

Fixed Operations 2 Service Homework - Julie Andresen - 012/01

- a. Advertising-----Emails, Mailers: keeping your dealership name in front of your customer.
- b. Marketing-----Non-dealer survey, Owner base retention ("B" Tab)

c. Facility-----Capacity, Utilization ("B" Tab)

FACILITY UTILIZATION		
Total Labor Sales	\$	827,038
	÷	
Facility Potential	\$	922,309
	equals	
FACILITY UTILIZATION		89.67%

After reviewing our capacity and facility potential, although high we do have some more room to do about 10% more. Perhaps expand our night crew department or add additional advisor staff to sell more hours for the technicians.

d. Productivity-----Tech Proficiency ("B" Tab)

How proficient are your technicians ?			
	8,995.7	÷	6,336.00 = 141.98%
	Hours Produced		Hours Available Tech Proficiency

NADA guide for technician proficiency is 120%. We are currently above guide at 141.98% technician proficiency. It would be beneficial to dive deeper to find individual technician proficiencies and attempt to increase the lower ones up a few percentage points.

e. Production Method----Conventional, Work Group, or Team

f. Analyze Cost of Labor—(“A” Tab—first one)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 446,972	\$ 338,833	75.81%	54.04%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty			0%	0.00%
Warranty Other	\$ 235,012	\$ 183,536	78.10%	28.42%
Internal	\$ 123,382	\$ 42,632	34.55%	14.92%
NVI / Road Ready	\$ 21,672	\$ 16,800	77.52%	2.62%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 827,038	\$ 581,801	70.35%	100.00%

The Picture	
Customer Pay Gross Profit %	75.81%
Total Service Dept. G.P. %	70.35%

NADA Guide for CP GP% is 73% and total overall at 68%. We are currently above guide in both areas. An area of opportunity that we have to increase our GP% is to control the cost of the technician per job they perform. Moving some competitive maintenance items to a less expensive technician team could assist in this increase.

g. Changes in Expense Structure—(“A” Tab---third one)

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 561,668		
Variable Expense		0.00%	
Selling Expense	\$ 96,992	17.27%	
Personnel Expense		0.00%	
Semi-Fixed Expense	\$ 186,900	33.28%	
Fixed Expense	\$ 275,011	48.96%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 558,903	99.51%	\$ 558,903
Net Profit	\$ 2,765	0.49%	\$ 142,458

The Picture	
Customer Pay Gross Profit %	75.81%
Total Service Dept. G.P. %	70.35%
Parts / Labor Ratio (Cust. Pay Only)	0.78
Total Service Dept. Expenses	\$ 558,903

Looking at the snap shot above it shows we need to focus on expense control. Expense as a percentage to gross ratio is way too high at 99.51%. It's clear that expenses need to be lowered so that we can hold on to the most net possible.

h. Pay Plans

i. Detail performance programs—objectives, tracking, communication

j. Level of current training—Manufacturer website, minimum training standard

k. Special tools---neat and organized, or a rats nest



Performed a surprise audit and areas were clean and organized.

I. 100 Repair Order Analysis----evaluate summary (recap) sheet

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Average	Analysis			
Competitive	\$ 3,525	31.60	= 111.55	FRH Average			
Maintenance	\$ 12,913	85.20	= 151.56	FRH Average			
Repair	\$ 15,590	105.30	= 148.05	FRH Average			
Totals	\$ 32,028	222.10	= 144.20	Customer ELR			
Target Labor Rate				Per FRH			
Total Ro's in Sample	0	Difference	144.20	Per FRH			
Cost of Labor							
Total Cost of Labor	5587.68	Total Sales	= 17.45%	Percent Cost of Sales			
Total Cost of Labor	5587.68	Total FRH's	= 25.16	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	32,027.68	Total RO's	= 320.28	Avg Labor per RO			
Total FRH's	222.10	Total RO's	= 2.22	Avg FRH's per RO			
Menu Sales		Total RO's	=	Percent Menu Sales			
Competitive FRH's	31.60	Total FRH's	= 14.23%	Percent Competitive			
Maintenance FRH's	85.20	Total FRH's	= 38.36%	Percent Maintenance			
Repair FRH's	105.30	Total FRH's	= 47.41%	Percent Repair			
One Item RO's	60	Total RO's	= 60.00%	Percent One Item RO			
Model Year Analysis							
2018	2017	2016	2015	2014	2013	Older	Total
0	1	3	18	11	10	57	100
0.00%	1.00%	3.00%	18.00%	11.00%	10.00%	57.00%	

Labor Mix

■ Percent Competitive ■ Percent Maintenance ■ Percent Repair

Completed 100 RO analysis spreadsheet. After completion I noticed that our effort in the past few months to increase our CP ELR has paid off. There are still areas for improvement with some hours not being billed at full cost. I was also shocked that 57% of our model years were older than 2013. With our hours per repair order only coming up at 2.2 and 60% of the repair orders are 1 line RO's it shows we could do a better job at selling more per ticket. Just adding one more line to the repair order would increase our hours per repair order and labor dollars per repair order.

m. Complete Qualitative SWOT Analysis (pages 133 - 142 in class book

The Action Plan in the SWOT takes the place of the previous action plans that had to be signed off by the dealer. Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets tabulate the data and then set Objectives, Strategies, and Tactics. Now it is time to create the Action Plan. Finally, there is the Synopsis.

Completed, will upload in a separate drop box file.

Use whatever time frame is best for you. You may use "Word" or PowerPoint. Please submit a single document and NOT 3 individual forms. Please email it to me, or if it too large, upload it to the DropBox, Homework section. Email me that it has been uploaded, so I may grade the assignment.