

**Michael LaBrecque- Audi Norwell N326-13**

**Fixed Operations 2 Service Homework**

- a. Advertising-----Emails, Mailers: **Attached**
- b. Marketing-----Non-dealer survey: **Attached**
- c. Facility-----Capacity, Utilization: **93.3%**
- d. Productivity-----Tech Proficiency: **106%**
- e. Production Method----**Conventional**, Work Group, or Team
- f. Analyze Cost of Labor—**75% gross**
- g. Changes in Expense Structure: **80%-20%**
- h. Pay Plans- **Attached**
- i. Detail performance programs— **Attached**
- j. Level of current training— **Attached**
- k. Special tools---**neat and organized**, or a rats nest
- l. 100 Repair Order Analysis----evaluate summary (recap) sheet- **Attached**
- 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. **Attached**

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.

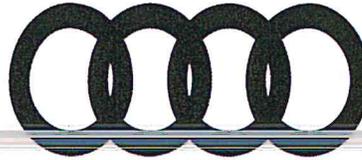
## Audi Norwell

59 Pond Street  
Norwell, MA 02061

Sales 781-261-5010

Service 781-261-5020

Parts 781-261-5030



**Audi Norwell**



**Free Delivery**

**Free Pick Up**

**Free Loaner Car**

[Schedule Online](#)

### Diagnostic Test

**FREE**

engine light on? we will check it or any other malfunction indicator light at no charge and provide a written estimate

Expires 10/31/17 Can't be combined with other offers

### Factory Maintenance

**\$50 off**

save \$50 on any factory scheduled maintenance service

Expires 10/31/17 Can't be combined with other offers

## Lifetime Parts and Labor Warranty an Audi Norwell exclusive!

### Detail Service

**\$189**

\*Hand wash and dry vehicle  
\*Buff, wax and polish all exterior surfaces  
\*Clean and condition all leather, plastic and vinyl surfaces  
\*Clean windows and mirrors  
\*Machine compound painted surfaces to remove scratches  
\*Solvent treatment to remove bugs, tar and road grime  
\*Clean and polish rims  
\*Clean/shine tires and wheel wells

### Take 15% off

**15% off**

Any service or any single repair (excludes tires)

Expires 10/31/17 Can't be combined with other offers

Expires 10/31/17 Can't be combined with other offers

**We're  
here  
for you**



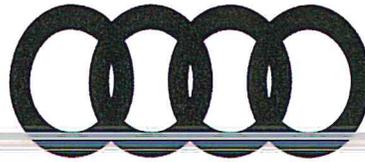
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## Audi Norwell



Audi Protective Rear Seat Pet Cover-

**\$159.95** (List Price \$200)

Expires 12/31/17 Can't be combined with other offers



Audi Ring-

**\$144.95** (List Price \$180)

Expires 12/31/17 Can't be combined with other offers



Audi Base Carrier Bars-

**\$460 (Q5 only)** (List Price \$375)

Expires 12/31/17 Can't be combined with other offers



Ski/Snowboard Rack-

**\$179** (List Price \$220)

Expires 12/31/17 Can't be combined with other offers

[Schedule Online](#)



**Free Delivery**

**Free Pick Up**

**Free Loaner Car**

Suggested Post



**Audi Norwell**

Sponsored (demo) · 🌐

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Audi Norwell invites you to our Complimentary Customer Service Clinic going on Saturday, 10/28 from 8am-1pm. Our Complimentary Service Clinic will include a Multi-Point Inspection + Demonstration of your vehicle's on board technology & product features + Basic Maintenance Tips & Advice! Registration is required, so contact one of our service advisors for details at 781-261-5000.



### Complimentary Customer Service Clinic!

Our Audi Certified Service Technicians take great pride in providing unsurpassed workmanship to keep your Audi running like a Audi. Call us today!

[AUDINORWELL.COM](http://AUDINORWELL.COM)

Contact Us



👍 Like

💬 Comment

➦ Share

Suggested Post



**Audi Norwell** shared an offer.



Sponsored (demo) ·

Is your Audi ready for Fall? Stop in Audi Norwell today to receive an Oil & Filter Change starting at \$74.95! Contact us for details. Don't delay, this offer ends 9/30/17.



**Oil & Filter Change | \$74.95!**

Expired • Online and in-store

70 PEOPLE GOT THIS OFFER

[Visit Website](#)

3



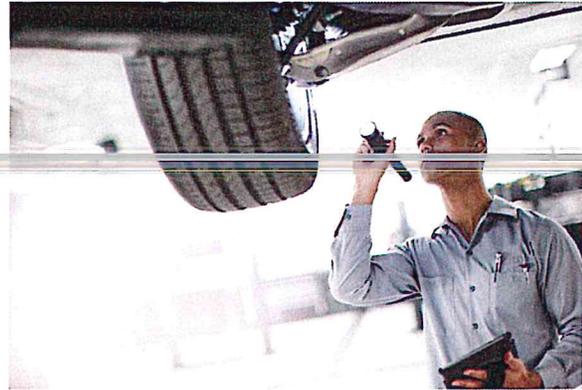
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## Important Recall News

According to our records your Audi is eligible for a factory recall issued by Audi North America. Audi has released a number of different recalls in the last couple months. It's very possible that many cars will have more than one recall. For more information or to schedule an appointment call us at 781-261-5010 You can also go to [web.audiusa.com/recall](http://web.audiusa.com/recall) to see which recall(s) applies to your vehicle. You will need your 17 digit Vehicle Identification number which can be found on your registration.

[Schedule Online](#)



**Free Delivery**

**Free Pick Up**

**Free Loaner Car**



## Compensation Plan Confidential

Employee Name: Sample  
Employee Position: Service Advisor  
Dealership: Audi Norwell  
Effective Date: 8/15/16

### Weekly Base Salary OR Hourly Rate:

- \$12 per hour (or min wage)
- 4.5% of total customer and warranty individual advisor labor gross profit from Reynolds and Reynolds Service Advisor Productivity Report 3611 **less parts and labor discounts.**

### Monthly Bonus:

CSI Bonus- Based on individual monthly CSI score	
980 plus	\$1500
970-979	\$ 1000
960-969	\$750
950-959	\$500
Individual tire and alignment sales (Reynolds report generator)	
Tires	\$5 each
Alignments	\$5 each
Audi Care	\$25 each

Any bonus that is earned will be paid by the 15<sup>th</sup> of the month following the month in which it is earned and shall be prorated if the employee is (a) not employed for the entire month in which the Bonus is earned, and/or (b) on a paid or unpaid leave of absence (of any kind) during the month in which the Bonus is earned.

Benefits: The employee shall be eligible to participate in all Company benefit plans and programs pursuant to the terms of the applicable plan documents associated with such benefits, which are available from the Company's Human Resource Department.

Your signature on this Plan reflects your understanding and agreement to the terms of the Plan, including your acknowledgement that this Plan and/or any provision of this plan may be changed, modified, canceled, suspended or terminated at any time by the Company in its sole discretion, with or without notice. This is not intended nor should it be interpreted as a contract of employment and you understand and agree that your at-will employment may be terminated by either you or the Company at any time, for any reason, with or without notice or cause.

Accepted Employee:

Accepted Manager:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 201\_

Date: \_\_\_\_\_, 201\_



	Jul-16	Jul-17	Jul-17	Jul-17	Aug-16	Aug-17	Aug-17	Sep-16	Sep-17	Sep-17
	Actual	Actual	Actual	Projection	Actual	Actual	Projection	Actual	Actual	Projection
Customer Pay Labor Sales	\$116,072	\$142,867	\$130,000	\$130,000	\$122,481	\$152,009	\$142,000	\$112,155	\$131,155	\$135,000
Customer Pay Labor Gross	\$90,948	\$107,204	\$101,000	\$101,000	\$95,683	\$116,819	\$108,000	\$84,793	\$94,496	\$102,000
	78%	75%	78%	78%	78%	77%	76%	76%	72%	76%
Warranty Pay Labor Sales	\$45,879	\$64,876	\$90,000	\$90,000	\$69,760	\$120,103	\$98,000	\$75,228	\$63,913	\$90,000
Warranty Pay Labor Gross	\$35,983	\$51,261	\$72,000	\$72,000	\$55,373	\$92,782	\$78,000	\$59,512	\$50,402	\$72,000
	78%	79%	80%	80%	79%	77%	80%	79%	79%	80%
Audi Care Sales		\$29,919							\$30,394	
Audi Care Gross		\$23,807							\$24,099	
		80%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
Internal Pal Labor Sales	\$28,048	\$55,795	\$60,000	\$60,000	\$23,234	\$63,461	\$60,000	\$22,609	\$46,756	\$60,000
Internal Pal Labor Gross	\$18,643	\$41,704	\$41,000	\$41,000	\$15,085	\$48,319	\$41,000	\$15,108	\$35,336	\$41,000
	66%	75%	68%	68%	65%	76%	68%	67%	76%	68%
Sublet sales	\$5,942	\$45,715	\$35,000	\$35,000	\$6,141	\$53,122	\$35,000	\$6,599	\$39,619	\$35,000
Sublet Gross	\$1,030	\$5,218	\$6,000	\$6,000	\$870	\$7,265	\$5,000	\$813	\$4,768	\$5,000
	17%	11%	17%	17%	14%	14%	14%	12%	12%	14%
Unapplied labor		-\$6,079	-\$1,000	-\$1,000		-\$6,000			-\$7,515	
Total Labor Sales	\$195,941	\$309,253	\$315,000	\$315,000	\$221,616	\$388,695	\$335,000	\$216,591	\$311,837	\$320,000
<b>Total Labor Gross</b>	<b>\$146,604</b>	<b>\$223,115</b>	<b>\$219,000</b>	<b>\$219,000</b>	<b>\$167,011</b>	<b>\$259,185</b>	<b>\$232,000</b>	<b>\$160,226</b>	<b>\$201,586</b>	<b>\$220,000</b>
	75%	72%	70%	70%	75%	67%	69%	74%	65%	69%
Advertising Expense	\$16,493	\$14,007	\$15,000	\$15,000	\$19,490	\$17,597	\$15,000	\$6,142	\$15,375	\$15,000
	11%	6%	7%	7%	12%	7%	6%	4%	8%	7%
Payroll Expense	\$73,945	\$99,988	\$98,000	\$98,000	\$92,533	\$121,163	\$99,000	\$90,074	\$110,250	\$98,000
	50%	45%	45%	45%	55%	47%	43%	56%	55%	45%
Semi-fixed Expense	\$33,543	\$39,040	\$38,000	\$38,000	\$35,669	\$37,392	\$40,000	\$30,165	\$45,373	\$38,000
	23%	17%	17%	17%	21%	14%	17%	19%	23%	17%
Fixed Expense	\$44,130	\$56,235	\$60,000	\$60,000	\$46,933	\$54,898	\$60,000	\$48,285	\$53,236	\$60,000
<b>Total Expense</b>	<b>\$168,112</b>	<b>\$209,270</b>	<b>\$211,001</b>	<b>\$211,001</b>	<b>\$194,626</b>	<b>\$231,050</b>	<b>\$214,001</b>	<b>\$174,667</b>	<b>\$224,235</b>	<b>\$211,001</b>
<b>Net</b>	<b>-\$21,508</b>	<b>\$13,845</b>	<b>\$7,999</b>	<b>\$7,999</b>	<b>-\$27,615</b>	<b>\$28,135</b>	<b>\$17,999</b>	<b>-\$14,441</b>	<b>-\$22,649</b>	<b>\$8,999</b>
	-15%	6%	4%	4%	-17%	11%	8%	-9%	-11%	4%

**Audi Norwell  
Porsche Norwell  
Advisor Stats  
October mtd**

	<b>AJ</b>	<b>Nick</b>	<b>Andrew</b>	<b>Dennis</b>	<b>Mike S</b>
Customer	\$28,098	\$15,577	\$17,924	\$13,640	\$7,861
Warranty	\$17,024	\$10,960	\$10,166	\$3,541	\$1,168
Discounts	(\$1,498)	(\$131)	(\$1,124)	(\$7)	\$66
discount %	-5.33%	-0.84%	-6.27%	-0.05%	0.84%
<b>Total Sales</b>	<b>\$43,624</b>	<b>\$26,406</b>	<b>\$26,966</b>	<b>\$17,174</b>	<b>\$9,095</b>
Tracking					
EFL at guide	\$3,492	(\$268)	\$1,516	\$868	\$91
Hrs/Ro at guide	\$948	\$5,205	\$14,774	\$9,720	\$6,600
<b>Potential Sales</b>	<b>\$4,440</b>	<b>\$4,937</b>	<b>\$16,290</b>	<b>\$10,588</b>	<b>\$6,690</b>
<b>Potential Gross</b>	<b>\$3,463</b>	<b>\$3,851</b>	<b>\$12,707</b>	<b>\$8,259</b>	<b>\$5,218</b>
RO'S	182	120	159	101	38
EFL (guide 90%)	\$108.5	\$123.7	\$108.1	\$131.3	\$138.4
Total Hours	260	126	160	104	57
Hrs per RO (3.2)	3.17	2.86	2.44	2.53	2.37
tire sales	37	1	14	10	6
alignments	13	1	6	2	1
fsm					
CSI					

## Repair Order Analysis Summary Report

Sep-17 Audi Norwell	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 5,607	137.90	40.66	FRH Average
Maintenance	\$ 13,967	129.47	107.88	FRH Average
Repair	\$ 13,766	104.95	131.17	FRH Average
Totals	\$ 33,340	372.32	89.55	Customer ELR
		Target Labor Rate	120.00	Per FRH
Total Ro's in Sample	100	Difference	-30.45	Per FRH

### Cost of Labor

Total Cost of Labor	9823.63	÷ Total Sales	= 29.46%	Percent Cost of Sales
Total Cost of Labor	9823.63	÷ Total FRH's	= 26.38	Cost per FRH

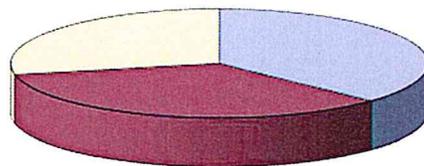
### Repair Order Measurements

Total Labor Sales	33,340.43	÷ Total RO's	= 333.40	Avg Labor per RO
Total FRH's	372.32	÷ Total RO's	= 3.72	Avg FRH's per RO
Menu Sales		÷ Total RO's	=	Percent Menu Sales
Competitive FRH's	137.90	÷ Total FRH's	= 37.04%	Percent Competitive
Maintenance FRH's	129.47	÷ Total FRH's	= 34.77%	Percent Maintenance
Repair FRH'	104.95	÷ Total FRH's	= 28.19%	Percent Repair
One item RO's	15	÷ Total RO's	= 15.00%	Percent One Item RO

### Model Year Analysis

2018	2017	2016	2015	2014	2013	Older	Total
7	9	13	13	14	9	35	100
7.00%	9.00%	13.00%	13.00%	14.00%	9.00%	35.00%	

### Labor Mix



■ Percent Competitive   
 ■ Percent Maintenance   
 ■ Percent Repair

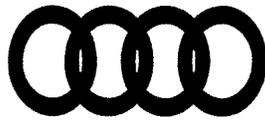
#### Questions to review:

- How does your repair labor rate compare to your posted door rate?
- Is there discounting?
- What are the hours per R. O.?
- What is the percent of one-line ROs?

- It's awful, we are getting killed in competitive labor. On a positive note we are selling a lot of tires. This is causing the poor competitive effective labor rate. Since we pay 0.6 and only charge \$25
- Discounting is not an issue
- 2.8
- 15%

**Non -dealer market survey**

	Murphy bros	Sullivan Tire	Direct Tire	Firestone	Audi Norwell
Front brakes	390	289	309	350	450
Battery	360	250	230	200	360
Alignment	150	109	149	129	199
Tires (235/45/19)	275	250	255	240	260
Oil change	75	90	100	79	105



Audi Norwell

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## Service Department Analysis for Audi Norwell by Michael LaBrecque N326-13

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### Strengths

- Popular car, sales have steadily increased the last 5 years
- New building, the current building is only 2 years old
- New management team, except for the parts manager, all of the managers in the store are new. The GM and Service/Parts Director have over 10 years' experience with dealer group.
- Cars are difficult to work on. Many independents choose not to work on these cars. In addition, many of the specials tools and software needed to fix these cars are only available at dealership. In some cases, customers don't have many options other than the dealership
- Shop foreman- the shop foreman has been with Audi for 30 years. He is a great asset and wealth of product knowledge. He performs all of our quality checks and road-testing with customers
- Service Director has 20 years' experience at high volume store. His experience will prove very useful as we try to bring this dealer to the next level
- Lifetime Warranty- we now offer a lifetime warranty on all service and parts warranty. We are the only Audi dealer in the region to offer this.

### Weaknesses

Pricing- Audi service and parts pricing are high. If the independents can do the work it's hard to match them in price without taking a loss.

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- Dieslegate- this has not only hurt Audi's reputation but they can't spend as much money as they should be. As a result, goodwill warranty is down and some of the Audi programs don't exist anymore.
- ~~Parts availability- the first day fill rate is weak. If we don't have the part in stock it is often difficult to get the part here the next day. This puts an enormous strain on our loaner cars.~~
- Communication- Customers are having a difficult time getting in touch with service advisors. We can give them cards with direct line but they always end up calling front receptionist. Hopefully the advisor is available. If not a game of phone tag usually starts
- Inexperienced advisors- 2 of the 3 advisors are not only new to the product but new the position.
- Online reviews- We have suddenly got some poor online reviews

### Opportunities

- Older cars- previous management made zero attempt to service older Audi's
- Recalls- Due to dieslegate Audi has a recall every other week.
- Effective labor rate is too low, lots of room for improvement
- Hours per RO are a little low, room for improvement
- Clinics- New Owners and service clinics have never been done
- Warranty labor rate increase- We are about \$20 an hour from our competition.
- Accessory sales- We don't do a particularly good job on selling accessories

### Threats

- Brand new dealer that is two times the size of us was built 10 miles away
- Pricing- independent shops using non-Audi parts are much less expensive
- New building is too small- We are growing and currently have every bay in the shop filled
- We are going from 50 to 35 loaners to try and cut expense
- Parking- we have very limited parking
- New techs- 1/3 of the shop has been working for Audi for less than a year. They need more experience and training.

### Objectives

- Increase effective labor rate- the goal is \$120 per hour
- Get warranty labor rate increase from manufacturer
- Increase RO count- the goal is 3.2 hours per RO
- ~~Hire one more technician~~
- Improve accessory sales
- Train valet to perform state inspection (this will help effective labor rate and hours per ro)
- The goal is \$250,000 in gross per month
- Improve online reviews
- Improve loaner efficiency- We are currently averaging 2.5 days for loaner. This needs to get down to 1.5 days per loaner

### Strategies

- Online review contest- \$25 per every review in which you are mentioned
- Service clinic- quarterly service clinics which we will market to disengaged customers and high mileage customers
- New owner's clinic to be held monthly. These are great because the new customers get to know the service department and what to expect. They also learn a few things about their car which may prevent and unnecessary service visit.
- Retrain advisors- service manager and service director both have many years as a service advisor. They need to work closely with the new advisors and share some knowledge
- Track event- partner with local race track (Palmer) and allow customers to drive their cars on the race track. This have proven to be a great way to attract some of the Audi enthusiast business. In addition, we invite some employees which helps with moral.
- My Kaarma- this is a texting software that integrates phone and email to one desktop application. In addition to texting if the advisors have an open RO any call to the dealership from the customer number will get directed to the advisor extension. They also have a nice bill pay feature. Once the RO is invoiced the customer will get a text with invoice and link to pay. This will be a huge help with our communication issues.

- First time fill rate- parts needs to do a better job having the necessary parts available. Too often customers stay in loaners because we don't have the part.
- ~~Accessory sales- We are going to outfit a car with trailer hitch, racks, snow~~ tires, cargo mats etc. and put right next to the service write up area. This certainly isn't new but many times these outfitted cars are in the showroom. Service gets 10x the foot traffic as sales plus they already own the vehicles

### Tactics

- Weekly service advisor meetings
- Weekly tech meetings
- Daily stats update- Advisors will receive daily emails with their sales totals, gross totals, hours per RO, effective labor rate, tire sales, alignment sales, fsm contract sales and accessory sales
- Monthly service department meeting- lunch will be provided and review contest winners will be awarded