

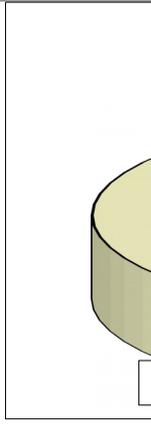
Service Department Analysis for Volvo of Mississauga

By: Thomas McMillan Thomas-15

Repair Order Analysis Summary Report

		Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive		\$ 1,939	÷	18.40	=	105.37	FRH Average	
Maintenance		\$ 9,248	÷	64.00	=	144.49	FRH Average	
Repair		\$ 6,705	÷	365.60	=	18.34	FRH Average	
Totals		\$ 17,891	÷	448.00	=	39.94	Customer ELR	
		Target Labor Rate				131.00	Per FRH	
Total Ro's in Sample	100	Difference				-91.06	Per FRH	
Cost of Labor								
Total Cost of Labor	14492.40	÷	Total Sales	=	81.00%	Percent Cost of Sales		
Total Cost of Labor	14492.40	÷	Total FRHs	=	32.35	Cost per FRH		
Repair Order Measurements								
Total Labor Sales	17,891.32	÷	Total ROs	=	178.91	Avg Labor per RO		
Total FRHs	448.00	÷	Total ROs	=	4.48	Avg FRH's per RO		
Menu Sales		÷	Total ROs	=		Percent Menu Sales		
Competitive FRHs	18.40	÷	Total FRHs	=	4.11%	Percent Competitive		
Maintenance FRHs	64.00	÷	Total FRHs	=	14.29%	Percent Maintenance		
Repair FRH	365.60	÷	Total FRHs	=	81.61%	Percent Repair		
One item ROs	48	÷	Total ROs	=	48.00%	Percent One Item RO		
Model Year Analysis								

2020	2019	2018	2017	2016	2015	Older
0	2	3	6	7	5	77
0.00%	2.00%	3.00%	6.00%	7.00%	5.00%	77.00%



Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 30,749	\$ 22,358	72.71%	34.26%
Customer Express	\$ 21,462	\$ 17,232	80.29%	23.91%
	\$ -	\$ -	0%	0.00%
Warranty	\$ 18,375	\$ 13,496	73.45%	20.47%
	\$ -	\$ -	0%	0.00%
Internal	\$ -	\$ -	75.91%	21.36%

	19,168	14,551	%	
	\$ -	\$ -	0%	0.00%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 89,754	\$ 67,637	75.36%	100.00%

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 69,752		
Variable Expense	\$ 1,039	1.49%	
	\$ -	0.00%	
Personnel Expense	\$ 52,417	75.15%	
Semi-Fixed Expense	\$ 24,511	35.14%	
Fixed Expense	\$ 18,102	25.95%	
	\$ -	0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 96,069	137.73%	
Net Profit	\$ (26,317)	-37.73%	

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 30,749	÷	159.00	=	193.4
Customer Express	\$ 21,462	÷	159.00	=	135.0
	\$ -	÷		=	0.00
Warranty	\$ 18,375	÷	129.00	=	142.4
Internal	\$ 19,168	÷	129.00	=	148.6
	\$ -	÷		=	0.00
Total	\$ 89,754				619.4

POTENTIAL

$$\begin{array}{r}
 \$ \\
 \boxed{89,754}
 \end{array}
 \div
 \begin{array}{r}
 \boxed{619.40}
 \end{array}
 =
 \begin{array}{r}
 \$ \\
 \boxed{144.90}
 \end{array}$$

Total labor sales for month
Total hours billed
Effective Labor Rate

$$\begin{array}{r}
 \boxed{9.00}
 \end{array}
 \times
 \begin{array}{r}
 \boxed{9}
 \end{array}
 \times
 \begin{array}{r}
 \boxed{19}
 \end{array}
 =
 \begin{array}{r}
 \boxed{1,539.0}
 \end{array}$$

Service mechanical technicians
Hours/Day
Working Days/Month
Clock Hour Aval

$$\begin{array}{r}
 \boxed{1,539.0}
 \end{array}
 \times
 \begin{array}{r}
 \$ \\
 \boxed{144.90}
 \end{array}
 =
 \begin{array}{r}
 \$ \\
 \boxed{223,008}
 \end{array}$$

Clock Hours Available
Effective Labor Rate
Labor sales potential

How proficient are your technicians ?

$$\begin{array}{r}
 \boxed{619.4}
 \end{array}
 \div
 \begin{array}{r}
 \boxed{1,539.00}
 \end{array}
 =
 \begin{array}{r}
 \boxed{40.25\%}
 \end{array}$$

Hours Billed
Hours Available
Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

FACILITY POTENTIAL	
Number of Bays	14
	x
Number of Days	19
	x
Number of Hours	9
	x
Effective Labor Rate	144.9
FACILITY POTENTIAL	\$ 346,891

FACILITY UTILIZATION	
Total Labor Sales	\$ 89,754
	÷
Facility Potential	\$ 346,891
	<i>equals</i>
FACILITY UTILIZATION	25.87%

SWAT Analysis

Strengths

- 1) High fixed first-time rate due to quality check and good training.
- 2) Personal touch due to owner being around and taking care of customer needs.
- 3) Rapidly increasing rate of Volvo's on the road to be serviced
- 4) Apprentices being trained by master technicians for good future technicians.
- 5) Located in prime location with heavy street traffic and local neighbourhoods

Weakness

- 1) Lowered staff morale due to old computers and lack of organization space
- 2) Unable to answer all incoming phone calls
- 3) Overworked/inefficient and unable to return voicemails quickly
- 4) Service manager unable to run the department the way he sees fit due to upper management
- 5) Technicians have very low efficiency numbers
- 6) Technicians are putting maximum effort but still achieving low efficiency
- 7) Service closes at 6PM therefore customers who work can not come in
- 8) Lack of car wash attendants result in longer wait times

Opportunities

- 1) Rapidly growing dealer network in the area, resulting in overall increased traffic
- 2) Large enough building to support the work we are doing now

- 3) Can rapidly increase productivity with the correct system and organization
- 4) Start marking service department
- 5) Increase customer service through increasing efficiency and allowing advisors more time to sell
- 6) Start working on all makes and models, do not turn away clients
- 7) Increase rental car availability

Threats

- 1) Lack of parking due to new vehicle inventory
- 2) Snow conditions in the winter make service harder and longer
- 3) Labour rates increasing
- 4) Warranty index too high due to hybrid vehicles

Objectives

- 1) Purchase new computer hardware to increase workflow productivity
- 2) Purchase new larger desks that allow advisors to organize work efficiently.
- 3) Increase training quality and duration to ensure properly trained advisors
- 4) Increase number of advisors to manage workflow and gross.

Strategies/tactics

- 1) Train advisors to meet customers at their car in the drive-thro instead of waiting for the customer to come in
- 2) Train advisor how to utilize new computers for maximize efficiency.
- 3) Create new efficiency plan and improve pay plans to increase gross potential

Synopsis

The dealership is located in a prime location, and it is large enough to handle more than double the amount of work currently being done. However, due to lack of inefficiencies designed many decades ago, the advisors are unable to cope with the amount of work that is currently going through the dealership. Technicians are working on these vehicles as quickly as possible, however, inefficiencies and lack of drive results in low productivity. Equipment could be modernized as to improve efficiency in all areas, as well as proper training on to how the equipment should be used.

With new computer equipment, and advisors can have multiple screens open at the same time instead of having to switch between programs. This will increase advisor efficiency when creating quote, and pricing out jobs that are currently ongoing. This will allow for more time for advisors to sell to customers, and increase the amount of customer service that is provided.

Technician pay plans could be improve, or altered as to increase drive to work more hours.

Action Plan

<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
1) Purchase new equipment 2019	Thomas	May 30 th
2) Hire additional advisor 30 th 2019	Thomas	May
3) Create new process 30 th 2019	Thomas	May
4) Re-Train current advisors 2019	Thomas	June 30 th

