SERVICE DEPARTMENT ANALYSIS

FOR

GARY LANG
CHEVROLET, CADILLAC, BUICK, GMC

JEFF LANG

N35211

A. ADVERTISING Includes Autoloop email campaigns to our database along with mailers we send out through CSSR (GM Retention program). They all do very well for us as they are scheduled in advance and reach our customer at the precise moment, they are slated to need service

B. Marketing. As for new customers, we have a digital campaign with CSSR and send out conquest mailers to brand specific owners and similar make owners. Ex. Ford/Chrysler owners with messaging that we service all makes and models. Have also found we piggyback service off of our sales messaging with traditional all media. It tends to drive traffic to our bays because we have so many brands and have a household name people can trust whether they own one of our brands or not.

A and B are both handled by our in-house marketing department.

C. Facility. We will reorganize the upper level of the Large Tool room and utilize this either for additional tool or parts storage. This will add another 1500 sq. feet of usable space.

We will also remove tires and overstock chemical drums from the center drive bay and turn it into a flat stall. This will be especially useful for large interior jobs such as heater core or headliner replacement, water leaks or sublet work such as windshield replacement and PDR. Sublet windshield work and PDR is another low investment profit center that can add another 10-15% on these repairs and increase dollars per RO. (Example: PDR $300 @ 115% Markup is an additional $45 per RO)

D. Productivity. We plan to increase Tech Proficiency by hiring or reassigning and employee to full time parts runner and deliver parts and pick up warranty return 100% of the time. We will also reorganize and repair all specialty tools and install an electronic leader board. Most of this is outlined in the action plan.

E. Production Method. We will not make any major changes to the service department.

F. Analyze cost of labor. We are well below target at 19.48% cost of sales

G. Changes in expense structure. Expenses are in line

H. Pay plans I would suggest adding an incentive program for upsells in the quick service lane and an aggressive bonus plan for recruiting and retaining other productive employees for a set amount of time. No other changes need to be made at this time.

I. Detail performance programs. Realistic but challenging objectives will be set by the service manager. They are currently tracked and emailed daily. (See example below) They will be reviewed weekly by the service manager and dispatcher.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
LINE TECHNICIANS																
DOMESTIC																
TECH NAME/#	BOOK DATE						TRAINING	BOOKING	TARGET	"+/-"	CLOCK	PRODUCTIVITY	SEP	SEP	SEP	SEP
	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	HOURS	HOURS			HOURS		BOOK HRS	CLOCK	"+/-"	PRODUCTIVITY
CAUFIELD/232	10.00	8.50	7.00	7.50	18.00			**51.00**	40.00	**11.00**	40.00	128%	195.40	160.00	**35.40**	122%
CONWAY/821	8.60	9.30	7.60	11.50	16.60			**53.60**	40.00	**13.60**	40.00	134%	187.10	160.00	**27.10**	117%
RENDL/825	10.00	14.10	7.80	11.90	10.90	6.00		**60.70**	40.00	**20.70**	40.00	152%	175.50	160.00	**15.50**	110%
JENSEN/833	21.70	5.60	51.50	10.50	9.60	13.00		**111.90**	40.00	**71.90**	40.00	280%	263.50	160.00	**103.50**	165%
LOTKA/836		8.10	0.80	1.90	10.80	5.50		**27.10**	40.00	**-12.90**	40.00	68%	116.60	160.00	**-43.40**	73%
TIBBITTS/849	3.80	12.90	12.60	13.00	14.20	8.00		**64.50**	40.00	**24.50**	40.00	161%	246.20	160.00	**86.20**	154%
WLASIUK/855	10.90		10.80	15.90	3.70			**41.30**	40.00	**1.30**	40.00	103%	172.80	160.00	**12.80**	108%
RADO/889	12.80	6.60	6.40	23.50	8.80			**58.10**	40.00	**18.10**	40.00	145%	249.80	152.00	**97.80**	164%
OSHER/901	8.20	6.80	5.60	7.00	3.50	10.70		**41.80**	40.00	**1.80**	40.00	105%	166.20	160.00	**6.20**	104%
DAILY SUB-TOTALS	**86.00**	**71.90**	**110.10**	**102.70**	**96.10**	**43.20**	**0.00**	**510.00**	**360.00**	**150.00**	**360.00**	142%	1773.10	1432.00	**341.10**	124%
IMPORT																

DOMESTIC																
TECH NAME/#	MON	TUES	WEDS	THURS	FRI	SAT	TRAINING	BOOKING	TARGET	"+/-"	CLOCK	PRODUCTIVITY	SEP	SEP	SEP	SEP
	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	HOURS	HOURS					BOOK HRS	CLOCK	"+/-"	PRODUCTIVITY
DEPALO/805	5.10	3.20	4.60	11.10	3.20			**27.20**	40.00	**-12.80**	40.00	68%	97.60	152.00	**-54.40**	64%
KNAPIK/817	3.90	7.60	6.90	4.50	3.30	2.50		**28.70**	40.00	**-11.30**	40.00	72%	110.30	160.00	**-49.70**	69%
VARGAS/869	1.80	6.70	2.50	8.20	5.60			**24.80**	40.00	**-15.20**	40.00	62%	103.50	160.00	**-56.50**	65%
FRIESE/875	6.50	3.10	2.50	8.60	10.00	8.90		**39.60**	40.00	**-0.40**	40.00	99%	110.90	144.00	**-33.10**	77%
BURCHETT/886	VACATION				1.50			**1.50**	8.00	**-6.50**	8.00	19%	48.40	120.00	**-71.60**	40%
DAILY SUB-TOTALS	17.30	20.60	16.50	32.40	23.60	11.40	0.00	**121.80**	**168.00**	**-46.20**	**168.00**	73%	470.70	736.00	**-265.30**	64%

DOMESTIC QL																
LURI/059	1.60	4.50	2.20	1.20	2.30	0.40		**12.20**	40.00	**-27.80**	40.00	31%	32.50	136.00	**-103.50**	24%
BRUT/723	10.50	9.80	5.60	14.10	0.30			**40.30**	40.00	**0.30**	40.00	101%	212.10	160.00	**52.10**	133%
ATILES/801	2.80	3.90	2.40	3.00	12.00	-8.90		**15.20**	40.00	**-24.80**	40.00	38%	65.50	160.00	**-94.50**	41%
STARR/838	2.00	1.60	0.70	0.80	1.80	0.70		**7.60**	40.00	**-32.40**	40.00	19%	32.30	160.00	**-127.70**	20%
ELLOITT/841	0.90	0.40	0.10	1.00	0.90	-0.20		**3.10**	40.00	**-36.90**	40.00	8%	11.60	160.00	**-148.40**	7%
MAHER/907				0.40	0.20	0.70		**1.30**	0.00	**1.30**	0.00	#DIV/0!	6.80	72.00	**-65.20**	9%
KOEHLER/922	2.20	1.80	1.90	1.20	1.40	0.60		**9.10**	40.00	**-30.90**	40.00	23%	34.50	160.00	**-125.50**	22%
DAILY SUB-TOTALS	20.00	22.00	12.90	21.70	18.90	-6.70	0.00	**88.80**	**240.00**	**-151.20**	**240.00**	37%	395.30	1008.00	**-612.70**	39%

Service Advisor Leader Board							
	Gary Lang Team	MTD Gross	MTD R.O's	ELR	Hour Per R.O	$ Per R.O	R.O's Per Day
1	Chris Scholer	$37,343	146	$138	2.57	$354	11.2
2	Cory Reese	$9,771	102	$119	1.05	$125	7.8
3	Matt Garcia	$15,915	141	$133	0.99	$132	10.8
4	Joseph Collins	$13,074	141	$126	0.75	$95	10.8
5	David Longhurst	$14,570	145	$123	0.99	$122	11.2
6	Shane Ryder	$14,544	119	$116	1.56	$182	9.2
7	Brian Housworth	$16,294	138	$118	1.09	$129	10.6
8	Joe Ortegel	$8,467	95	$118	0.61	$71	7.3
9	Joe Scanlan	#N/A	#N/A	$90	0.20	$18	#N/A
10	Christopher Marulli	$22,852	179	$135	1.61	$217	13.8

J Level of Training. We are currently at 100% of GM Training

K Special Tools. We currently have all required small GM tools in a neat organized secure room. This is managed by the electronic GM system. We need work on the large tool room. This is outlined in the Action plan.

L. 100 Repair Order Analysis

Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	$ 6,984	÷	63.60	=	109.81	FRH Average
Maintenance	$ 7,169	÷	53.90	=	133.01	FRH Average
Repair	$ 22,268	÷	146.10	=	152.42	FRH Average
Totals	$ 36,421	÷	263.60	=	138.17	Customer ELR
			Target Labor Rate		141.45	Per FRH
Total Ro's in Sample	100		Difference		-3.28	Per FRH

Cost of Labor

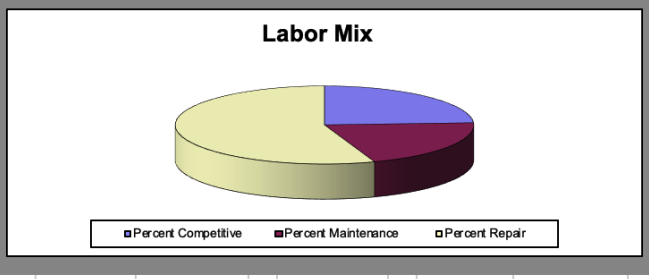
Total Cost of Labor	7096.15	÷	Total Sales	=	19.48%	Percent Cost of Sales
Total Cost of Labor	7096.15	÷	Total FRHs	=	26.92	Cost per FRH

Repair Order Measurements

Total Labor Sales	36,421.22	÷	Total ROs	=	364.21	Avg Labor per RO
Total FRHs	263.60	÷	Total ROs	=	2.64	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	63.60	÷	Total FRHs	=	24.13%	Percent Competitive
Maintenance FRHs	53.90	÷	Total FRHs	=	20.45%	Percent Maintenance
Repair FRH	146.10	÷	Total FRHs	=	55.42%	Percent Repair
One item ROs	0	÷	Total ROs	=	0.00%	Percent One Item RO

Model Year Analysis

2020	2019	2018	2017	2016	2015	Older	Total
0	3	9	6	10	18	53	99
0.00%	3.03%	9.09%	6.06%	10.10%	18.18%	53.54%	



QUALITATIVE ANALYSIS

STRENGTHS

1. Mostly clean, properly lighted, ventilated and well-maintained facility. We regularly reinvest profits to keep the department up to date with the latest technology, and equipment.

2. In house Marketing department, that focuses service as well as sales.

3. Service BDC that focuses on maintaining relationships with existing customers, by consistently following up, scheduling appointments, notifying customers of recalls and soliciting new business.

4. Continuous Emphasis on technician training, all of our technicians are required to attend manufacturer specific training off site in a classroom setting several times a year. In addition to this they are required to be at 100% of online Manufacturer training. We have an apprentice program where semi-skilled techs graduate to training under 30 Year plus experienced GM master techs.

5. We have a very unique advantage in our market in that we are a full line GM dealer. This allows us complete warranty work on all GM makes which also brings in customer pay.

6. Management- Our service dispatcher has over 25 years of experience and is able to disperse work quickly and efficiently to properly skilled technicians. He is meticulous well organized and well respected among the shop. Our service manager has very strong sales skills is knowledgeable, hardworking and driven to maximize profits in his department.

7. Small specialty tools are organized and nearly always available. Our dispatcher has utilizing the GM computerized tool program which has proved very effective. Tools access is limited to our dispatcher and one senior technician (29 years with our Co.) as a backup.

WEAKNESSES

1. ½ of the advisors are relatively young, inexperienced and falling below the 1 hour per RO. The common technician complaint is that they are just not upselling the work recommended.

2. No incentive program for hourly quick service technicians to upsell work.

3 Employee Satisfaction. No employee review structure in place. No regular tech meetings that center around technician concerns.

4. Poor Execution of processes Much time spent developing processes and procedures, then back to the old way of doing things.

5. Dispatcher always looked to for problems causing backups (he is often doing a shop foreman’s job)

6. Tire change area and large tool room is a mess; Larger tools are not maintained. This contributes to inefficiency.

7. Exhaust evacuation system has not been properly maintained and hoses are limited. This becomes an irritation and safety hazard to the technicians and ultimately decreases productivity.

8. Parts Department Deficiency’s. Not enough parts employees for running so excessive time to fill orders, and long wait time also little stock on fast moving parts. Not posting lost sales. Poor mix.

9. Too many Low skill paid techs not enough journeyman. One diesel tech.

10. Lack of communication between Parts, Advisors and Techs. Contributes to inefficiency.

OPPORTUNITIES

1. We are located in a growing community and sell roughly 300 New and Used Gm vehicles a month. Large opportunity to capture service business.

2. Dealership is well capitalized, and Dealer/Owner is willing to invest in anything to increase gross profit.

3. Land Available to expand department and or add quick service lane.

4. Monthly tech meetings

5. Located near 4 industrial parks, and a hospital. There is a large opportunity to capture fleet and employee business from these businesses

THREATS

1. Exhaust vents faulty and not used, complaints about lift defects.

2. Losing technicians that aren’t booking enough hours

3. Other shops both franchised and independent are taking our Diesel business.

4. Inexperienced advisors are potentially missing opportunity’s that our competitors are taking.

5. Many independent shops and GM dealers in the area competing for our business.

OBJECTIVES

1. Increase proficiency among all technician’s, particularity the apprentice and quick service techs.

2 Increase volume and gross profit on customer pay tickets.

3. Increase Employee satisfaction

STRATEGYS

1. We can increase hours and dollars per ticket by investing in professional advisor training, as well as weekly reviews of lost sales and manager T.O. System

2. Eliminate technician down time through shop organization clean tool room and get equipment fixed.

3. Reduce tech down time by consistent parts delivery and better communication with parts department

4. Monthly tech meetings to discuss their needs wants and set objectives. Quarterly reviews of performance and career advancement.

5. Improve parts department efficiency

5. Incentivize quick lube techs for upsells

6. Get ventilation system fixed immediately

7. Evaluate the cost and benefits of Hiring or promoting a shop foreman to ease the load on dispatcher.

8. Hire 1 Diesel technician and 1 experienced journeymen technician.

TACTICS

1. Immediately invest in professional classroom sales training for new advisors, with short weekly in house training. This should cover basic sales skills, proper walk around and phone skills. Their tickets should be reviewed weekly for missed opportunities. Institute a manger or senior advisor T.O. system with compensation to senior advisor on a successful T.O. Training is an ongoing process and needs to be part of the culture.

2. Hold mandatory monthly technician meetings to not only discuss shop objectives and housekeeping issues but to also address their grievances and suggestions. SWOT sheets where an eye opener. We may consider having our GM facilitate a separate service employee meeting without service management to get more honest feedback. Based on SWOT sheets there may be concerns that have been ignored by service management.

3. Consider exchanging cell numbers with technicians and Advisors to speed up communication. We are using skype currently and ASR however some technicians have suggested that cell phones may be a good supplement to this.

4. Immediately clean, inventory and reorganize large tool room. Repair or replace equipment as necessary. Get lifts inspected and repaired. Clean second story of large tool room and remove un-needed junk. This will free up 1500 sq. feet of storage for either additional tools or parts stock.

5. Immediately assign either a parts employee or a porter as a designated parts runner. We will provide him with a hand cart. This will be the employees only job, he is not to be pulled off this job to complete other tasks. This small investment minimum wage job will greatly increase technician efficiency. I estimate this will save 10 Minutes per R.O.

6. Service Manager is to meet with GM and discuss who is responsible for managing the building maintenance man. There are areas of the shop such as drains and exhaust evacuation system that have been neglected for some time. It seems that the maintenance man is never at the dealership. I don't believe anyone is holding him accountable. Exhaust system and drains are to be fixed immediately.

7. Technician Leader boards installed in the break room. Tracking proficiency CSI Preferably Electronic ones that pull info from the DMS. I believe this is a strong motivator.

8. Discuss our recruiting process and set goals and objectives such as a set number of interviews of qualified technicians in a specific time period and a qualified Diesel tech in the next 6 months or sooner. Weekly meetings on where we are with this process. Incentivize any employee for recruiting technicians with a $500 hiring bonus and percentage of that technician's production after they have been employed for a set amount of time. This should be a permanent part of the dealership pay plan.

9. Evaluate the need for a shop foreman and his effect on productivity.

10. Regular meetings with Parts manager to discuss fill rate and stocking levels. Last sale flow chart is posted on back wall facing counterman. Emphasis on posting lost sales.

Action Plan

Task	By Whom	Completion Date
1.Advisor Training/ Weekly ticket review/ TO System	Service Manager	11/15/19
2.Montly Tech Meetings/ Quarterly reviews of emp.	Service Manger	11/1/19
3.Cell Phone List of all emp.	Office Staff	11/1/19
4.Clean/Organize/Repair Tools and room	Maint. Man/Svc Mgr.	12/1/19
5.Parts runner	Parts Mgr.	11/1/19
6.Manage Maint. Man	Svc Mgr./GM	11/15/19
7.Electronic leader board	GM	12/1/19
8.Recruiting Program	GM/Svc Mgr.	12/1/19
9.Evaluate Foreman Position	Svc Mgr.	1/15/20
10 Meetings with Parts Mgr.	Svc Mgr./Dispatcher	Immediately

SYNOPSIS

Overall, Technician proficiency is good with many journeymen exceeding the guide of 120%. It is evident however that there is room for improvement with some small relatively inexpensive changes.

Advisor training, weekly review of missed opportunities and a TO system should bring many of our advisors from below 1 hour per RO to 1.5-2 in the coming months resulting in increased fixed absorbsion.

Mandatory monthly technician meetings are needed to not only set and maintain goals but also to discuss issues and suggestions.

Parts department focus on properly logging lost sales and the addition of a permanent fulltime parts runner should save 5-10 minutes per RO. And further increase proficiency.

The addition of a diesel technician and 1-2 skilled journeymen technicians through and aggressive recruiting campaign will also result in additional hours available and sold and increased Fixed absorbsion.