

ATD



ACADEM

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Parts To Labor Ratios

Category	Parts	Labor	PL Ratio
Customer Truck	\$ 159,005	\$ 159,693	1.00
Customer Truck	\$ -	\$ -	0.00
Customer Center	\$ -	\$ -	0.00
Warranty	\$ 59,903	\$ 38,249	1.59
Warranty Other	\$ -	\$ -	0.00
Internal	\$ 131,345	\$ 24,462	5.37
Total	\$ 350,253	\$ 212,404	1.65

The Picture	
Customer Pay Gross Profit %	70.54%
Total Service Dept. C.P. %	66.49%
Parts / Labor Ratio (Cust. Pay Only)	2.08

Service Department Profit Centering

Expense Category	Category	% of Gross	Profit
Customer Credits	\$ 247,170		
Variable Expense	\$	0.00%	
Leasing Expense		0.00%	
Personnel Expense	\$ 172,217	118.51%	
Parts / Fuel Expense	\$	0.00%	
Travel Expense	\$	0.00%	
Medical Expense	\$	0.00%	
Owner's Salary	\$	0.00%	
Total Expenses	\$ 172,217	118.51%	
Net Profit	\$ 24,853	16.51%	

The Picture	
Customer Pay Gross Profit %	70.54%
Total Service Dept. G.P. %	68.43%
Parts / Labor Ratio (Cust. Pay Only)	1.70
Total Service Dept. Expenses	\$ 172,217

Fixed Absorption

Parts Department Total Gross	\$ 320,000	% Total Exp	100.00%
Service Department Total Gross	\$ 146,242		45.70%
Body Shop Department Total Gross	\$		0.00%
Total Fixed Gross Profit	\$ 476,242		
Total Dealership Expense	\$ 310,515		
Total Fixed Gross Profit	\$ 476,242		
Total Dealership Expense	\$ 310,515		
Fixed Absorption Percentage	64.36%	Guideline	115%

The Picture	
Customer Pay Gross Profit %	70.54%
Total Service Dept. G.P. %	68.44%
Parts / Labor Ratio (Cust. Pay Only)	1.50
Total Service Dept. Expenses	\$ 172,237

ATD ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month	Effective Labor Rate	Hours Billed
Customer Truck*	\$ 155,673	÷ 125.00 =	1245.4
Customer Truck*	\$ -	÷ =	0.00
Customer Other*	\$ -	÷ =	0.00
Warranty	\$ 35,249	÷ 125.00 =	282.0
Internal	\$ 24,402	÷ 90.00 =	271.1
New Vehicle Prep	\$ -	÷ =	0.00
Total	\$ 215,324		1798.5

POTENTIAL

$$\frac{\$ 215,324}{\text{Total labor sales for month}} \div \frac{1798.51}{\text{Total hours billed}} = \frac{\$ 119.72}{\text{Total Effective Labor Rate}}$$

$$\frac{21.00}{\text{\# Service mechanical technicians}} \times \frac{8}{\text{\# Hours/Day}} \times \frac{22}{\text{Working Days/Month}} = \frac{3,696.0}{\text{Hours Available}}$$

$$\frac{3,696.0}{\text{Hours Available}} \times \frac{\$ 119.72}{\text{Effective Labor Rate}} = \frac{\$ 442,498}{\text{Labor sales potential}}$$

How proficient are your technicians ?

$$\frac{1,798.5}{\text{Hours Billed}} \div \frac{3,696.00}{\text{Hours Available}} = \frac{48.66\%}{\text{Tech Proficiency}}$$

Hours Per RO (Recap Sheet)

Percent of One Item R.O.'s (Recap Sheet)

Customer Pay Effective Labor Rate (From DMS)

Warranty Labor Rate

Total Overall Effective Labor Rate

Overall Technician Proficiency

FACILITY POTENTIAL	
Number of Bays	21
	x
Number of Days	24
	x
Number of Hours	18
	x
Effective Labor Rate	\$ 119.72
	equals
FACILITY POTENTIAL	\$ 1,086,132

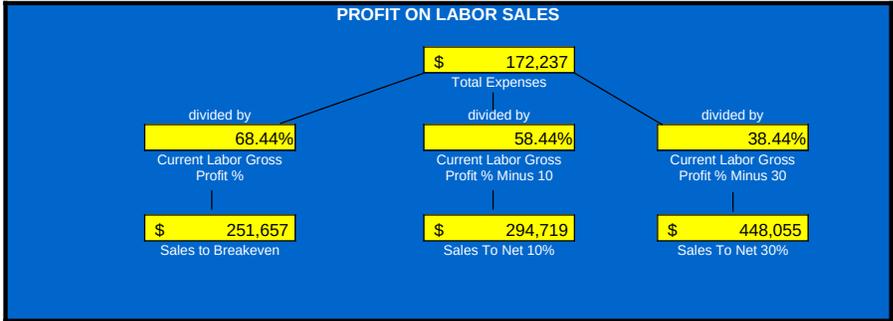
FACILITY UTILIZATION	
Total Labor Sales	\$ 215,324
	÷
Facility Potential	\$ 1,086,132
	equals
FACILITY UTILIZATION	19.82%

ATD "QUICK" SERVICE ANALYSIS

<p style="text-align: center;">\$ 215,324 Labor Sales</p> <p style="text-align: center;">1,798.0 Divided by Hours Billed</p> <p style="text-align: center;">\$ 119.76 = OELR</p>	<p style="text-align: center;">\$ 215,324 Labor Sales</p> <p style="text-align: center;">\$ 147,370 -Labor Gross</p> <p style="text-align: center;">\$ 67,954 =Labor Cost</p>
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\$ 67,954 Labor Cost
1,798.00 / Hours Billed
\$ 37.79 =Real Cost

\$37.79 Real Cost	÷	25.00%	=	\$151.16 E.L.R. Needed to earn 75%
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The Picture

Customer Pay Gross Profit %	70.54%	Customer Pay E.L.R.	\$ 125.00
Total Service Dept. G.P.%	68.44%	Total (overall) E.L.R.	\$ 119.72
Parts / Labor Ratio (Cust Pay Only)	1.09	Warranty Labor Rate	\$ 125.00
Total Service Dept Expense	\$ 172,237	Overall Tech Proficiency	48.66%
Hours Per R.O (recap)	4.72		
Percent Of One Item R.O.'s	42.00%		

Technician Value

Calculate using daily available hours per technician

Hours		Days		Labor Rate	=	Sales Value
8	x	22	x	\$ 119.72	=	\$ 21,071

Sales Value		Gross Margin	=	Profit Value
\$ 21,071	x	68.44%	=	\$ 14,421

\$ 14,421	x	70%	=	\$ 10,095
\$ 14,421	x	80%	=	\$ 11,537
\$ 14,421	x	90%	=	\$ 12,979
\$ 14,421	x	100%	=	\$ 14,421
\$ 14,421	x	110%	=	\$ 15,863
\$ 14,421	x	120%	=	\$ 17,305
\$ 14,421	x	49%	=	\$ 7,066

Profit Value
Your #
Adjusted Profit Value

STAFFING REQUIREMENTS

A. Sales To Break Even

Total Expenses for One Month	÷	Current Gross Profit Percent	=	Sales To Break Even
\$ 172,237	÷	68.44%	=	\$ 251,657

B. Sales To Generate 30% Net

Total Expenses for One Month	÷	Current Gross Profit Percent (Minus 30)	=	Sales To Generate 30% Net
\$ 172,237	÷	38.44%	=	\$ 448,055

C. Technician Value

Daily Work Hours	X	Average Proficiency Rate	X	Overall Effective Labor Rate	X	Work Days Per Month	=	Technician Value
8	X	80%	X	\$ 119.72	X	22	=	\$16,857
8	X	90%	X	\$ 119.72	X	22	=	\$18,964
8	X	100%	X	\$ 119.72	X	22	=	\$21,071
8	X	120%	X	\$ 119.72	X	22	=	\$25,286

D. Staffing To Break Even

Sales To Break Even	÷	Technician Value	=	Staffing
\$ 251,657	÷	\$ 16,857 @ 80%	=	14.9
\$ 251,657	÷	\$ 18,964 @ 90%	=	13.3
\$ 251,657	÷	\$ 21,071 @ 100%	=	11.9
\$ 251,657	÷	\$ 25,286 @ 120%	=	10.0

E. Staffing To Generate 30% Net

Sales To Generate 30% Net	÷	Technician Value	=	Staffing
\$ 448,055	÷	\$ 16,857 @ 80%	=	26.6
\$ 448,055	÷	\$ 18,964 @ 90%	=	23.6
\$ 448,055	÷	\$ 21,071 @ 100%	=	21.3
\$ 448,055	÷	\$ 25,286 @ 120%	=	17.7

Service Advisor Performance

How To Set Advisor Sales Objectives To: Break Even, Net 10%, & Net 30%

Break Even	
1 Department's Monthly Expenses	\$172,237
2 Divide by current labor gross profit % to break even	68.44%
3 Equals New Sales Objective	\$ 251,657
4 Number of Advisors	5.0
5 Equals Sales Objective per Advisor	\$ 50,331
6 Number of work days per month	5
7 Equals daily sales objective per advisor	\$ 10,066
8 Current overall effective labor rate	\$ 119.72
9 Equals daily sales objective per advisor (FRH's)	84.1

Net 10 %	
1 Department's Monthly Expenses	\$172,237
2 Divide by current labor gross profit % minus 10 to net 10%	58.44%
3 Equals New Sales Objective	\$ 294,719
4 Number of Advisors	5.0
5 Equals Sales Objective per Advisor	\$ 58,944
6 Number of work days per month	5
7 Equals daily sales objective per advisor	\$ 11,789
8 Current overall effective labor rate	\$ 119.72
9 Equals daily sales objective per advisor (FRH's)	98.5

Net 30 %	
1 Department's Monthly Expenses	\$172,237
2 Divide by current labor gross profit % minus 30 to net 30%	38.44%
3 Equals New Sales Objective	\$ 448,055
4 Number of Advisors	5.0
5 Equals Sales Objective per Advisor	\$ 89,611
6 Number of work days per month	5
7 Equals daily sales objective per advisor	\$ 17,922
8 Current overall effective labor rate	\$ 119.72
9 Equals daily sales objective per advisor (FRH's)	149.7

Exercise to See What Happens When You Increase Your Hours Per Repair Order

Number of customer R.O.'s for the month		100
Multiply by 1.0 hours	X	1.0 hours
Additional customer labor hours generated	=	100.00
Multiply by Customer Labor Rate	X	\$ 125.00
Equals additional Customer Labor Sales Generated	=	\$ 12,500
Multiply by customer Labor Gross Profit %	X	70.54%
Equals additional Labor Gross Profit \$ generated	= (A)	\$ 8,817
Divide Parts Sales R.O. by Labor Sales R.O. to calculate \$ parts sales per \$ of Labor Sales	=	1.09
Multiply by Customer Labor Sales	X	\$ 12,500
Equals additional Customer Parts Sales generated	=	\$ 13,572
Multiply by Customer Parts Sales Gross Profit %	X	24.90%
Equals additional Parts Gross Profit \$ Generated	= (B)	\$ 3,378
Add Gross Profit from Labor (A) and Parts (B)	=	\$ 12,197

Cost Of A Come-Back

Lost Customers		1.5	
Average Hours per R.O.	X		
	=	0.0	
Effective Labor Rate	X	\$ 119.72	
	=	\$ -	(A) Service Labor Sales
Service Department Gross Profit % (Excluding Sublet)	X	68.44%	
	=	\$ -	(B) Service Labor Gross
Service Labor Sales (A)		\$ -	
Parts / Labor Ratio	X	1.09	
	=	\$ -	
Parts Dept Gross Profit % R.O.Sales	X		
	=	\$ -	(C) Service Parts Gross
(B) Service Labor Gross		\$ -	
(C) Service Parts Gross	+	\$ -	
Lost Gross	=	\$ -	