



Audi Temecula

(NADA 341) Week 03 - Fixed Operations 2 Service

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 129,155		
Variable Expense	\$ 77,191	59.77%	
Selling Expense	\$ 7,383	5.72%	
Personnel Expense		0.00%	
Semi-Fixed Expense	\$ 24,669	19.10%	
Fixed Expense	\$ 28,932	22.40%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 138,175	106.98%	
Net Profit	\$ (9,020)	-6.98%	

NADA Actual Service Analysis

NADA ACTUAL SERVICE ANALYSIS				
Performance				
	Labor Sales / Month		Hourly Labor Rate	Hours Billed
Customer Car*	\$ 49,664	÷	147.07	= 337.7
Customer Truck*	\$ -	÷		= 0.00
Audi Care	\$ 27,134	÷	144.98	= 187.2
Warranty	\$ 45,167	÷	144.98	= 311.5
Internal	\$ 39,806	÷	104.22	= 381.9
New Vehicle Prep	\$ -	÷		= 0.00
Total	\$ 161,771			1218.3
POTENTIAL				
	\$ 161,771	÷	1218.33	= \$ 132.78
	Total labor sales for month		Total hours billed	Effective Labor Rate
	6.00	x	8	x 20 = 960.0
	# Service mechanical technicians		# Hours/Day	Working Days/Month
	960.0	x	\$ 132.78	= \$ 127,470
	Clock Hours Available		Effective Labor Rate	Labor sales potential
How proficient are your technicians ?				
	1,297.0	÷	960.00	= 135.10%
	Hours Produced		Hours Available	Tech Proficiency
Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis				

- Overall Technician Proficiency at 135% is great!
- ELR extremely low for High-Line Store.
- Increase Technician count will result in increased sales.
- Internal Labor rate down due to lack of Detail grouped in with Internal.

Facility Potential



- Our biggest opportunity is our facility potential.
- 12 Bays x 20 Days with ELR \$132 = \$255,360.
- Currently only utilizing 63% of our Facility based on current ELR

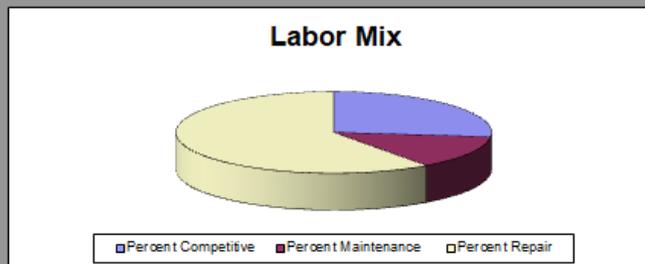
FACILITY POTENTIAL	
Number of Bays	12
	x
Number of Days	20
	x
Number of Hours	8
	x
Effective Labor Rate	133
	<i>equals</i>
FACILITY POTENTIAL	\$ 255,360

FACILITY UTILIZATION	
Total Labor Sales	\$ 161,771
	÷
Facility Potential	\$ 255,360
	<i>equals</i>
FACILITY UTILIZATION	63.35%

Repair Order Analysis Summary

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 8,967	÷ 78.60	= 114.08	FRH Average			
Maintenance	\$ 6,611	÷ 39.10	= 169.09	FRH Average			
Repair	\$ 29,654	÷ 176.25	= 168.25	FRH Average			
Totals	\$ 45,232	÷ 293.95	= 153.88	Customer ELR			
Target Labor Rate			145.00	Per FRH			
Total Ro's in Sample	100	Difference		8.88	Per FRH		
Cost of Labor							
Total Cost of Labor	7884.55	÷ Total Sales	= 17.43%	Percent Cost of Sales			
Total Cost of Labor	7884.55	÷ Total FRHs	= 26.82	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	45,231.86	÷ Total ROs	= 452.32	Avg Labor per RO			
Total FRHs	293.95	÷ Total ROs	= 2.94	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	78.60	÷ Total FRHs	= 26.74%	Percent Competitive			
Maintenance FRHs	39.10	÷ Total FRHs	= 13.30%	Percent Maintenance			
Repair FRH	176.25	÷ Total FRHs	= 59.96%	Percent Repair			
One item ROs	69	÷ Total ROs	= 69.00%	Percent One Item RO			
Model Year Analysis							
2020	2019	2018	2017	2016	2015	Older	Total
0	0	13	12	5	15	55	100
0.00%	0.00%	13.00%	12.00%	5.00%	15.00%	55.00%	

1. How does your repair labor rate compare to your posted door rate? Our repair labor rate is (\$21.12) less than our door rate.
2. Is there discounting? Yes, discounting is due to competitive RO's
3. What is the percent of one-line ROs? **69%**



Strengths-Weaknesses-Opportunities-Threats

Strengths

- Great core of experienced technicians.
- Great working environment.
- Great team work.
- New facility with space to grow.
- Special Tool Room clean, neat, and organized.

Weaknesses

- Under utilizing support staff
- Advisor hands on training
- Lack of communication between Technicians and Advisors/Service Manager
- Effective Dispatching
- Percentage of one line ROs
- ELR

Opportunities

- Service Advisor training.
- Facility Potential
- Growing Technicians Internally.
- Detail Department GP potential.
- New Store / New Market.
- Growth uncapped.
- Single Line ROs.
- Increase ELR
- Stronger communication between departments.

Threats

- Complacency
- Developing bad reputation early on.
- Expenses as facility grows.
- Direct competition
- Turn Over
- Lack of motivation
- Being closed minded (The old process works just fine)

Objectives:

- Increase ELR.
- Improve Advisor Training.
- Improve Communication between Advisor and Technicians.
- Implement Effective Dispatching.
- Decrease 1 Line ROs.
- Increase Shop by 1 Technician.
- Increase Detail Department Profitability and tracking.
- Control Expenses.

Strategies:

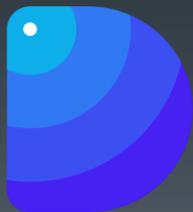
- Increase ELR.
- Increase Warranty Labor Rate.
- Improved Advisor training.
- Implement Dispatch.
- Improve Fixed Ops Department Communication.
- Control Advisor Discounts.
- Increase Detail Sales.
- Track and monitor detail expenses and gross profit.
- Decrease Loaner Car Expenses.

Tactics:

- Growth within organization. Promoting Technicians from within. Specific career paths for transition to Technician.
- Monthly review with Advisors. Look at wins vs losses. Use statistics to help grow and overcome shortcomings.
- Monthly Fixed Ops Department meetings with Breakfast provided. Get whole Department on the same page.
- Advertise with local businesses (Wine Country).
- Transition of pay for detail to flag rate vs hourly.
- Division of duties for Detail / Porters. Centralized vehicle cleaning department.
- Open for full Service and Parts Business on Saturdays to mirror competition.

Action Plan

- Increase door rate from \$175 to \$185.
- Apply for Warranty Labor increase.
- Weekly Advisor Training.
- Implement Lateral Support Dispatch.
- Monthly Fixed Ops Meetings with Service and Parts.
- Daily discount review with Service Manager.
- Implement Detail Menu and Presentation from Advisor.
- Separate Detail from Internals to properly monitor expenses and gross profit.
- Implementation of Dealer-Ware fleet management tool.



Dealerware

Synopsis:

- Being a brand new dealership in a new market has its positives and negatives. The facility is beautiful, new, neat and organized but this comes at a heavy price. As our Service continues to grow we need to look for all opportunities for extra gross profit. Detail is a big opportunity for our store to control expenses and increase gross profit. Also, with opening a new store in a new market we have to look for cost effective advertising. Our community is built around the wine market. Temecula is home to many visitors and wineries and we need to connect on all level to the industry and local business.
- Our Facility potential is only barely being tapped into. Our new facility has the ability to hold twice the amount of technicians that are currently staffed. Our Service Department is going to be one of the most important parts for the success of Audi Temecula.
- Year over year we are trending upwards at an increase of 20%-30%. We had a record month in December followed up with another record month in January. We need to continue looking for opportunities to move the needle. One which brings in the potential for many threats is they ability to service customers on Saturdays. We are a bedroom community and need to mirror the days and schedules of our customer base.