** Service drive is too small
- 2.** Space & Parking
- 3.** Huge lack of marketing

- 4.** Competition among co-workers
- 5.** Price matching
- 6.** Divide between Sales & Service
- 7.** Micro managing
- 8.** Losing customers to price
- 9.** Unemployment
- 10.** The way Audi releases recalls
- 11.** Online Sales
- 12.** Complacency
- 13.** Ecommerce
- 14.** Manufacturer pushing their agenda which may not be in our best interest in all cases.
- 15.** Customer comebacks

Objectives

- 1.** Increase sales on customer pay RO's by retaining our customers and training advisors on how to sell and not take orders. Customer pay has been 40% of our total sales for the last 4 years. Can we get to 50-60% and stop relying on Warranty and Internal for 60%. Keep 1 item RO's to a bare minimum.
- 2.** Train! Train! Train! Have meetings at least 3 times a week. Goals begin behavior, so let's set them and hold them accountable. Consequences maintains behavior so put something in place for that as well.
- 3.** Change Service advisors pay plan from pool pay plan to individual performance pay plan. Focus on more follow up, to generate more appointments which could lead to more daily RO's, work, and gross/profit.
- 4.** No down time! There's always something to do that could generate business. There should be no room for down time, no room for complacency, and we must be held accountable.

Strategies

- 1.** Service all makes and models, especially our clients that owns multiple vehicles so we don't lose them to other makes and independent shops.
- 2.** Shop competition and post non-dealer competitive pricing board.

- 3.** Go after small businesses, local schools and hospitals. We already offer pick up and drop off. Let's service all of their vehicles with competitive pricing.
- 4.** Put a process in place for work that was declined. Was it price? Take the discount button away from service advisor and get the Service manager more involved with TO's to generate a better closing ratio.

Tactics

- 1.** Bonus/spiff programs to advisors and tech's based on production and goals.
- 2.** Advertise special discounts to attract customer that hasn't been to the dealership.
- 3.** Meetings with techs, advisors, shop foreman, Parts Manager on a daily basis.
- 4.** Competitive pricing on labor sales and parts to attract more customers.
- 5.** Send out surveys to customer for feedback on pricing, convenience, and customer satisfaction.

Synopsis

Audi Fort Myers in general has been growing year over year in every department ever since I started here in 2015. We have made many changes in the past to get where we are today. We have changed managers in Sales and Service department and also put many processes in place.

After spending a week with the Service department shadowing a technician, a service advisor, and the service manager, I had the privilege to learn so much from all of them. I was able to witness the day to day operation that goes on every single day in that department. As there is many things they do really well, I was also able to see areas that we have great opportunity to grow. If we just focus a bit more on how to become order makers and stop being order takers, understand that the end of the day being a service advisor is a sales job, we could get better at selling, handling objections, and closing more repairs on a daily basis. Changing the pay plan to individual performance I believe would make the advisors make more phone calls, more appointments, be more competitive, and generate more business. Having

meetings with Parts managers, service advisors, and techs would allow the service manager to congratulate them for their hard work and on what they are doing really well, and also give him the opportunity to address what needs to be improved. Service manager can improve profitably in his department by managing expenses but sometimes hard decisions need to be made.

I believe that we have so much more potential and opportunity to grow. I look forward to a profitable and constant growth in the future.
