

## Comprehensive analysis of the Service department Porsche of Beachwood

- 1. **Advertising** – Team up with Sales to piggy back on their weekly email blast with special deals for service.
  - 1.1. Offer sales services with service appointments (such as appraisals and new vehicle purchase options on large service bills) – this work is always recouped once the Used Car dept. takes the vehicle in on trade.
- 2. **Marketing** – With technicians capable of working on just about any vehicle, a focus will be added to gaining the service business on the balance of non-Porsche vehicles in our customer’s driveways.
- 3. **Facility** – Capacity and Utilization
  - 3.1. Do to the nature of working on a Porsche and the often needed special order parts from Germany, our utilization is significantly less than it should be. We feel hiring two hourly lube techs will relieve senior techs from simple work, along with a focus on in stock parts availability will help maximize the shops utilization.

FACILITY UTILIZATION	
Total Labor Sales	\$ 156,933
	÷
Facility Potential	\$ 286,893
	<i>equals</i>
FACILITY UTILIZATION	54.70%

- 4. Productivity – Tech Proficiency
  - 4.1. Tech proficiency is a major focus for Porsche of Beachwood. With NADA guide being set at 120%, our current standings have significant room for improvement. We feel with better work load management as well as a better parts mix, guide will be obtained.

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### 4.1 – Continued

How proficient are your technicians?

1,507.0	÷	1,560.00	=	96.60%
Hours Produced		Hours Available		Tech Proficiency

5. Analyze Cost of Labor – With NADA guide at 73% and NADA total overall guide at 68%, we are currently exceed targets on this front. An area where we think we can increase gross profit is better dispatching of work orders. Skilled work to skilled techs, and basic maintenance to newer techs.

5.1.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 70,362	\$ 53,782	76.44%	44.84%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 21,191	\$ 17,071	80.56%	13.50%
Warranty Other			0%	0.00%
Internal	\$ 65,380	\$ 51,555	78.85%	41.66%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 156,933	\$ 122,408	78.00%	100.00%

<b>The Picture</b>		Clear Form
Customer Pay Gross Profit %		76.44%
Total Service Dept. G.P. %		78.00%

6. Changes in Expense structure – At a glance we notice a few things about our expenses. First, our expense load on service is currently out of line based on its

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current production of gross profit. Second, expenses need to be reduced to increase the net retention of profit.

6.1.

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 132,179		
Variable Expense	\$ 63,543	48.07%	
Selling Expense		0.00%	
Personnel Expense	\$ 52,812	39.95%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 63,543	48.07%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 179,898	136.10%	
Net Profit	\$ (47,719)	-36.10%	

<b>The Picture</b>		Clear Form
Customer Pay Gross Profit %	76.44%	
Total Service Dept. G.P. %	78.00%	
Parts / Labor Ratio (Cust. Pay Only)	1.06	
Total Service Dept. Expenses	\$ 179,898	

7. Special tool room – In a quest to increase proficiency, efficiency, and productivity, a weekly audit of the tool room is done. Senior techs have also agreed to self-audit this room as a continued investment of their time use.

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7.1



8. 100 RO Analysis – In review of the 100 RO analysis we noticed a few new areas to focus on. First, we need to curb the discounting on out competitive maintenance to help increase our ELR. Second, our one line RO's are at 26% based on this sample. We feel if we “pet the dog” a bit more, this can be reduced at least 10%. Third, if we increase our “petting of the dog” and our sales training for service writers, we feel we can increase our hours per RO from 3.3 to 5.0. Lastly, until a vehicle is 4 years old, we generally only see our clients for maintenance. This is a huge opportunity for us, as we mainly focus on our specials on generic services. This is a chance to take our business back from the independents.

**Repair Order Analysis Summary Report**

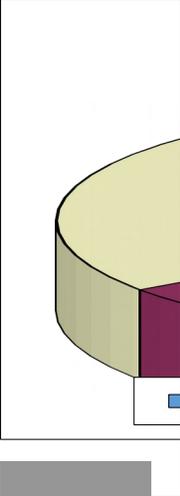
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		Sales in Dollars		FRH's on RO's		Averages		Analysis	
Competitive		\$ 5,072	÷	59.25	=	85.60		FRH Average	
Maintenance		\$ 22,434	÷	177.90	=	126.11		FRH Average	
Repair		\$ 16,063	÷	126.45	=	127.03		FRH Average	
Totals		\$ 43,569	÷	363.60	=	119.83		Customer ELR	
		Target Labor Rate					128.00	Per FRH	
Total RO's in Sample	100	Difference					-8.17	Per FRH	
<b>Cost of Labor</b>									
Total Cost of Labor	8303.36	÷	Total Sales	=	19.06%	Percent Cost of Sales			
Total Cost of Labor	8303.36	÷	Total FRH's	=	22.84	Cost per FRH			
<b>Repair Order Measurements</b>									
Total Labor Sales	43,568.96	÷	Total RO's	=	435.69	Avg Labor per RO			
Total FRH's	363.60	÷	Total RO's	=	3.64	Avg FRH's per RO			
Menu Sales	0	÷	Total RO's	=	0	Percent Menu Sales			
Competitive FRH's	59.25	÷	Total FRH's	=	16.30%	Percent Competitive			
Maintenance FRH's	177.90	÷	Total FRH's	=	48.93%	Percent Maintenance			
Repair FRH'	126.45	÷	Total FRH's	=	34.78%	Percent Repair			
One item RO's	26	÷	Total RO's	=	26.00%	Percent One Item RO			
<b>Model Year Analysis</b>									
2018	2017	2016	2015	2014		2013	Older	Total	
0	5	11	21	10		6	47		

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0.00%	5.00 %	11.00%	21.00%	10.00%	6.00%	47.00 %	
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9. Competitive S.W.O.T. Analysis –

This has been completed and uploaded to the DropBox.