



## Fixed Operations 2 Service Homework

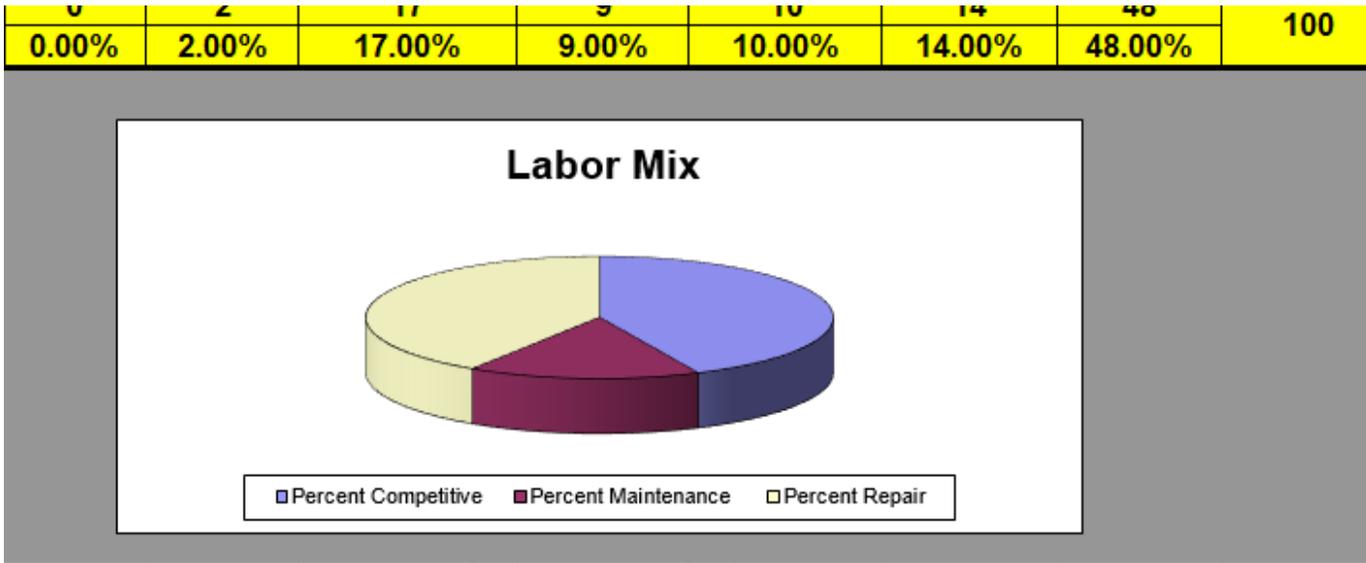
Your homework assignment is to evaluate your service department. A detailed analysis is required of the following areas, to include what you are currently doing, plans for improvement, how you plan to achieve the goals, and evaluate if the changes made are beneficial to the store. Some of you may not have the authority to make any changes as to the outcome of the recommendations, but you are still required to make the evaluations and recommendations that you would perform if this was your department.

- a. Facility:** What changes will you make to increase your utilization (4th homework calculation)? *We would need to expand our service drive. The drive is too short creating a log jam coming into the department. If we could add another lane, we could use the extra space for the Express Advisor as well as adding additional advisors. Currently we have stalls that are empty, filling those stalls by hiring more technicians would create more work, increase utilization, and reduce the appointment schedule.*
- b. Productivity:** How will you increase your Tech Proficiency (3rd homework calculation)? *Due the proficiency being as high as it is we need to hire more technicians to eliminate any corners being cut. This would give us more capacity to take in more cars. By bringing more techs we could add more shifts to the schedule, changing the scope of our business on Saturday's. The advantage would be not only doing competitive and maintenance work, we'd be able to diagnose work as well by diversify the level of techs in the building.*
- c. Analyze Cost of Labor:** How do you pay the techs (1st homework calculation)? *We pay the techs per flat rate hour based on Manufacturer Labor Timeline. Gross profit % are above all benchmarks from a customer pay, warranty and internal perspective.*
- d. Changes in Expense Structure:** Are you selling all of the available hours, and are your expenses in line (2nd homework calculations)? *Comp to gross is at 18%. Fixed absorption has gone from 86% in 2018 year to date to 120% year to date in 2019. Currently running 8% loaner expense as a percentage to total gross.*
- e. Detail Performance Programs:** What are the plans for setting objectives, tracking, and communication? *We have a monthly review of prior month performance with all advisors and technicians, utilizing the DMS report card system. Tracking all the hours generated by technicians in a managers meeting every morning. Tuesday's we have a departmental meeting where we go over all forecasts with relationship to budget.*

**f. Level of Current Training:** Are you within the minimum training standard for your manufacturer? **Yes - We also train our advisors on how to sell, as well as effective communication. The technicians utilize the OEM training system where we meet and exceed all the requirements set by the manufacturer. We also utilize the PAG UTI recruitment program for all the new hires as well as our own in house training for 9 months. This in house training allows new hires to rotate through 3 lead techs receiving different skill sets from time management, diagnostics, and tear downs for a deep dive on repairs.**

**g. 100 Repair Order Analysis:** We need the summary page with your evaluation of the summary (recap) sheet.

Competitive	\$ 12,523	÷	141.20	=	88.69	FRH Average
Maintenance	\$ 7,514	÷	52.60	=	142.85	FRH Average
Repair	\$ 22,094	÷	133.90	=	165.00	FRH Average
Totals	\$ 42,131	÷	327.70	=	128.56	Customer ELR
		Target Labor Rate			152.00	Per FRH
Total Ro's in Sample	0	Difference			-23.44	Per FRH
<b>Cost of Labor</b>						
Total Cost of Labor	7911.55	÷	Total Sales	=	18.78%	Percent Cost of Sales
Total Cost of Labor	7911.55	÷	Total FRHs	=	24.14	Cost per FRH
<b>Repair Order Measurements</b>						
Total Labor Sales	42,130.53	÷	Total ROs	=	421.31	Avg Labor per RO
Total FRHs	327.70	÷	Total ROs	=	3.28	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	141.20	÷	Total FRHs	=	43.09%	Percent Competitive
Maintenance FRHs	52.60	÷	Total FRHs	=	16.05%	Percent Maintenance
Repair FRH	133.90	÷	Total FRHs	=	40.86%	Percent Repair
One item ROs	25	÷	Total ROs	=	25.00%	Percent One Item RO



Use whatever time frame is best for you. You may use Word or PowerPoint.  
***Homework will only be graded if in a single document.*** Please email it to us, or if the file is too large, upload it to DropBox in the Homework Dropbox. Once it has been uploaded, email us that it has been uploaded, so we may grade the assignment.