



Silver Creek Ford  
Fixed Operations - Service  
N322-21 Post FOS Homework  
June 22, 2017

## Fixed Operations - Service

Following is a comprehensive review and the current state of the service department at Silver Creek Ford, located in Hailey Idaho. Although the size of the market in the Wood River Valley is smaller than most of my classmates, our team is focused on best in class procedures. This focus yields healthy returns for shareholders and a pleasurable experience for our customers.

I am pleased to present 13 areas that depict the most important aspects of the service department. **The time period used in this analysis is January 1, 2017 through May 31, 2017.**





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# Advertising



**FORD SERVICE**  
 PRSRT STD  
 U.S. POSTAGE  
 PAID  
 AMI  
 PO Box 87530  
 Carol Stream, IL 60188-7530

**SAMPLE,  
 THANK YOU FOR CHOOSING  
 SILVER CREEK FORD.**



JXXXXX 1234567 ASTY 09767  
 SAMPLE LETTER  
 1234 ADDRESS1 DR.  
 HAILEY, ID 83333



**Silver Creek Ford**  
 920 S Main St  
 208-788-2216

**Service Hours:**  
 Mon - Fri 7:30 AM - 6:00 PM  
 Sat Closed  
 Sun Closed

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

Dear Sample,

Thank you for choosing our expert technicians at **Silver Creek Ford** to service your Ford F-150. We appreciate every opportunity to provide you with your maintenance and service needs.

Please continue to call or visit us with any questions or concerns you may have about your vehicle. It's important to us that you always receive the best possible care.

Sincerely,

Debbie Tyree  
 Service Manager

## Silver Creek Ford Thank You

Thank for your recent visit. We appreciate your business and strive for your complete satisfaction. If you are not completely satisfied, for any reason please call 208-788-2216 and ask to speak to our Service Manager.



2327



**SAMPLE, WE'VE MISSED YOU!  
 BRING IN YOUR VEHICLE FOR  
 SPECIAL SERVICE OFFERS!**

**THE WORKS**

- Synthetic Blend Oil Change
- Tire Rotation
- Brake Inspection
- and more

See your Service Advisor to find out how to get a **\$10 rebate by mail** on The Works<sup>SM</sup>.

\*Retail purchases only. Up to five quarts of Motorcraft<sup>SM</sup> Synthetic Blend oil and Motorcraft<sup>SM</sup> or OnStar<sup>SM</sup> all filter. Taxes, diesel vehicles and disposal fees extra. Hybrid battery test included. Rebate by prepaid debit card or apply to an active Chase Advantage Rewards<sup>SM</sup> account. Offer valid between 11/01 and 11/30. Submit rebate by 4/30/17 by mail or rebate form on online at [fordowner.com](http://fordowner.com). Rebate expires 4/30/18 if not redeemed. See Service Advisor for exclusions, rebate and account details.

See inside for money-saving offers.



**SAMPLE, NO ONE KNOWS YOUR  
 FORD F-150 LIKE  
 SILVER CREEK FORD.**

We haven't seen you for a while and realize you may be due for service on your Ford F-150.

At **Silver Creek Ford** your vehicle is always cared for by expert technicians using quality Motorcraft<sup>SM</sup> parts, so you can feel confident you're getting the best service.

You get more at **Silver Creek Ford**:

- Shuttle Service
- Dedicated To Customer Service
- Free Coffee
- Customer Lounge with Free Wi-Fi

We urge you to call **208-788-2216** or visit us online at [www.silvercreekford.com](http://www.silvercreekford.com) to make an appointment at your convenience and take advantage of the offers we've included just for you.

Debbie Tyree

Debbie Tyree  
 Service Manager



**Silver Creek Ford**  
 920 S Main St  
 Hailey, ID 83333  
 208-788-2216

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

**Service Manager:**  
 Debbie Tyree

**Service Hours:**  
 Mon - Fri 7:30 AM - 6:00 PM  
 Sat Closed  
 Sun Closed

SAMPLE  
 COME BACK TO SILVER CREEK FORD  
 FOR GREAT SERVICE ON YOUR  
 FORD F-150.  
 JXXXXX 1234567 BEAR 09767  
 SAMPLE LETTER  
 1234 ADDRESS1 DR.  
 HAILEY, ID 83333

**Go Further**



**FORD SERVICE**

PRSRT STD  
 U.S. POSTAGE  
 PAID  
 AMI  
 PO Box 87530  
 Carol Stream, IL 60188-7530

**LIFETIME  
 BRAKE PAD  
 GUARANTEE**



Eligible Motorcraft<sup>SM</sup> brake pads purchased after 3/1/14. Non-transferable. Requires copy of original receipt and completion of any other necessary brake service, such as brake rotor service. Requirement: Motorcraft<sup>SM</sup> brake pads must be installed by a Ford<sup>SM</sup> dealer, ServiceStar<sup>SM</sup> or Quick Lane<sup>SM</sup> technician to be eligible. Labor costs not included. Restrictions and exclusions apply. See Service Advisor for details. Motorcraft is a registered trademark of Ford Motor Company.

**FORD PARTS  
 WARRANTY**

**UNLIMITED  
 MILEAGE  
 INCLUDED**

**2 YEARS**

Labor may have a limit. See your dealer for a copy of the limited warranty.



BF093688 1234567 JXXXXX

**Silver Creek Ford**

**THE WORKS \$3995**

- Synthetic blend oil change
- Tire rotation & pressure check
- Brake inspection
- Multi-point inspection
- Fluid top-off
- Battery test
- Filter check
- Belts & hoses check

Valid at named dealership only. Up to five quarts of Motorcraft<sup>SM</sup> oil and oil filter. Taxes, diesel vehicles and disposal fees extra. Hybrid battery test included. Some restrictions apply. Coupon must be presented at time of write-up. Offer Expires 05/26/17.

**Silver Creek Ford**

**THE LOW PRICE  
 TIRE GUARANTEE**

Why buy tires anywhere else, when we offer all of this?

- 13 major tire brands
- 30-day price guarantee\*
- All makes & models

\*Requires presentation of competitor's current price and offer. One visit to the participating Ford Service Center within 30 days after purchase. See participating Ford Service Center for details. Offer Expires 05/26/17.

**Silver Creek Ford**

**Motorcraft<sup>SM</sup> Complete Brake Service 20% OFF**

- Install new brake pads or shoes
- Machining rotors or drums
- Labor included

Per-axle front or rear price on most cars and light trucks. Taxes extra. See Service Advisor for vehicle exclusions and details. Offer Expires 05/26/17.



J00000 1234567 M1ST 09767  
 SAMPLE LETTER  
 1234 ADDRESS1 DR.  
 HAILEY, ID 83333

**SERVICE UPDATE**

Dear Sample,

According to our records, your Ford F-250 may be due for the following recommended service\*:

- 36,000 mile scheduled service

We urge you to follow the scheduled maintenance in your Owner's Manual and trust the expert technicians at Silver Creek Ford to keep your Ford F-250 in top condition.

We offer the best in vehicle and customer service:

- Shuttle Service
- Dedicated To Customer Service
- Free Coffee
- Customer Lounge with Free Wi-Fi

Contact us today to schedule your appointment.

Sincerely,  
 Debbie Tyree  
 Debbie Tyree  
 Service Manager



Silver Creek Ford  
 920 S Main St  
 Hailey, ID 83333  
 208-788-2216  
 www.silvercreekford.com

**Service Hours:**  
 Mon - Fri 7:30 AM - 6:00 PM  
 Sat Closed  
 Sun Closed

**BASIC CARE REMINDER**  
 Your recent maintenance inspection indicated the following:

**BATTERY** **BRAKES** **TIRES**

- Service is needed
- May need attention soon
- Good to go

Please Ask Your Service Advisor



J00000 1234567 M1ST 09767  
 SAMPLE LETTER  
 1234 ADDRESS1 DR.  
 HAILEY, ID 83333

**SERVICE UPDATE**

Dear Sample,

According to our records, your Ford Mustang may be due for the following recommended service\*:

- 15,000 mile scheduled service

We urge you to follow the scheduled maintenance in your Owner's Manual and trust the expert technicians at Silver Creek Ford to keep your Ford Mustang in top condition.

We offer the best in vehicle and customer service:

- Shuttle Service
- Dedicated To Customer Service
- Free Coffee
- Customer Lounge with Free Wi-Fi

Contact us today to schedule your appointment.

Sincerely,  
 Debbie Tyree  
 Debbie Tyree  
 Service Manager



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 Hailey, ID 83333  
 208-788-2216  
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**BASIC CARE REMINDER**  
 Your recent maintenance inspection indicated the following:

**BATTERY** **BRAKES** **TIRES**

- Service is needed
- May need attention soon
- Good to go

Please Ask Your Service Advisor



**THE WORKS®**

- Synthetic Blend Oil Change
- Tire Rotation
- Brake Inspection
- and more

See your Service Advisor to find out how to get a \$10 rebate by mail\* on The Works®.

\*Retail purchases only. Up to five quarts of Motorcraft® Synthetic Blend oil and Motorcraft or Omnicraft™ oil filter. Taxes, diesel vehicles and disposal fees extra. Hybrid battery test excluded. Rebate to prepaid debit card or apply to an active Owner Advantage Rewards® account. Offer valid between 2/1/17 and 3/31/17. Submit rebate by 4/30/17 by mail-in rebate form or online at [fordowner.com](http://fordowner.com). Rebate expires 4/30/18 if not redeemed. See Service Advisor for exclusions, rebate and account details.

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\*Other services may be necessary. Please see your Owner's Manual for details.

TK00088

**Silver Creek Ford**  
**THE WORKS VEHICLE CHECKUP**  
**\$39.95**

- Synthetic Blend Oil Change
- Tire Rotation and Pressure Check
- Brake Inspection
- Multi-Point Inspection
- Fluid Top-Off
- Battery Test
- Filter Check
- Belts and Hoses Check

Valid at named dealer only. Plus tax. Details extra. Up to five quarts of Motorcraft® oil and oil filter. Some restrictions apply. Coupon must be presented at write-up. Present coupon at write-up. Offer Expires 05/26/17.

**Silver Creek Ford**  
**Wiper Blade Special**  
**FREE INSTALLATION,**  
**Per Pair, Installed**

Valid at named dealership only. Plus tax. See dealer for details. Some restrictions apply. Present coupon at write-up. Offer Expires 05/26/17.

**Silver Creek Ford**  
**Transmission Service**  
**\$30.00 OFF**

- Drain and refill the transmission/transaxle with approved fluid
- Adjust linkage if necessary
- Install filter and gasket
- Check transmission/transaxle operation

Valid at named dealership only. Plus tax. See dealer for details. Some restrictions apply. Present coupon at write-up. Offer Expires 05/26/17.

\*Other services may be necessary. Please see your Owner's Manual for details.

TK00088

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- Synthetic Blend Oil Change
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- Fluid Top-Off
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- Filter Check
- Belts and Hoses Check

Valid at named dealer only. Plus tax. Details extra. Up to five quarts of Motorcraft® oil and oil filter. Some restrictions apply. Coupon must be presented at write-up. Present coupon at write-up. Offer Expires 05/26/17.

**Silver Creek Ford**  
**Motorcraft® Complete Brake Service**  
**15% OFF**

- Install new brake pads or shoes
- Machining rotors or drums
- Labor included

Per-axle front or rear price on most cars and light trucks. Taxes extra. See Service Advisor for vehicle exclusions and details. Offer Expires 05/26/17.

**Silver Creek Ford**  
**Transmission Service**  
**\$30.00 OFF**

- Drain and refill the transmission/transaxle with approved fluid
- Adjust linkage if necessary
- Install filter and gasket
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Valid at named dealership only. Plus tax. See dealer for details. Some restrictions apply. Present coupon at write-up. Offer Expires 05/26/17.



# ConsumerConnection

ConsumerConnection is a flexible solution that enables dealers to communicate to consumers across sales and service via multiple channels using a single tool.

[www.consumerconnection.dealerconnection.com](http://www.consumerconnection.dealerconnection.com)

**KEY**

ESSENTIAL COMMUNICATIONS

NON-FORD FUNDED FORD FUNDED QUICK LANE\*

All communications will be branded as Ford, Lincoln or Quick Lane® (as applicable).  
Owner Advantage Rewards® (OAR) are included in sales and service communications. Member #, rewards balance, and expiration dates are included where applicable.

Indicates Recommended Channels  
Other Channels Available are noted.

**CHANNELS**

MAIL PHONE EMAIL PRE-RECORDED CALL

Text message is only a Channel available for Pro Dealers.

\*To receive Ford Funding support, dealers must use the recommended multi-channel approach (direct mail/email) to all eligible Service Reminders for Loyal Customers AND must communicate to a minimum of 50% of the Defector audience via any channel.

\*Minimum model year and mileage radius requirements apply.

Timing shown for each communication is approximate.

## VEHICLE PURCHASE

## ONGOING SERVICE

## REPURCHASE CONSIDERATION

**Purchase Thank You**  
Thank you communication sent 14 days after vehicle delivery.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Intro to Service**  
Communication sent 60 days after vehicle delivery to introduce customers to the service department.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Past Due Maintenance Loyal 1**  
Communication sent 14 days after 1st missed maintenance (in each loyal cycle).

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Reminders for Lost Customer\***  
Reminder to customers who have missed their 3rd & 4th consecutive service sent 14 days prior to service due date.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Private Offer Communication (Sales)**  
Ongoing - Based on event date and date being received. (A minimum of 50% of eligible customers must be communicated to via any channel.)

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Reminders for Loyal Customers\*<sup>1</sup>**  
Reminder sent 14 days prior to service due date to customers outside of their first year of vehicle service and have < 2 consecutive missed maintenance intervals.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Past Due Maintenance Loyal 2**  
Communication sent 14 days after 2nd consecutive missed maintenance (in each loyal cycle).

MAIL PHONE EMAIL PRE-RECORDED CALL

**Defector Campaigns\***  
Quarterly communication to customers who have 5+ missed maintenance intervals, and whose vehicle is 4-10 years old. National/regional event offers and Special Rebate Offers are integrated where applicable.

MAIL PHONE EMAIL PRE-RECORDED CALL

**In-Market Sales (incorporates National/Regional Events)**  
Monthly sales communication to customers that are most likely to purchase.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Reminders for 1st Year Service!**  
Reminder sent 14 days prior to service due date during the 1st year of vehicle service needs.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Appt. Reminder**  
Appointment reminder delivered 48-72 hours prior to appointment day.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Primary Market Area (PMA)**  
Monthly communication to customers who purchased their vehicle outside of the PMA in which they reside and have no paid service history at any dealer in 12 months.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Ford Credit in Equity**  
In Equity messaging sent the 2nd month of each quarter. List will be supplied by Ford Credit. (100% direct mail required.)

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Reminders for 1st Year Out of Warranty!**  
Reminder sent 14 days prior to service due date to customers who are within their first year out of manufacturer's warranty.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Private Offer Communication (Service)**  
Ongoing - Based on event date and date being received. (A minimum of 50% of eligible customers must be communicated to via any channel.)

MAIL PHONE EMAIL PRE-RECORDED CALL

**Service Thank You Messaging**  
After service thank you message sent to customers 1 day after the RO close date. Communication integrates the OAR post accrual earned balance when available.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Ford Credit in Equity Follow-Up**  
Follow-up communication sent 14 days after the initial Ford Credit in Equity message when no purchase has occurred.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Declined Service!**  
Communication to customers 7 days after the RO close date if declined work is identified on the RO (Ford Funds brake/tire/battery only).

MAIL PHONE EMAIL PRE-RECORDED CALL

**In Equity Messaging (Non-Ford Credit)**  
In Equity messaging sent 1st month of each quarter. List contains customers with the following criteria: \$500-\$7,500 positive equity on their vehicle based on KBB Finance data (excellent, good, fair) & top market ranks.

MAIL PHONE EMAIL PRE-RECORDED CALL

Revised 12/2015



1 of 2

# ConsumerConnection

## Recommended Cadence and Channels

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[www.consumerconnection.dealerconnection.com](http://www.consumerconnection.dealerconnection.com)

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All communications will be branded as Ford, Lincoln or Quick Lane® (as applicable).  
Owner Advantage Rewards® (OAR) are included in sales and service communications. Member #, rewards balance, and expiration dates are included where applicable.

Indicates Recommended Channels  
Other Channels Available are noted.

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Text message is only a Channel available for Pro Dealers.

\*To receive Ford Funding support, dealers must use the recommended multi-channel approach (direct mail/email) to all eligible Service Reminders for Loyal Customers AND must communicate to a minimum of 50% of the Defector audience via any channel.

\*Minimum model year and mileage radius requirements apply.

Timing shown for each communication is approximate.

## OWNER ADVANTAGE REWARDS\*

## FORD/LINCOLN PROTECT EXTENDED SERVICE PLANS

## ACCESSORIES

## OTHER

**Owner Advantage Rewards Quarterly Statements**  
Statement sent on the 15th of the 1st month of each quarter to members with at least \$5 service reward, \$100 or more sales reward and/or 1 or more oil change credits. (Email required for 100% of members with a valid email, for participating OAR dealers.)

MAIL PHONE EMAIL PRE-RECORDED CALL

**Special Owner Advantage Rewards Offers**  
Ongoing - Based on special offer event date and date being received.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Owner Advantage Rewards Expiring Balance**  
Up to three communications sent monthly to members who have at least \$5 or more service rewards balance and/or 1 or more oil change credits that will be expiring within 3 months, 2 months and again at 1 month (if they still have not redeemed their rewards).

MAIL PHONE EMAIL PRE-RECORDED CALL

**Owner Advantage Rewards Service Activation**  
Communication sent monthly to OAR members who enrolled during a service visit in the last 3-4 months who have not revisited the dealership.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Owner Advantage Rewards Member Redemption**  
Communication sent monthly to OAR members who have visited at least twice since enrollment and have at least \$20 or more service rewards and/or one or more oil change balances.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Owner Advantage Rewards Member Retention**  
Email communication sent monthly to members identified as a low probability of visiting the dealership within the next 120 days with a service balance of \$3 or more and/or one or more oil change balances.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Ford/Lincoln Protect Extended Service Plans (After Purchase and before warranty expires)**  
Communication targeting customers who have not purchased a plan.  
Selection criteria:  
- 60-89 days after vehicle purchase;  
- 29-30 months AND < 34,000 miles from warranty start;  
- 33-36 months AND < 34,000 miles from warranty start OR 30,000-34,000 miles and < 35 months after vehicle purchase.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Ford/Lincoln Protect Extended Service Plans (Renewal)**  
Communication targeting customers who have previously purchased a plan that is nearing expiration.  
Selection criteria:  
- 120-150 days prior to current plan expiration (if did not already renew) or less than 4,000 miles from plan.  
- 60-90 days prior to current plan expiration (if did not already renew) or less than 4,000 miles from plan.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Accessories Post-Purchase Communication**  
Communication to customers 60 days post-purchase advising them of available accessories for their new vehicle.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Accessories Off-Lease Communication**  
Communication sent to customers three months prior to current lease expiration that provides accessory information for their next purchase/lease.

MAIL PHONE EMAIL PRE-RECORDED CALL

**eNewsletter (Pro Dealers Only)**  
Monthly eNewsletter to engage customers with relevant content across automotive, personal, and lifestyle articles. Recipes, quotes, and quick tips are also included.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Birthday**  
Happy birthday message sent to customers the month of their birthday.

MAIL PHONE EMAIL PRE-RECORDED CALL

**Vehicle Anniversary**  
Happy anniversary message sent to customers 14 days prior to delivery date of their vehicle during 1st and 2nd years of ownership.

MAIL PHONE EMAIL PRE-RECORDED CALL

**State Inspections**  
Communication to remind customers they may be due for their state inspection. Applicable to only certain states. Timing is based on state regulations (annual or bi-annual) and is scheduled to be in home 5 weeks prior to due date.

MAIL PHONE EMAIL PRE-RECORDED CALL

Revised 12/2015



2 of 2



# Marketing

## Competitive Maintenance Pricing Summary (Includes parts and labor)

Competitor	Lube, Oil, & Filter	Rotate Front/Rear Tires	Balance Front/Rear Tires	Align Front End	Service A/C	Replace Front Disc Pads
Chrysler - Pocatello	\$70.00	\$20.00	\$49.95	\$129.95	N/A	\$225.00
Les Schwab - Hailey	\$65.00	\$20.00	\$110.00	\$85.99	N/A	\$160.00
Nelsons	\$60.00	\$15.00	\$55.00	N/A	N/A	\$250.00
Tune Up Express	\$70.00	\$20.00	\$50.00	N/A	N/A	\$225.00
Hailey Auto Clinic	\$55.00	\$27.60	N/A	N/A	N/A	\$300.00
<b>Silver Creek Ford</b>	<b>\$68.00</b>	<b>\$17.99</b>	<b>\$49.95</b>	<b>\$79.95</b>	<b>N/A</b>	<b>\$235.00</b>

**OWNER BASE POTENTIAL**

<div style="border: 1px solid black; padding: 2px; display: inline-block;">720</div> <small>5 Year Owner Base</small>	x	<div style="border: 1px solid black; padding: 2px; display: inline-block;">10</div> <small>Annual Hours Purchased</small>	=	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">7,200.0</div> <small>Market Potential / Hours</small>
<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">7,200.0</div> <small>Market Potential/ Hours</small>	x	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">\$ 102.86</div> <small>Effective Labor Rate</small>	=	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">\$ 740,600</div> <small>5 Yr. O.B Sales Potential</small>
<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$ 50,219</div> <small>Avg. Mos. Labor Sales (excluding internal PDI and NVI)</small>	x	<div style="border: 1px solid black; padding: 2px; display: inline-block;">12</div> <small>Annualized</small>	=	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">\$ 602,628</div> <small>Current Labor Sales Trend</small>
<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">\$ 602,628</div> <small>Labor Sales Trend</small>	+	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">\$ 740,600</div> <small>5 Yr. O.B. Sales Potential</small>	=	<div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">81.37%</div> <small>Ouch</small>

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

Clear Form



920 South Main  
Hailey, ID 83333

SALES: (208) 788-2216  
SERVICE: (208) 788-2216

## Your Feedback Matters at Silver Creek Ford!

### Thanks for Your Recent Visit, Ford Fan!

At Silver Creek Ford, we aim to provide shoppers like you with the best Ford sales and service we can so that your needs are met and you return to us in the future. We hope you'll help us to provide all of our customers with unparalleled dealership experiences by leaving us feedback about the time you spent at our dealership. We're in the business of selling quality vehicles and providing expert auto service, but in the end, nothing is more important to the Silver Creek Ford team than customer satisfaction!

The URL listed below will take you to a site where you can rate your experiences at Silver Creek Ford. It will take just a few moments to complete, but your responses will help us improve our service and refine our processes, so we would love it if you left some feedback for us!

Rate your experience below ▼

POOR

FAIR

AVERAGE

GOOD

EXCELLENT

### What Makes Shopping at Silver Creek Ford So Rewarding?

- Free shuttle service to and from our dealership
- Easy access to the local airport
- A Service Manager committed to being available for emergency repairs
- Saturday working hours for our sales department
- Our dog-friendly environment – we're happy to make four-legged friends!
- Comfortable seating plus free Wi-Fi and coffee in our waiting area

We Hope We See You Again Soon!

**Brandon Williams**  
General Manager

**Kurt Archibald**  
Sales Manager

Silver Creek Ford  
[www.silvercreekford.com](http://www.silvercreekford.com)

# Facility

FACILITY POTENTIAL	
Number of Bays	9
	x
Number of Days	108
	x
Number of Hours	8
	x
Effective Labor Rate	\$ 103.39
	<i>equals</i>
FACILITY POTENTIAL	\$ 803,973

FACILITY UTILIZATION	
Total Labor Sales	\$ 268,939
	÷
Facility Potential	\$ 803,973
	<i>equals</i>
FACILITY UTILIZATION	33.45%



Guide:  
70%

# Productivity

## Performance

	<b>Labor Sales / Month</b>		<b>Hourly Labor Rate</b>		<b>Hours Billed</b>
Customer Car*	\$ 186,165	÷	104.81	=	1776.2
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 64,509	÷	99.14	=	650.7
Internal	\$ 18,265	÷	104.81	=	174.3
New Vehicle Prep	\$ -	÷		=	0.00
<b>Total</b>	<b>\$ 268,939</b>				<b>2601.2</b>

## POTENTIAL

$$\begin{array}{r}
 \boxed{\$ 268,939} \div \boxed{2601.17} = \boxed{\$ 103.39} \\
 \text{Total labor sales for month} \quad \text{Total hours billed} \quad \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 \boxed{4.00} \times \boxed{8} \times \boxed{108} = \boxed{3,456.0} \\
 \text{\# Service mechanical technicians} \quad \text{\# Hours/Day} \quad \text{Working Days/Month} \quad \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{r}
 \boxed{3,456.0} \times \boxed{\$ 103.39} = \boxed{\$ 357,322} \\
 \text{Clock Hours Available} \quad \text{Effective Labor Rate} \quad \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{r}
 \boxed{2,601.2} \div \boxed{3,456.00} = \boxed{75.27\%} \\
 \text{Hours Produced} \quad \text{Hours Available} \quad \text{Tech Proficiency}
 \end{array}$$



**Guide:  
120%**



# Production Method

## We operate a conventional shop.

1. The service manager is responsible for the department and everyone reports to her.
2. Service advisors are paid on total labor/parts sales, effective labor rate, hours per repair order, CSI, and number of flushes sold.
3. We do not have a dispatcher.
4. Techs operate in their own areas independent of one another.
5. Each tech has a minimum of two bays.
6. A majority of our techs are paid flat rate. Lube techs are paid hourly.
7. Productivity is low as techs often work at a level which satisfies only their personal needs.
8. Facility utilization is low because of the bays to tech ratio.
9. Communication is a problem because individual tech needs come before organizational needs.

# Cost of Labor

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 186,165	\$ 130,946	70.34%	69.22%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 64,509	\$ 42,382	65.70%	23.99%
Warranty Other			0%	0.00%
Internal	\$ 18,265	\$ 11,983	65.61%	6.79%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 268,939</b>	<b>\$ 185,311</b>	<b>68.90%</b>	<b>100.00%</b>

Clear Form

The Picture	
Customer Pay Gross Profit %	70.34%
Total Service Dept. G.P. %	68.90%



**Guide:  
70%**

If we are not at 70% gross margin on labor sales it is because two things...

1. Paying techs too much (Cost of Sale),
2. Advisors discounting labor (sale price is too low).

# Expense

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 185,311		
Variable Expense		0.00%	
Selling Expense	\$ 88,525	47.77%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 83,133	44.86%	
Unallocated Expense		0.00%	
Dealer's Salary	\$ 6,250	3.37%	
Total Expenses	\$ 177,908	96.01%	
Net Profit	\$ 7,403	3.99%	



Clear Form

**Guide:**  
20%

The Picture	
Customer Pay Gross Profit %	70.34%
Total Service Dept. G.P. %	68.90%
Parts / Labor Ratio (Cust. Pay Only)	1.13
Total Service Dept. Expenses	\$ 177,908

## Fixed Absorption page A-9

		% Adj Ovhd Exp
Parts Department Total Gross	\$ 120,574	19.08%
Service Department Total Gross	\$ 203,475	32.20%
Body Shop Department Total Gross	\$ -	0.00%
<b>Total Fixed Gross Profit</b>	<b>\$ 324,049</b>	

Total Dealership Expense	\$ 675,970	
{	New & Used Sales Commission Expense -	\$ 42,935
	New & Used Policy Expense -	\$ 1,711
	New & Used Get Ready / Delivery Expense -	\$ (558)

**Adjusted Overhead Expense** **\$ 631,882**

Total Fixed Gross Profit	\$ 324,049
Adjusted Overhead Expense	\$ 631,882
<b>Total Absorption Percentage</b>	<b>51.28%</b>



**Guideline 75%**

Clear Form

<b>The Picture</b>	
Customer Pay Gross Profit %	70.34%
Total Service Dept. G.P. %	68.90%
Parts / Labor Ratio (Cust. Pay Only)	1.13
Total Service Dept. Expenses	\$ 177,908



# Pay Plans

## Service Writers

		<b># CP Ros</b>			
		<b>0</b>		FILL IN COLORED BLANKS	
<b>STEP 1:</b>					
<b>TOTAL LABOR/PARTS SALES</b>					
CUSTOMER PAY, WARRANTY, INTERNAL					
		<b>\$0.00</b>			BASE PAY + 2%
			<b>\$0.00</b>	<b>\$0.00</b>	Unless ELR is 80 or above
<b>TOTAL LABOR/PARTS SALES PAYABLE</b>					
		<b>\$0.00</b>			
<b>STEP 2:</b>					
<b>EFFECTIVE LABOR RATE bonus</b>					
(CUSTOMER PAY)					
		<b>\$0.00</b>			3.0 % labor & parts sold see ELR exception
			<b>\$0.00</b>		
<b>STEP 3:</b>					
<b>HOUR / REPAIR ORDER bonus</b>					
(CUSTOMER PAY)					
		<b>0.00</b>			\$150.00 when CP ELR + 85.00
			<b>\$0.00</b>		
			<b>0.00</b>		
			<b>\$0.00</b>		
			<b>\$0.00</b>		
			<b>\$0.00</b>		
<b>STEP 4:</b>					
<b>CSI SCORES</b>					
		<b>ASM</b>	<b>ZONE</b>		
		<b>0</b>	<b>X</b>		
				<b>ABOVE GROUP</b>	<b>\$0.00</b>
<b>STEP 5:</b>					
<b>FLUSHES SOLD</b>	<b>76</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	30% FLUSHES SOLD ON CP = \$100	<b>\$0.00</b>
				40% FLUSHES SOLD ON CP = \$200	
				50% FLUSHES SOLD ON CP = \$400	
<b>BASE</b>					<b>\$1,000.00</b>
<b>TOTAL PAY</b>					<b>1,000.00</b>
<b>DRAW</b>					
<b>NET PAY</b>					<b>\$1,000.00</b>

The above pay plan is not a contract or guarantee for employment. Both parties are at will. Review and adjustments may be made periodically to reflect changes in traffic, business or costing of items.

DEBBIE TYREE

ADVISOR



## Technicians

Employee	Compensation Type	Amount
Kevan Romans	Flat Rate	\$35.00
Rick Broadhead	Flat Rate	\$29.50
Teagan Foster	Flat Rate	\$29.50
Jarret Wetzel	Hourly	\$14.00

## Service Manager

Compensation Type	Amount	Interval	Requirements
Salary	\$3000	Monthly	
Bonus	\$500	Monthly	CSI score must be above group average.
Bonus	4% of Net	Monthly	\$0 - \$40K. FS page 5, line 62... parts and service net.
Bonus	5% of Net	Monthly	Over \$40K. FS page 5, line 62... parts and service net.



# Performance

## Objectives

Improve Sales  
Solve Problems  
Cost Control

## Dashboard

Sales  
Gross  
Gross Retention %  
Expenses  
Expense %  
Selling Gross  
CP House per RO  
Effective Labor Rate  
Tech Proficiency

## Communication

Weekly 1 x 1's with each service advisor and tech.  
Weekly service department meetings.  
Employee empowerment to work directly with customers.

# Training

Region	Dealer Name	Overall Qualified	Staffing Qualified	Training Met Sales Manager	Training Met Sales Consultant	Training Met Service Manager	Training Met Service Advisor	Sales or Service?	Level 2 Warranty Admin
Denver	20th Century Ford	Yes	Yes	No	Yes	Yes	No		Yes
Seattle	Astoria Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Awesome Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Bear Lake Motor Company, Inc.	Yes	Yes	Yes	No	No	Yes		Yes
Denver	Bob Bate Ford, Inc.	No	No	No	No	No	No	Both	Yes
Seattle	Burns Ford, Inc.	No	No	No	Yes	No	No	Service	Yes
Seattle	Butler Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Canby Ford Inc	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Chuck Colvin Auto Center	Yes	Yes	No	Yes	Yes	Yes		Yes
Seattle	Columbia Ford, Inc.	Yes	Yes	Yes	Yes	Yes	No		Yes
Denver	DeLong Ford, Inc.	Yes	Yes	Yes	Yes	Yes	No		Yes
Seattle	Doherty Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Fallon Auto Mall	Yes	Yes	No	Yes	Yes	No		Yes
Seattle	Five Star Dealerships, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Gallagher Ford, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Gentry Ford Sales, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Gillis Auto Center	Yes	Yes	Yes	No	Yes	Yes		Yes
Denver	Goode Motor Ford, LLC	Yes	Yes	Yes	Yes	No	Yes		Yes
Seattle	Hall Motor Company	No	No	No	Yes	No	No	Service	NO
Seattle	Hillyer's Mid-City Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Hillyer's Stayton Ford, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Hometown Ford	Yes	Yes	No	Yes	Yes	Yes		Yes
Seattle	Johnston Motor Co	Yes	Yes	Yes	Yes	Yes	No		Yes
Seattle	Lithia Ford Lincoln of Roseburg	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Lithia Ford of Klamath Falls	Yes	Yes	Yes	No	Yes	Yes		Yes
Seattle	Mid Valley Ford	Yes	Yes	No	Yes	Yes	Yes		Yes
Seattle	Mock's Ford Sales	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Mountain Home Auto Ranch	Yes	Yes	Yes	Yes	Yes	No		Yes
Seattle	Newberg Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Northside Ford Truck Sales, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Power Ford Lincoln	No	No	Yes	No	No	No	Service	Yes
Seattle	Price Ford, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Ray Schultens Ford, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	Roberson's Albany Ford	Yes	Yes	Yes	Yes	Yes	No		Yes
Denver	Salmon River Motors, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Silver Creek Ford	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Seattle	St. Helens Ford	Yes	Yes	Yes	No	Yes	No		Yes
Seattle	Tillamook Motor Company	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Denver	Todd Hunzeker Ford, Inc.	Yes	Yes	Yes	Yes	Yes	Yes		Yes

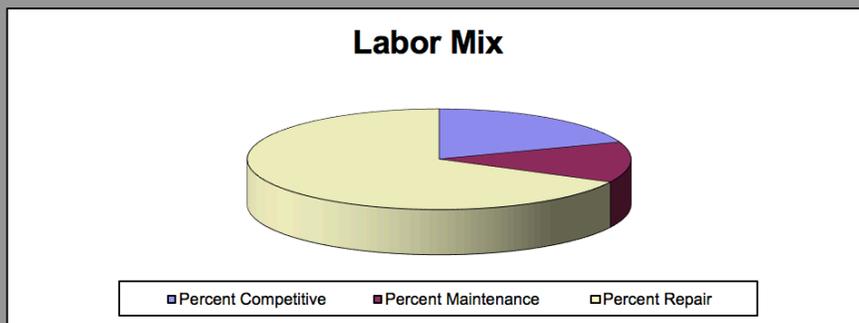


# Special Tools



# RO Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$	3,469	+	61.50	=	56.41	FRH Average
Maintenance	\$	4,352	+	41.20	=	105.63	FRH Average
Repair	\$	23,719	+	212.80	=	111.46	FRH Average
Totals	\$	31,540	+	315.50	=	99.97	Customer ELR
			Target Labor Rate			101.14	Per FRH
Total Ro's in Sample		96	Difference			-1.17	Per FRH
Cost of Labor							
Total Cost of Labor		8873.40	+	Total Sales	=	28.13%	Percent Cost of Sales
Total Cost of Labor		8873.40	+	Total FRH's	=	28.12	Cost per FRH
Repair Order Measurements							
Total Labor Sales		31,540.13	+	Total RO's	=	328.54	Avg Labor per RO
Total FRH's		315.50	+	Total RO's	=	3.29	Avg FRH's per RO
Menu Sales			+	Total RO's	=		Percent Menu Sales
Competitive FRH's		61.50	+	Total FRH's	=	19.49%	Percent Competitive
Maintenance FRH's		41.20	+	Total FRH's	=	13.06%	Percent Maintenance
Repair FRH'		212.80	+	Total FRH's	=	67.45%	Percent Repair
One item RO's		35	+	Total RO's	=	36.46%	Percent One Item RO
Model Year Analysis							
2018	2017	2016	2015	2014	2013	Older	Total
0	3	5	9	6	8	65	96
0.00%	3.13%	5.21%	9.38%	6.25%	8.33%	67.71%	



# Qualitative SWOT

## Strengths

1. Skilled team.
2. Not a lot we can't do.
3. Room to stretch out and get things done.
4. High quality of work.
5. Management that cares to ask for input.
6. Working with a great crew that helps each other to get things done so the customer leaves happy and returns for future repairs.

## Weaknesses

1. Service writers taking unnecessary tech time.
2. Lack of communication and clarity of customers wants.
3. Too many chiefs, not enough Indians.
4. Word of mouth and reputation of CDJR.
5. 2 weeks out on oil changes.
6. High labor rate compared to other shops.

## Opportunities

1. More publicity to community for donations and events.
2. To have great working hours so we can have a life other than work.
3. To have a great job.
4. To learn new things.

## Threats

1. Lower labor rate at competing shops.
2. Publicity of other shops.
3. Consolidation of CDJR.

## Objectives

1. Improve net income margins.
2. Improve tech proficiency.
3. Increase number of hours sold each day.

4. Increase total absorption.
5. Increase facility utilization.
6. Decrease wait time to LOF vehicles.

## Strategies

1. Install camera so receptionist can provide a better experience.
2. Have all denied work reviewed by the service manager.
3. Implement a weekly service meeting.
4. Implement daily service advisor recap texts.

## Tactics

1. Set up weekly 1x1's with service manager.
2. Review inspection sheets and RO's on a daily basis.
3. Incentives techs that upset and have a low one item RO percentage.
4. Clean special tools room.
5. Advertise new service hours.
6. Meet with three restaurant owners and set up coupons for customer that wait.
7. Inform St. Luke's or pick up and delivery service.

## Action Plan

Task	By Whom	Completion Date
Meet with techs and discuss up-selling to reduce our one item RO percentage from 36% to 15%.	Debbie and Brandon	July 15, 2017
Clean and organize special tools room. Move less used tools upstairs into storage. Implement check in/out process on special tools to create accountability.	Debbie	August 1, 2017
Implement weekly fixed ops meetings.	Debbie and Brandon	July 1, 2017
Increase combined competitive and maintenance FRH's from 33% to 55% of total labor sales.	Debbie	September 30, 2017
Increase fixed ops % of net income from 3.99% to 10%. In order to calculate how many labor sales we need to yield a 10% net income take total expenses / (current labor gross profit % minus 10). We need to increase labor sales to \$60K per month.	Debbie and Brandon	September 30, 2017
Increase service hours to match sales. M - F 7am to 6pm. Sat 8am to 2pm. Closed Sunday.	Debbie and Brandon	July 15, 2017 (should coincide with CDJR consolidation)



Task	By Whom	Completion Date
Increase tech proficiency as a group from 75% to 100%.	Debbie	September 30, 2017
Implement service advisor daily recap texts to include: ELR, Hours, and Proficiency.	Debbie and Brandon	July 1, 2017
Review every inspection sheet and RO on a daily basis.	Debbie and Brandon	July 1, 2017
Set up a relationship with three restaurants in town and give out redemption coupons to customers who have to wait. Have restaurants bill the dealership directly once redeemed.	Debbie	July 15, 2017
When a customer denies work, they will be introduced to the service manager.	Debbie	July 15, 2017
Approach St. Luke's in Hailey and Ketchum and let them know we will pick up and deliver vehicles for service.	Debbie	July 31, 2017

## Synopsis

In order to achieve a higher net income margin we will focus on two things, increase gross profits and decrease expenses. We will increase the amount of hours sold each day while at the same time decrease the number of one line repair orders. We will extend our service hours. Service advisors will do a walk around on every customer's vehicle.

We will be more convenient for our customers by extending service hours and offering more pick up and delivery services.

Trust will be establish between service advisors and techs giving confidence to the team when hours are sold, we will fulfill our promise.

We have a wonderful opportunity to do more with what we have. We embrace the opportunity.



# Tab A

## Service Department Sales And Gross (Labor Only)

page A-3

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 186,165	\$ 130,946	70.34%	69.22%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 64,509	\$ 42,382	65.70%	23.99%
Warranty Other			0%	0.00%
Internal	\$ 18,265	\$ 11,983	65.61%	6.79%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 268,939</b>	<b>\$ 185,311</b>	<b>68.90%</b>	<b>100.00%</b>

Clear Form

### The Picture

Customer Pay Gross Profit %

70.34%

Total Service Dept. G.P. %

68.90%

## Parts To Labor Ratios

page A-5

Category	Parts Sales	Labor Sales	P/L Ratio
Customer Car	\$ 209,916	\$ 186,165	1.13
Customer Truck		\$ -	0.00
Customer Other		\$ -	0.00
Warranty	\$ 76,928	\$ 64,509	1.19
Warranty Other		\$ -	0.00
Internal	\$ 22,852	\$ 18,265	1.25
<b>Total</b>	<b>\$ 309,696</b>	<b>\$ 268,939</b>	<b>1.15</b>

Clear Form

### The Picture

Customer Pay Gross Profit %

70.34%

Total Service Dept. G.P. %

68.90%

Parts / Labor Ratio (Cust. Pay Only)

1.13



**Service Department Profit Centering**    pageA-7

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 185,311		
Variable Expense		0.00%	
Selling Expense	\$ 88,525	47.77%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 83,133	44.86%	
Unallocated Expense		0.00%	
Dealer's Salary	\$ 6,250	3.37%	
<b>Total Expenses</b>	<b>\$ 177,908</b>	<b>96.01%</b>	
<b>Net Profit</b>	<b>\$ 7,403</b>	<b>3.99%</b>	

Clear Form

<b>The Picture</b>	
Customer Pay Gross Profit %	70.34%
Total Service Dept. G.P. %	68.90%
Parts / Labor Ratio (Cust. Pay Only)	1.13
Total Service Dept. Expenses	\$ 177,908

## Fixed Absorption page A-9

		% Adj Ovhd Exp
Parts Department Total Gross	\$ 120,574	19.08%
Service Department Total Gross	\$ 203,475	32.20%
Body Shop Department Total Gross	\$ -	0.00%
<b>Total Fixed Gross Profit</b>	<b>\$ 324,049</b>	

Total Dealership Expense \$ 675,970

}	New & Used Sales Commission Expense -	\$ 42,935
	New & Used Policy Expense -	\$ 1,711
	New & Used Get Ready / Delivery Expense -	\$ (558)

**Adjusted Overhead Expense** **\$ 631,882**

Total Fixed Gross Profit \$ 324,049

Adjusted Overhead Expense \$ 631,882

Total Absorption Percentage 51.28%

**Guideline 75%**

Clear Form

### The Picture

Customer Pay Gross Profit %	70.34%
Total Service Dept. G.P. %	68.90%
Parts / Labor Ratio (Cust. Pay Only)	1.13
Total Service Dept. Expenses	\$ 177,908

# Tab B

## NADA ACTUAL SERVICE ANALYSIS page B-1

Performance

	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Car*	\$ 186,165	÷	104.81	=	1776.2
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 64,509	÷	99.14	=	650.7
Internal	\$ 18,265	÷	104.81	=	174.3
New Vehicle Prep	\$ -	÷		=	0.00
<b>Total</b>	<b>\$ 268,939</b>				<b>2601.2</b>

POTENTIAL

$$\begin{array}{r}
 \text{\$ } 268,939 \\
 \text{Total labor sales for month}
 \end{array}
 \div
 \begin{array}{r}
 2601.17 \\
 \text{Total hours billed}
 \end{array}
 =
 \begin{array}{r}
 \text{\$ } 103.39 \\
 \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 4.00 \\
 \text{\# Service mechanical technicians}
 \end{array}
 \times
 \begin{array}{r}
 8 \\
 \text{\# Hours/Day}
 \end{array}
 \times
 \begin{array}{r}
 108 \\
 \text{Working Days/Month}
 \end{array}
 =
 \begin{array}{r}
 3,456.0 \\
 \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{r}
 3,456.0 \\
 \text{Clock Hours Available}
 \end{array}
 \times
 \begin{array}{r}
 \text{\$ } 103.39 \\
 \text{Effective Labor Rate}
 \end{array}
 =
 \begin{array}{r}
 \text{\$ } 357,322 \\
 \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{r}
 2,601.2 \\
 \text{Hours Produced}
 \end{array}
 \div
 \begin{array}{r}
 3,456.00 \\
 \text{Hours Available}
 \end{array}
 =
 \begin{array}{r}
 75.27\% \\
 \text{Tech Proficiency}
 \end{array}$$

Clear Form

Hours Per RO (Recap Sheet)	2.9
Percent of One Item R.O.'s (Recap Sheet)	30.43%
Customer Pay Effective Labor Rate (Recap Sheet)	\$ 104.81
Warranty Labor Rate (Recap Sheet)	\$ 99.14
Total Overall Effective Labor Rate	\$ 103.39
Overall Technician Proficiency	75.27%

FACILITY POTENTIAL	
Number of Bays	<input type="text" value="9"/>
	x
Number of Days	<input type="text" value="108"/>
	x
Number of Hours	<input type="text" value="8"/>
	x
Effective Labor Rate	<input type="text" value="\$ 103.39"/>
	<i>equals</i>
<b>FACILITY POTENTIAL</b>	<b><input type="text" value="\$ 803,973"/></b>

FACILITY UTILIZATION	
Total Labor Sales	<input type="text" value="\$ 268,939"/>
	+
Facility Potential	<input type="text" value="\$ 803,973"/>
	<i>equals</i>
<b>FACILITY UTILIZATION</b>	<b><input type="text" value="33.45%"/></b>

Clear Form

OWNER BASE POTENTIAL			
<input type="text" value="720"/>	x	<input type="text" value="8"/>	= <input type="text" value="5,760.0"/>
5 Year Owner Base		Annual Hours Purchased	Market Potential / Hours
<input type="text" value="5,760.0"/>	x	<input type="text" value="\$ 103.39"/>	= <input type="text" value="\$ 595,536"/>
Market Potential/ Hours		Effective Labor Rate	5 Yr. O.B Sales Potential
<input type="text" value="\$ 50,219"/>	x	<input type="text" value="12"/>	= <input type="text" value="\$ 602,628"/>
Avg. Mos. Labor Sales (excluding internal PDI and		Annualized	Current Labor Sales Trend
<input type="text" value="\$ 602,628"/>	+	<input type="text" value="\$ 595,536"/>	= <input type="text" value="101.19%"/>
Labor Sales Trend		5 Yr. O.B. Sales Potential	Ouch

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

Clear Form

# Tab C

## Technician Value page C-7

**Calculate using daily available hours per technician**

Hours		Days		Labor Rate		Sales Value
8	x	108	x	\$ 103.39	=	\$ 89,330

Sales Value		Gross Margin		Profit Value
\$ 89,330	x	68.90%	=	\$ 61,553

\$ 61,553	70%	p r o f i t c i e n c y	\$ 43,087
\$ 61,553	80%		\$ 49,242
\$ 61,553	90%		\$ 55,397
\$ 61,553	100%		\$ 61,553
\$ 61,553	110%		\$ 67,708
\$ 61,553	120%		\$ 73,863
Profit Value			Adjusted Profit Value

Clear Form

## STAFFING REQUIREMENTS

page C-9

### A. Sales To Break Even

Total Expenses for One Month	+	Current Gross Profit Percent	=	Sales To Break Even
\$ 177,908	+	68.90%	=	\$ 258,195

### B. Sales To Generate 20% Net

Total Expenses for One Month	+	Current Gross Profit Percent (Minus 20)	=	Sales To Generate 20% Net
\$ 177,908	+	48.90%	=	\$ 363,787

### C. Technician Value

Daily Work Hours	X	Average Proficiency Rate	X	Overall Effective Labor Rate	X	Work Days Per Month	=	Technician Value
8		80%		\$ 103.39		22		\$14,293
8		90%		\$ 103.39		22		\$16,079
8		100%		\$ 103.39		22		\$17,866
8		120%		\$ 103.39		22		\$21,439

### D. Staffing To Break Even

Sales To Break Even	+	Technician Value	=	Staffing
\$ 51,639.03	+	14,293 @ 80%	=	3.6
\$ 51,639	+	16,079 @ 90%	=	3.2
\$ 51,639	+	17,866 @ 100%	=	2.9
\$ 51,639	+	21,439 @ 120%	=	2.4

### E. Staffing To Generate 20% Net

Sales To Generate 20% Net	+	Technician Value	=	Staffing
\$ 72,757.35	+	\$ 14,293 @ 80%	=	5.1
\$ 72,757	+	\$ 16,079 @ 90%	=	4.5
\$ 72,757	+	\$ 17,866 @ 100%	=	4.1
\$ 72,757	+	\$ 21,439 @ 120%	=	3.4

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### Service Advisor Performance

How To Set Advisor Sales Objectives To: Break Even, Net 10%, & Net 20%

Break Even		Net 10 %		Net 20 %	
1 Department's Average Monthly Expenses (including unallocated)	\$35,582	1 Department's Average Monthly Expenses (including unallocated)	\$35,582	1 Department's Average Monthly Expenses (including unallocated)	\$35,582
2 Divide by current labor gross profit % to break even	68.90%	2 Divide by current labor gross profit % minus 10 to net 10%	58.90%	2 Divide by current labor gross profit % minus 20 to net 20%	48.90%
3 Equals New Sales Objective	\$ 51,639	3 Equals New Sales Objective	\$ 60,406	3 Equals New Sales Objective	\$ 72,757
4 Number of Advisors	2.0	4 Number of Advisors	2.0	4 Number of Advisors	2.0
5 Equals Sales Objective per Advisor	\$ 25,820	5 Equals Sales Objective per Advisor	\$ 30,203	5 Equals Sales Objective per Advisor	\$ 36,379
6 Number of work days per month	21.6	6 Number of work days per month	21.6	6 Number of work days per month	21.6
7 Equals daily sales objective per advisor	\$ 1,195	7 Equals daily sales objective per advisor	\$ 1,398	7 Equals daily sales objective per advisor	\$ 1,684
8 Current overall effective labor rate	\$ 103.39	8 Current overall effective labor rate	\$ 103.39	8 Current overall effective labor rate	\$ 103.39
9 Equals daily sales objective per advisor (FRIFs)	11.6	9 Equals daily sales objective per advisor (FRIFs)	13.5	9 Equals daily sales objective per advisor (FRIFs)	16.3

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### Exercise to See What Happens When You Increase Your Hours Per Repair Order

Number of customer R.O.'s for the month		1721
Multiply by .3 hours	x	0.3 hours
Additional customer labor hours generated	=	516.30
Multiply by Customer Labor Rate	x	\$ 104.81
Equals additional Customer Labor Sales Generated	=	\$ 54,113
Multiply by customer Labor Gross Profit %	x	70.34%
Equals additional Labor Gross Profit \$ generated	= (A)	\$ 38,063
Divide Parts Sales R.O. by Labor Sales R.O. to calculate \$ parts sales per 1\$ of Labor Sales	=	1.13
Multiply by Customer Labor Sales	x	\$ 54,113
Equals additional Customer Parts Sales generated	=	\$ 61,017
Multiply by Customer Parts Sales Gross Profit %	x	37.00%
Equals additional Parts Gross Profit \$ Generated	= (B)	\$ 22,576
Add Gross Profit from Labor (A) and Parts (B)	=	\$ 60,639

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# Tab D

## Labor Rate Calculations

1 Calculate the **Labor Rate** for the following operation.

A/C Charge and Check

	Labor Price		\$120.00	
	Units		1.0	
<u>Price</u>	\$120.00	÷	<u>Units</u>	1.0
				=
				<b>\$120.00</b>
				Labor Rate

2 Calculate the **Effective Labor Rate** for the following "Repair" operations.

Labor Operations	Labor Price		Labor Units	=	Labor Rate
Clean Fuel Injectors	\$ 117.60	÷	1.20	=	\$ 98.00
R&R Rear Hub Bearing.	\$ 96.00	÷	0.80	=	\$ 120.00
Replace Trans. Pan gasket	\$ 107.80	÷	1.10	=	\$ 98.00
R&R Headlight unit (1)	\$ 108.00	÷	0.90	=	\$ 120.00
	<b>Total Price</b> \$ 429.40		<b>Total Units</b> \$ 4.00		
	\$ 429.40	÷	4.0	=	<b>\$ 107.35</b>
	Total Price		Total Units		Effective Labor Rate

(For This R.O.)

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## Calculating Mark-Up

**3** Using the following formula, mark-up a part costing \$6.72 to attain a 35% gross profit ( round to the nearest cent)

$$\begin{array}{rcl}
 \boxed{100\%} & \xrightarrow{\quad} & \boxed{40\%} \\
 100\% & & \text{Desired Gross Profit percent} \\
 \\ 
 \boxed{\$6.72} & \times & \boxed{1.67} \\
 \text{Part Cost} & & \text{Mark-Up Factor} \\
 \\ 
 & & \boxed{\$11.20} \\
 & & \text{Retail Price}
 \end{array}$$

**4** Calculate the "Weighted Average" price at a 40% Gross Profit for the following parts (round to the nearest cent)

Item	Cost	X	Annual Turnover	=	Total Cost
Filter #1	\$4.36	X	112	=	<input type="text" value="\$488.32"/>
Filter #2	\$4.01	X	56	=	<input type="text" value="\$224.56"/>
Filter #3	\$3.56	X	85	=	<input type="text" value="\$302.60"/>
Filter #4	\$3.86	X	202	=	<input type="text" value="\$779.72"/>
Filter #5	\$3.51	X	36	=	<input type="text" value="\$126.36"/>
Total Items					<input type="text" value="491"/>
Total Cost					<input type="text" value="\$1,921.56"/>

$$\begin{array}{rcl}
 \boxed{\$1,921.56} & \div & \boxed{491} \\
 \text{Total Cost} & & \text{Total Items} \\
 \\ 
 & & \boxed{\$3.91} \\
 & & \text{Weighted Average Cost}
 \end{array}$$

$$\begin{array}{rcl}
 \boxed{\$3.91} & \times & \boxed{1.67} \\
 \text{Weighted Average Cost} & & \text{Mark-Up Factor} \\
 \\ 
 & & \boxed{\$6.52} \\
 & & \text{Weighted Average Price}
 \end{array}$$

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# Tab F

Cost Of A Come-Back			
Lost Customers		1.5	
Average Hours per R.O.	X	2.9	
	=	4.4	
Effective Labor Rate	X	\$ 103.39	
	=	\$ 450	(A) Service Labor Sales
Service Department Gross Profit % (Excluding Sublet)	X	68.90%	
	=	\$ 310	(B) Service Labor Gross
Service Labor Sales (A)		\$ 450	
Parts / Labor Ratio	X	1.13	
	=	\$ 507	
Parts Dept Gross Profit % R.O.Sales	X	37.00%	
	=	\$ 188	(C) Service Parts Gross
(B) Service Labor Gross		\$ 310	
(C) Service Parts Gross	+	\$ 188	
Lost Gross	=	\$ 498	

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