

## FO 2 Homework:



Class N321

Suzanne Iovanna

Patrick Gillan

# Advertising

5020 Customers who haven't been in 6 months. Drop date 5/26/2107

**WE SERVICE ALL  
MAKES AND MODELS**

**PRIDE CHEVROLET**

715 Lynnway • Lynn, MA • 01905-3017

**CONTACT:**

Pride Chevrolet Service Team

**844-830-2648**

[www.pridechevy.com](http://www.pridechevy.com)

**Service Hours:**

Mon. – Fri.

7:00 AM – 6:00 PM

Sat.

7:00 AM – 5:00 PM

Sun.

Closed



**OPEN  
SATURDAYS**

**Pride Chevrolet  
LUBE, OIL & FILTER  
\$19.95**

More than five quarts of oil and tax extra. See dealer for eligible vehicles and details. Diesel engines and synthetic oils may be slightly higher. Plus tax, if applicable. Must present at time of write-up. Not valid with other offers. Offer good through 7/31/2017.



**Pride Chevrolet  
A/C PERFORMANCE CHECK  
FREE**

Performance test system. Inspect system for leaks. Check drive belt condition and tension. Check hoses. Plus tax, if applicable. Not valid with other offers. Coupon valid at vehicle check-in. Offer good through 7/31/2017.



**Pride Chevrolet  
TIRE BALANCE AND MOUNTING  
FREE**

Valid with any tire purchase. Some restrictions may apply. Plus tax, if applicable. Not valid with other offers. Must present at time of write-up. Offer good through 7/31/2017.



**Pride Chevrolet  
ALIGNMENT CHECK  
FREE**

Check steering, suspension and shocks. Check tie-rods and ball joints. Check tire pressure and inspect tires for cuts, damage, and uneven wear. Plus tax, if applicable. Coupon valid at vehicle check-in. Offer good through 7/31/2017.



# Marketing

## OWNER BASE POTENTIAL

$$\begin{array}{r} \boxed{3824} \\ \text{5 Year Owner Base} \end{array} \times \begin{array}{r} \boxed{8} \\ \text{Annual Hours Purchased} \end{array} = \begin{array}{r} \boxed{30,592.0} \\ \text{Market Potential / Hours} \end{array}$$

$$\begin{array}{r} \boxed{30,592.0} \\ \text{Market Potential/ Hours} \end{array} \times \begin{array}{r} \boxed{\$ 103.28} \\ \text{Effective Labor Rate} \end{array} = \begin{array}{r} \boxed{\$ 3,159,490} \\ \text{5 Yr. O.B Sales Potential} \end{array}$$

$$\begin{array}{r} \boxed{\$ 100,394} \\ \text{Avg. Mos. Labor Sales} \\ \text{(excluding internal PDI and} \\ \text{NVI)} \end{array} \times \begin{array}{r} \boxed{12} \\ \text{Annualized} \end{array} = \begin{array}{r} \boxed{\$ 1,204,728} \\ \text{Current Labor Sales} \\ \text{Trend} \end{array}$$

$$\begin{array}{r} \boxed{\$ 1,204,728} \\ \text{Labor Sales Trend} \end{array} \div \begin{array}{r} \boxed{\$ 3,159,490} \\ \text{5 Yr. O.B. Sales Potential} \end{array} = \begin{array}{r} \boxed{38.13\%} \\ \text{Ouch} \end{array}$$

*\*Note: The industry average of 35% is very poor performance.*

# Non-Dealer survey

Completed May 24, 2017

Participant Workbook

Competitive Maintenance Pricing Summary\* - Non-Dealer



Competitor	Lube, Oil & Filter	Rotate Front/Rear Tires	Balance Front/Rear Tires	Align Front End	Service A/C	Replace Front Disc Pads
Meineke	29.95 →		20.00	90	170	235
B+R Auto	40	25	100 <sup>all 4</sup>	N/A	69.95 <sup>pressure</sup>	350
Midas	19.99 →		40	69.99	127	150
West Lynn Auto	40	20	100	80	125	180
Good Year	19.95/19.95 →		59.80	84.95	175	200
Kens Auto Services	45	42.50	127.50	85	85	127.50
Century Tire	35	20	52.	89.95	159	280
<b>Totals</b>						
<b>Average Price</b>	32.84	15.36	62.76	83.32	130.14	217.50
<b>My Dealership</b>	37.95	24.95	59.95	129.95	159.95	299.95

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# Facility

FACILITY POTENTIAL	
Number of Bays	15
	x
Number of Days	25
	x
Number of Hours	8
	x
Effective Labor Rate	102.61
	<i>equals</i>
FACILITY POTENTIAL	\$ 307,830

FACILITY UTILIZATION	
Total Labor Sales	\$ 134,520
	÷
Facility Potential	\$ 307,830
	<i>equals</i>
FACILITY UTILIZATION	43.70%

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 62,561	÷	103.15	=	606.5
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 36,006	÷	88.92	=	404.9
Internal	\$ 32,219	÷	119.56	=	269.5
New Vehicle Prep	\$ 3,734	÷	119.56	=	31.2
<b>Total</b>	<b>\$ 134,520</b>				<b>1312.1</b>

### POTENTIAL

$$\text{\$ } 134,520 \div 1312.14 = \text{\$ } 102.52$$

Total labor sales for month

Total hours billed

Effective Labor Rate

$$10.00 \times 8 \times 25 = 2,000.0$$

# Service mechanical technicians

# Hours/Day

Working Days/Month

Clock Hour Avail

$$2,000.0 \times \text{\$ } 102.81 = \text{\$ } 205,620$$

Clock Hours Available

Effective Labor Rate

Labor sales potential

How proficient are your technicians ?

$$1,302.5 \div 2,000.00 = 65.13\%$$

Hours Produced

Hours Available

Tech Proficiency

Clear Form

Hours Per RO (Recap Sheet)

1.5

Percent of One Item R.O.'s (Recap Sheet)

60.00%

Customer Pay Effective Labor Rate (Recap Sheet)

\\$ 106.53

Warranty Labor Rate (Recap Sheet)

\\$ 88.92

Total Overall Effective Labor Rate

\\$ 102.52

# Production Method

Conventional dispatch by either Asst. Service Manager or Service Manager.

# Cost of Labor

Service Department Sales And Gross (Labor Only)

page A-3

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 62,561	\$ 46,987	75.11%	46.51%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 36,006	\$ 25,529	70.90%	26.77%
Warranty Other			0%	0.00%
Internal	\$ 32,219	\$ 24,918	77.34%	23.95%
NVI / Road Ready	\$ 3,734	\$ 2,931	78.49%	2.78%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 134,520</b>	<b>\$ 100,365</b>	<b>74.61%</b>	<b>100.00%</b>

Clear Form

## The Picture

Customer Pay Gross Profit %

75.11%

Total Service Dept. G.P. %

74.61%

# Changes in Expense Structure

Service Department Profit Centering pageA-7

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 101,264		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 59,095	58.36%	
Semi-Fixed Expense	\$ 31,776	31.38%	
Fixed Expense	\$ 30,041	29.67%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 120,912	119.40%	
Net Profit	\$ (19,648)	-19.40%	

Clear Form

## The Picture

Customer Pay Gross Profit %	75.11%
Total Service Dept. G.P. %	74.61%
Parts / Labor Ratio (Cust. Pay Only)	0.61
Total Service Dept. Expenses	\$ 120,912

# Revised Pay Plan

- The commission factors are listed in sections A, B, C, D and E. There will be a weekly Draw against commissions in the amount of \$500 plus the daily work commission of \$75 times the number of days worked in that pay period.

- Each month Pride Motor Group will calculate the commission earnings net of all draw amounts received through the last day of the month. Net commissions will be paid by the 15th day of the following month. Negative draws (a situation where the total draws paid exceed commission earned) will be carried forward from month to month on a continual basis. A final settlement of draws and commissions will be conducted upon resignation or termination of employment or transfer to a different location/position within Pride Motor Group.

- A. Daily Commission:

- A daily commission of \$75.00 will be paid for each day worked during the month.

- B. Service & Parts Gross Profit Commission (Individual):

- The employee will receive 4% of their individual total service and parts department gross profit (as shown on the ADP Service Department Service Performance Closed Repair Order Report). This includes customer pay, warranty and internal repair orders but excludes service policy.

- C. Service Gross Profit Commission (Department):

- The employee will receive 0.50% of the total service department labor gross profit (as shown on the ADP Service Department Service Performance Closed Repair Order Report). This includes customer pay, warranty and internal repair orders but excludes service policy.

- D. Coupon Commission Adjustment:

- Commission earnings as described in sections B & C will be adjusted downwards based on the total dollar amount the ASM has given in coupons.

- E. Monthly Bonuses:

- CSI BONUS

- The employee must receive a minimum of five (5) survey replies to qualify for the bonus.

	Individual CSI Bonus	Team CSI Bonus
920	\$250	\$150
930	\$500	\$250
940	\$600	\$300
950	\$700	\$350
960	\$800	\$400
970	\$900	\$450
980+	\$1,000	\$500

- Parts & Labor Dollar per Repair Order Bonus and Hours per Retail RO:  
This bonus is paid from customer pay repair orders only. (as shown on the ADP Service Department RAP Report excluding Zero sold-hour labor ops).

- Parts & Labor Dollar per Repair Order Bonus and Hours per Retail RO:  
This bonus is paid from customer pay repair orders only. (as shown on the ADP Service Department RAP Report excluding Zero sold-hour labor ops).

- Parts & Labor \$ per Repair Order Bonus

\$ .01 - \$164.99	\$0
\$165.00 - \$169.99	\$350
\$170.00 - \$174.99	\$400
\$175.00 - \$179.99	\$450
\$180.00 - \$184.99	\$500
\$185.00 - \$189.99	\$550
\$190.00 - \$194.99	\$650
\$195.00 - \$199.99	\$750
\$200.00 - \$204.99	\$800
\$205.00 - \$209.99	\$900
\$210.00 - \$214.99	\$950
\$215.00 & Above	\$1,000
<u>Hours per Retail RO Bonus</u>	
00 – 1.14	\$0
1.15-1.19	\$150
1.20-1.24	\$250
1.25-1.29	\$400
1.30-1.34	\$600
1.35-1.39	\$700
1.40-1.44	\$800
1.45-1.49	\$900
1.50 & above	\$1,100

# Level of Training

Area	Percent Complete
Fundamentals	100%
Fundamentals - Tech Apprentice (Display Only)	64%
Emerging Issues	592%
Engine Performance	100%
Diesel Engine Performance	100%
Engine Repair	96%
Electrical/Electronics	100%
Manual Drivetrain & Axle	300%
Automatic Transaxle/Transmission	100%
Brakes	200%
Steering & Suspension	150%
HVAC	200%
Mech/Elec/Body Repair	100%
Advanced Technology Vehicles	197%
Service Training Subtotal	99%
Body Structural Repair (I-CAR)	184%
Paint	100%
Body/Paint Training Subtotal	142%

		Service Manager			
		Q1	Q2	Q3	Q4
Dealership Name:	PRIDE CHEVROLET PONTIAC, INC.	Click here to display or hide required courses	Click here to display or hide required courses	Additional courses may be added at a later time	Additional courses may be added at a later time
Address:	715 LYNNWAY				
City:	LYNN				
State/Province:	MA				
Zip/Postal Code:	01905				
Report Date:	May 23, 2017				
Num Employees:	20				
Division/Product:	C,X,R,U				
Employee Name	ID#				
Gillan, Patrick	307925				

		Service Consultant			
		Q1	Q2	Q3	Q4
Dealership Name:	PRIDE CHEVROLET PONTIAC, INC.	Click here to display or hide required courses	Click here to display or hide required courses	Additional courses may be added at a later time	Additional courses may be added at a later time
Address:	715 LYNNWAY				
City:	LYNN				
State/Province:	MA				
Zip/Postal Code:	01905				
Report Date:	May 23, 2017				
Num Employees:	20				
Division/Product:	C,X,R,U				
Employee Name	ID#				
Candlieri, Devin +	1579523				
Johnson, Matthew	1424947				
Lemelin, Don	1459506				
Dealer Status:					

## Special Tool Room -Before



# Special Tool Room -After



	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 1,831	÷ 42.80	= 42.77	FRH Average
Maintenance	\$ 740	÷ 6.80	= 108.81	FRH Average
Repair	\$ 13,174	÷ 98.20	= 134.16	FRH Average
Totals	\$ 15,745	÷ 147.80	= 106.53	Customer ELR
		Target Labor Rate	112.00	Per FRH
Total Ro's in Sample	100	Difference	-5.47	Per FRH

### Cost of Labor

Total Cost of Labor	3828.18	÷ Total Sales	= 24.31%	Percent Cost of Sales
Total Cost of Labor	3828.18	÷ Total FRH's	= 25.90	Cost per FRH

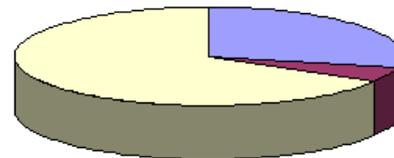
### Repair Order Measurements

Total Labor Sales	15,744.88	÷ Total RO's	= 157.45	Avg Labor per RO
Total FRH's	147.80	÷ Total RO's	= 1.48	Avg FRH's per RO
Menu Sales		÷ Total RO's	=	Percent Menu Sales
Competitive FRH's	42.80	÷ Total FRH's	= 28.96%	Percent Competitive
Maintenance FRH's	6.80	÷ Total FRH's	= 4.60%	Percent Maintenance
Repair FRH'	98.20	÷ Total FRH's	= 66.44%	Percent Repair
One item RO's	60	÷ Total RO's	= 60.00%	Percent One Item RO

### Model Year Analysis

2018	2017	2016	2015	2014	2013	Older	Total
0	0	11	17	15	7	50	100
0.00%	0.00%	11.00%	17.00%	15.00%	7.00%	50.00%	

Labor Mix



■ Percent Competitive ■ Percent Maintenance □ Percent Repair

# SWOT page 1

## Strengths

- Location
- Good people
- Good communication
- 3 stores in one area
- Remodeled Stores
- Current pay plan
- Parts department
- All managers work well together
- Friendly and personable owner
- GM has open door policy
- Traffic flow
- Increased local advertising

## Weaknesses

- No communication
- Management changes
- Need more work
- Threatening employees
- Lack of training
- Better equipment
- No employee incentives
- No comradely
- Flooded sales floor
- Management skills
- Sales turnover
- Competition

## SWOT page 2

### Opportunities

- Advancement within company
- Can make good money
- More aggressive and targeted advertising
- 4 day work week
- 12 hour shifts
- Plenty of work
- Need more work
- Guarantee for technicians
- Learning opportunities
- Used car growth
- BDC

### Threats

- Rumors we are closing
- Always threatening to fire people
- Pay cut rumors
- Flooded sales floor
- Lowest morale ever
- Terminating good workers
- Other dealerships
- Constant manager turnover
- Hiring upper management from outside company
- Bad online reviews

## SWOT page 3

### Objectives

- Increase overall department gross profit
- Increase technician proficiency
- Increase amount of technicians to increase shop utilization
- Increase service advisor sales
- Recapture lost customers

## SWOT page 4

### Strategies

- Increase repair order count
- Minimize technician downtime
- Hire a minimum of 3 additional technicians
- Change service advisor pay plan to reward high productivity rather than salary and overtime
- Aggressive marketing plan to inactive service customers.

## SWOT page 5

### Tactics

- Utilize CSSR (GM program) to identify and market to inactive customers
- Modify advisor and technician schedules for new hours
- Identify and correct actions that caused us to lose customers in the first place
- Technician referral plan allows technician to earn 25% of new hires pay over 12 weeks

## SWOT page 6

### Action Plan

Task	By whom	Completion Date
Extend hours of operation	GM/Service Mgr	7/7/2017
Advertise new hours to active and inactive customers	GM/Service Mgr	7/7/2017
Create new technician bonus based on proficiency	GM/Service Mgr	6/2/2017
Create new technician referral program	GM/Service Mgr	6/2/2017
Launch new service advisor pay plan to new hires	GM/Service Mgr	5/22/2017
Target inactive customers	GM/Service Mgr	5/22/2017

# SWOT page 7

## Synopsis

While looking at repair order counts, we realized we had a three year R/O count drop of over 1700 Customer pay repair orders. Our on line presence is average, but we wondered where have the Customers gone? We used the manufacturers web site to run a list of 1000 customers with up to 6 Year old cars that have not been in for service for at least 6 months. We have our service BDC Reaching out to these people to ask where they have been. They are not soliciting anything, just Merely asking "Why haven't you been back to us?". Once we determine the primary reasons for Their absence we will develop a marketing plan to address the reasons.

Some potential ideas are: poor treatment, taking too long, cost or a number of other reasons. Our marketing strategy will be based solely on these responses.

Regardless of the outcome of these surveys, we will be extending our hours of operation to Make it easier for our active and inactive customers to service with us. With that in place we are Able to offer our employees some alternative schedules.

Changing Advisor pay plans focused more on production than salary will increase sales and Resulting gross profit. Technician bonus program will increase proficiency and also add gross profit.

Technician referral program will add technicians and therefore increase shop utilization.