



NADA Academy Fixed Operations 2

Advanced Service Week

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WHAT YOU NEED TO BRING TO CLASS

1. Bring a complete financial statement, before class complete and bring the attached "Addendum Sheets". These should be completed by the Office Manager (Controller). ALL spaces on the "Addendum Sheet" MUST be filled in correctly. Please use October 2020 data.
2. Introduce yourself and post a problem you have in your Service Department to the Class Introductions discussion page of your class site.
3. Twenty-Five (25) customer paid ROs (no warranty or internal **only** repair orders), in sequence, and for a recent period in your service department, do not exclude quick lube. Please do not mix Highline and Non-Highline in the same 25 RO sample. The RO may contain warranty and/or internal so long as there at least one line of customer pay labor. **These repair orders MUST contain the labor price for each customer pay operation shown, the flat rate time used to determine the labor price, i.e., 1.5, .3, 2.7, etc., and the total labor cost for the ticket.** You may have to go through 150-200 ROs to find 25 ROs. Please photocopies ROs, do not bring original documents.
4. Three (3) hard copies, corresponding with those ROs above, which show the customer's signature and technician comments including MPI and estimates. These hard copies can be reproduced front and back if you wish. This is the document sign by the customer at time of write-up.

5. Complete the Dealer and Non-dealer survey. (See attachments below.)
6. The total number (just a number, nothing else) of new vehicles sold by your dealership in the last five years (excluding fleet). **5159**
7. Open RO Report (2 pages only) and exception/deviation report for parts and service. Run the reports for only ONE DAY, the week before class. Exception/deviation report information:
 - CDK: Service – RO exception, REX Parts – Report override
 - R&R: Service – #3619 Parts – #2542
 - UCS: Service – Labor Analysis Report Parts – Parts Accounting Entries
 - Dominion: Service - Audit – Exceptions report Parts: Parts- Override
 - DealerTrack: Service Writer Discounts Used
8. Number of technicians and pay, along with average pay for group. A technician is anyone who contributes gross to the service department, regardless of how they are paid. (Flat Rate, Hourly or Salary) Create this list in Excel with two columns with the Technician identifier as used on the repair orders and their base rate of pay. **46 technicians**
9. Perform this calculation from the **October**, financial statement: Total Labor Sales minus Total Labor Gross Equals Labor Cost. Labor Cost divided by Total Hours Sold (from DMS) Equals Weighted Avg. Tech Cost. **\$35.36**
10. You will need to know the number of service bays/stalls that you have. This includes flat stalls, alignment racks, lifts, state inspection bays and wash bays. **55 bays/stalls**
11. From your DMS bring your customer pay effective labor rate, warranty rate and internal rate. You will need your monthly technician and service advisor performance reports.

Effective Labor Rates:

CP	- \$119.93
Internal	- \$79.10
Warranty	- \$139.96

12. You will need a computer with full Excel installed and NOT a demo version. DO NOT try to do the calculations on a smart phone or tablet!

Week 3 Fixed Operations 2 (Service)

Dealer Survey Process

This document will describe how to fill out the Dealer Survey.

Student Instructions

This document contains everything needed to complete your survey.

Instructions for OEM Dealer Survey

1. The dealer survey is on the next page.
2. Fill in your dealership name in the first box to the left.
3. Then ask your service manager for your labor rates.
 - If he says just one, then fill in the single rate column.
 - If he gives you multiple rates, then fill in the variable column.
 - Then ask him when he quotes a job to a customer, where does the labor time from.
 - That is the last column.

Instructions for Non-Dealer (Independent Store) Survey

1. The non-dealer survey is on next page.
2. Now create a vehicle that you sell.
3. A 2015 whatever it is with mileage out of warranty.
4. Down the left side list the non-dealer competitors in your area (Goodyear, Firestone, Jiffy Lube, etc.).
5. Have someone call and say they are thinking about buying this vehicle, but they need to know their future maintenance cost.
6. It is imperative that the person making the call write down the time, date and to whom they spoke.
7. Once the data is obtained, total the columns down and divide by the numbers of independents called.
8. Now ask your service manager for your price on the same work.

Bring the completed forms to class.

I hope this helps.



Dealer Labor Rate Survey

Complete this survey if you have a dealer (OEM) store.

Dealer	Labor Rate		Flat Rate Time Standard
	Single	Variable	
Mercedes Benz of Birmingham		C <u>\$150.00</u> W <u>\$140.00</u> M _____ R _____ I _____	<input checked="" type="checkbox"/> Factory <input type="checkbox"/> Chilton <input type="checkbox"/> Computer <input type="checkbox"/> Motors <input type="checkbox"/> Mitchell <input checked="" type="checkbox"/> Other
		C _____ W _____ M _____ R _____	<input type="checkbox"/> Factory <input type="checkbox"/> Chilton <input type="checkbox"/> Computer <input type="checkbox"/> Motors <input type="checkbox"/> Mitchell <input type="checkbox"/> Other
		C _____ W _____ M _____ R _____	<input type="checkbox"/> Factory <input type="checkbox"/> Chilton <input type="checkbox"/> Computer <input type="checkbox"/> Motors <input type="checkbox"/> Mitchell <input type="checkbox"/> Other
		C _____ W _____ M _____ R _____	<input type="checkbox"/> Factory <input type="checkbox"/> Chilton <input type="checkbox"/> Computer <input type="checkbox"/> Motors <input type="checkbox"/> Mitchell <input type="checkbox"/> Other
		C _____ W _____ M _____ R _____	<input type="checkbox"/> Factory <input type="checkbox"/> Chilton <input type="checkbox"/> Computer <input type="checkbox"/> Motors <input type="checkbox"/> Mitchell <input type="checkbox"/> Other

Variable Rate Code(s):
C=Lowest, Most Competitive (ie., L.O.F., etc.) **W**=Warranty
M=Maintenance Rate (Normal Factory Maintenance) **R** =Highest, Repair Rate **I** = Internal



Non-Dealer Competitive Maintenance Pricing Summary Survey

- This survey is designed for independent, or non-dealer stores.
- Make sure to include parts and labor.

Competitor Name	Lube, Oil & Filter	Cabin Filter	Balance Tires	Align Front End	Service A/C	Replace Front Disc Pads
Momentum Motorworks Sparks 11/23/20 1:40pm	\$93.00	\$116.00	\$99.95	\$149.00	\$195.00	\$739.00
Mercedes Doctor Wesley 11/27/20	\$99.95	N/A	\$49.95	\$129.95	\$103.00	\$395.00
Mercedes Man April 11/30/20 1:23pm	\$80.00	\$110.00	No Tire work	\$120.00	\$85.00	\$415.00
Competitor Averages	\$90.98	\$113.00	\$74.95	\$132.66	\$127.66	\$516.33
My Dealership	\$239.95	\$144.00	\$39.95 \$79.95 with rotation	\$129.95	\$187.25	1036.67



If you have any questions, please use the contact information on the cover page.

The details for this training session are:

- Live online sessions will be held starting on December 1st thru December 17th.
- Classes will be held Tuesday and Thursdays from 1 pm to 4 pm EST

Computer requirements:

- All classes will be held on Zoom. You will need a computer with a camera and a microphone.
- The computer will need a full version of Microsoft Excel, not the demo version, to perform calculations that we use during our classes.



What Month Is Being Used: **October 2020**

ADDENDUM SHEET

Page 1

All information must be completed by the Office Manager (Controller). Please use monthly figures only.

REPAIR ODRERS (MONTHLY) COUNT

Customer Pay/ Express service/ Extended service contracts	<u>1433</u>
Warranty/ Prepaid maintenance/ OEM service contracts	<u>1279</u>
Internal/ Accessories	<u>603</u>

SERVICE SALES AND GROSS

Category	Sales	Gross	Gross Profit %
Customer Car	<u>\$447,225</u>	<u>\$354,265</u>	<u>79.2%</u>
Customer Truck	<u>\$50,941</u>	<u>\$42,037</u>	<u>82.5%</u>
Customer Other	<u>\$106,853</u>	<u>\$78,873</u>	<u>73.8%</u>
Warranty	<u>\$274,852</u>	<u>\$219,665</u>	<u>79.9%</u>
Warranty Other	<u>\$66,261</u>	<u>\$53,967</u>	<u>81.4%</u>
Internal	<u>\$157,950</u>	<u>\$111,870</u>	<u>70.8%</u>
NVI /PDI/Road Ready	\$ _____	\$ _____	_____ %
Adj. Cost of Labor or Unapplied Time		<u>\$ <44361></u>	



ADDENDUM SHEET
Page 2

PARTS SALES AND GROSS

Category	Sales	Gross	Gross Profit %
Parts RO Mechanical	<u>\$376,607</u>	<u>\$169,345</u>	<u>45.0%</u>
Warranty Parts	<u>\$236,837</u>	<u>\$91,890</u>	<u>38.8%</u>
Internal Parts	<u>\$61,197</u>	<u>\$22,958</u>	<u>37.5%</u>
Counter Retail Parts	<u>\$35,608</u>	<u>\$11,968</u>	<u>33.6%</u>
Wholesale Parts	<u>\$387,965</u>	<u>\$119,543</u>	<u>30.8%</u>
Body Shop Parts	<u>\$58,349</u>	<u>\$18,304</u>	<u>31.4%</u>

GROSS PROFIT (MONTHLY)

Total Parts Department	<u>\$515,458</u>
Total Service Department	<u>\$709,799</u>
Total Body Shop Department	\$ _____



ADDENDUM SHEET

Page 3

EXPENSES (MONTHLY)

Total Dealership Expense	<u>\$1,810,673</u>
Service Policy Expense	<u>\$17,525</u>
Service Shop Supplies Expense	<u>\$ < 2622 ></u>
Service Personnel / Variable / Selling Expense	<u>\$341,939</u>
Service Semi-Fixed Expense	<u>\$107,529</u>
Service Fixed Expense*	<u>\$108,423</u>

*Ford and Chrysler Dealerships only:

Is there an allocation of Fixed Expenses to service? _____ Yes _____ No

If NO: Total Fixed Expense X 21% (w/Body Shop) = _____ Service Fixed Exp.

OR

Total Fixed Expense X 33% (no Body Shop) = _____ Service Fixed Exp.

Service Unallocated Expense (GM Z Account Only) \$ _____

What is the TOTAL MONTHLY Service Department Expense? \$ _____

This number MUST agree with the Financial Statement!!!!



ADDENDUM SHEET

Page 4

YTD Total Labor Sales (Include Sublet)	<u>\$9,128,298</u>
YTD Internal Labor Sales	<u>\$ 438,161</u>
YTD PDI/NVI/Road Ready Labor Sales	\$ _____
 Finally: What is the Total Dealership Net Profit as a percentage of Total Dealership Sales before taxes?	 <u>13.2%</u>