

# Fixed Operations 2 Analysis

## Robb Krug Class 106 Darrell Waltrip Honda Month of September 2017

### Advertising Findings:

- Takes Advantage of all Factory Mailer Programs
- Several Email Campaigns in places, even one that automatically sends 'Thank You' coupons to new customers
- Coupons in Store's Monthly News Letter that goes out to entire customer database
- Coupons on Website under Service Specials updated regularly
- Store posts coupons on social media

10212017 Print

Subject: Registration Coupon From nashville-honda.com  
 From: DARRELL WALTRIP HONDA (DoNotReply@nashville-honda.com)  
 To: JenniferKoski@yahoo.com  
 Date: Saturday, October 21, 2017, 10:00 AM

Dear Jennifer Koski,

Thank you for registering. Your coupon is below. Please print it out and bring it with you. This coupon can be combined with qualified coupons and discounts for ADDITIONAL SAVINGS. When combining coupons, be sure to present both coupons at time of service write-up. Your Service Advisor will provide the details. Thanks again for being a loyal customer.

See you soon,  
 DARRELL WALTRIP HONDA

**\$10 OFF Any Service or Part EXCLUDES TIRES**

VERIFIED DISCOUNT COUPON FOR Jennifer Koski

Please print this and use as coupon. Valid at DARRELL WALTRIP HONDA: (888) 718-4213 1430 Murfreesboro Road, Franklin, TN 37067

Schedule Service Thanks for registering! See you soon. Check Inventory

To ensure delivery of these emails in the future, please add us to your address book. We send these emails to benefit you with savings, factory recall information and timely servicing information. To unsubscribe and discontinue mailings, click here

Facebook

Factory Recommended Scheduled Maintenance  
**20% OFF**  
 Discount applies to major scheduled maintenance service as described in your owner's manual. Discount not to exceed \$100.

Service & Parts Specials

**40% off Full Detail Save \$75!**  
 Get your car looking like new with our complete detail! Includes vacuum, carpet cleaning, complete buff and wax, engine compartment clean, and more!

**Get Coupon**  
 EXPIRES: 10/31/17

**Valvoline Service Flush Save \$40!**  
 See adviser for details. Expires 10/31/17

**Get Coupon**

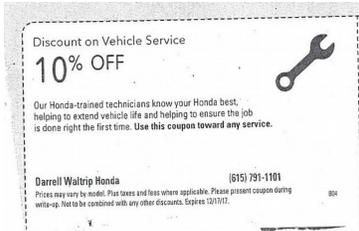
**Set of Four Tires Save \$40!**  
 See adviser for details. Expires 10/31/17

**Get Coupon**

**All Season Weather Mats Save 10%!**  
 See Adviser for details. Expires 10/31/17

**Get Coupon**

Newsletter  
 2x6 deliveries



### Conclusion:

- Continue Current Process, Store does

great job of taking advantage of both direct mail and electronic opportunities and all with very little expense.

## Marketing

### Findings:

#### Service Retention:

- Current Store Service Retention is 43%
- Current Honda District Service Retention is 41.3%
- Current Honda Zone Service Retention is 40.9%
- Current Honda National Service Retention is 40.4%

#### Market Share:

- Store Service Market Share is 54.9%
- Honda District Service Market Share is 47.2%
- Honda Zone Service Market Share is 47.9%
- Honda National Service Market Share is 47.3%

### Conclusion:

- Store is retaining its customers better than other local, regional and national Honda Dealers. While at the same time dominating its market against its competitors. Store's current marketing efforts appear to be very effective.

## Facility

### Findings:

#### Capacity:

- Number of Bays - 30
- Number of Days - 25
- Number of Hours - 5000
- Effective Labor Rate - \$78.00
- Facility Potential - \$585,000

#### Utilization:

- Total Labor Sales - \$488,343
- Facility Potential - 585,000
- Facility Utilization - 83.48%

### Conclusion:

- NADA Guide is 75%
- Store is currently operating 8.48% above NADA Guide
- Store is expanding 20 more bays next year and based on current Utilization expansion will bring increase in sales and net profit

## **Productivity**

### Findings:

#### Tech Potential

- Techs - 20
- Hours per Day - 10
- Days for the Month - 25
- Total Hours Available - 5000
- Effective Labor Rate - \$78.00
- Labor Sales Potential - \$389,995

#### Tech Proficiency

- Hours Produced - 6260.9
- Hours Available - 5000
- Tech Proficiency - 125.22%

### Conclusion:

- NADA Guide Tech Proficiency - 120%
- Store is currently running 5.22% above NADA Guide
- Tech proficiency reaffirms that future expansion will bring more net profit to the store.

## **Production Method**

### Findings:

#### Store runs Conventional Production Method

- A,B,C,D Techs Levels
- Levels based on Experience and Factory Certifications
- Pay increases as Tech moves up Levels

### Conclusion:

- Conventional Production Method encourages Tech to continue their Factory Certification process. Which in turn makes them a better tech for the store. It also sets a career path for new incoming inexperienced techs. This is a huge benefit as acquiring new techs can be challenging.

## **Cost of Labor**

### Findings:

#### Gross as a % of Sales

- Customer Pay Labor - 68.24%
- Warranty Pay Labor - 85.18%
- Internal Pay Labor - 78.71%

#### % of Total Sales

- Customer Pay Labor - 51.09%
- Warranty Pay Labor - 18.23%
- Internal Pay Labor - 30.69%

Customer Pay Gross Profit - 68.24%

Total Service Department Gross % - 75.28%

### Conclusion:

- NADA Guide for Customer Pay Labor as % of Total Sales - 60%
- NADA Guide for Gross Profit - 72%
- Customer Pay Labor is 8.91% below NADA Guide

- Store is 3.28% over NADA Guide in Total Service Department Gross
- Store has opportunity for expansion. It must continue to increase customer pay by upselling thru use of MPI.

## **Changes in Expense Structure**

### Findings:

- Total Fixed Gross Profit - \$578,605
- Adjusted Overhead Expense - \$856,783
- Total Absorption Percentage - 67.53%
- Customer Pay Gross Profit - 68.25%
- Total Service Department Gross % - 75.28%
- Parts/ Labor Ratio - \$.66
- Total Service Department Expenses - \$296,635
- Total Service Department Expenses - 81.62%
- Service Department Net Profit - 18.38%

### Conclusion:

- 
- NADA Guide Parts/ Labor - \$1.00
- Store is \$.44 under NADA GUIDE
- NADA Guide Total expenses - 80%
- Store is 1.62% over NADA GUIDE
- NADA Guide Net profit - 20%
- Store is 1.62%
- NADA Guide for Fixed Absorption - 75%
- Store is .28% over NADA GUIDE
- Store has been growing and adding staff. New staff makes mistakes and policy is showing it as result. Policy expense was \$13,708 for the month. Once staff gets settled, mistakes will reduce, and reduced turnover will lower payroll expenses as staff settle into their pay plans.

## Pay Plans

### Findings:

- Service Advisor
  - Pay Plan for Service Advisor has flat base rate with increase available for achieving set ELR and Hour Per RO benchmarks. A CSI bonus is available for individual and team performance
- Service manager
  - Pay plan for Service manager has base salary with increases available for achieving set Department Gross benchmarks. A CSI Bonus is available for team performance.

Compensation Plan	
Name:	
Job Title: Service Advisor	Exemption Status:
Dealership: Darrell Waltrip Volvo/Subaru	Department: Service
Reports to:	Effective Date:
Title: Service Manager	
<b><i>Each consultant is to write up a maximum of 15 customers per day. Exceptions to this quota must be approved on a daily basis by your Manager.</i></b>	
Commission	
BASE:	
- \$6.00 per flat rate hour sold.	
ADDITIONAL:	
- \$2.00 per flat rate hour if your Effective Labor Rate (ELR) is at least \$97.00 or higher.	
- \$1.50 per flat rate hour if your Hours per RO is at 1.5 or higher.	
- \$1.00 per flat rate hour if your Hours per RO is at 2.0 or higher.	
- \$1.50 per flat rate hour if individual service consultant CSI is at or higher than Regional or Zone MTD or YTD.	
<b><i>\$12.00 – Highest level payment per flat rate hour (total of base plus four target goals)</i></b>	
<b><i>3,000. PER MONTH GUARANTEE FOR FIRST TWO MONTHS</i></b>	
<i>Payroll is paid bi-weekly via Workday.</i>	
Bonus	
TOP TIER BONUS:	
• \$500.00 Bonus ** If your individual service consultant CSI average is higher than Regional or Zone.	
• \$500.00 Bonus ** If the Dealership overall average CSI is higher than Regional or Zone.	
<b><i>To receive CSI Bonus you must have a minimum of 3 returned surveys in that month</i></b>	
<i>Bonus is paid monthly via Workday.</i>	
The dealership is an "at-will" employer, meaning your employment has no specified term and the employment relationship may be terminated at any time, at the will of either party, upon notice to the other party. In the event you have questions pertaining to your compensation plan, you are encouraged to discuss them with your manager. If you believe that an improper deduction from your pay has been made you should report the discrepancy to your manager. The reason for the deduction will be thoroughly investigated and if it is determined that an error was made, you will be reimbursed. Any amendments to this pay plan must be in writing.	
Neither this pay plan nor any provisions in this pay plan constitute a contract of employment or any other type of contract.	
Employee Signature:	Date:
Manager Signature:	Date:

Darrell Waltrip Service Manager	
Compensation Plan	
Name:	
Job Title: Service Manager	Exemption Status:
Dealership: Darrell Waltrip	Department: Service
Reports to: William Berryman	Effective Date:
Title: Fixed Operations Director	
Salary	
\$1984.62 paid bi-weekly (Annualized Salary \$ 36000.00)	
<i>Payroll is processed bi-weekly. Checks are issued every other Friday.</i>	
Commission (if applicable)	
3% of total service department gross after policy	
3.25% When gross hits \$190,000	
3.50 % When gross hits \$ 210,000	
Bonus (if applicable)	
Performance Bonus:	
+ \$500 if CSI is equal to or over region	
= \$500 IF CSI is under region	
The dealership is an "at-will" employer, meaning your employment has no specified term and the employment relationship may be terminated at any time, at the will of either party, upon notice to the other party. In the event you have questions pertaining to your compensation plan, you are encouraged to discuss them with your manager. If you believe that an improper deduction from your pay has been made you should report the discrepancy to your manager. The reason for the deduction will be thoroughly investigated and if it is determined that an error was made, you will be reimbursed. Any amendments to this pay plan must be in writing.	
Neither this pay plan nor any provisions in this pay plan constitute a contract of employment or any other type of contract.	
Employee Signature:	Date:
Manager Signature: <i>[Signature]</i>	Date:

### Conclusion:

- Pay plans encourage increased productivity with keeping CSI in mind

### Detail Performance Programs

#### Findings:

- Pay Plans are in line with desired results
- Monthly Bonus plan in place sets Team and Individual benchmarks that promote flagged hours. If Team hits overall objective, individual will receive bonus based on number of hours they individually produced. Goal is updated daily and clearly posted for

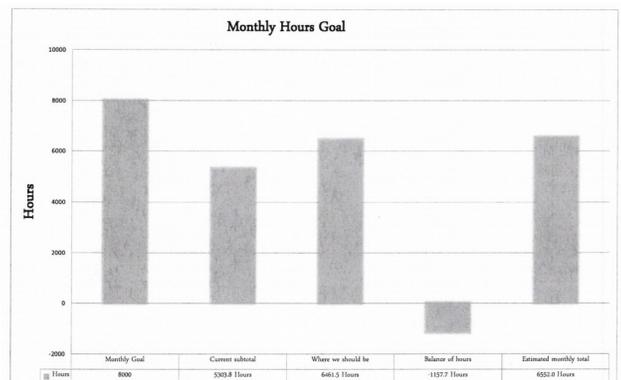
**Darrell Waltrip Service Department**  
**Flagged Hours Calculator**

Monthly Goal	<b>8000</b>
Current subtotal	5303.8 Hours
Where we should be	6461.5 Hours
Balance of hours	-1157.7 Hours
Estimated monthly total	6552.0 Hours

OCTOBER						
Sun	Mon	Tues	Weds	Thurs	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Input Workday Flagged Hours			
1	186.5	15	224.8
2	218.2	16	288.3
3	296.4	17	257.4
4	291.2	18	274.5
5	382.8	19	155.9
6	232	20	283
7	228.3	21	259.8
8	242.9	22	
9	285.9	23	
10	243	24	
11	342.8	25	
12	172	26	
13	193.6	27	
14	244.5	28	

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## Training

### Findings:

- Manufacture Staff Training Level is at 30%
- Manufacture ONLINE Training is at 43%

### Conclusion:

- Service Department has experienced huge growth in last 6 months. With growth comes turnover. Some seasoned, fully trained staff has left and many of the new staff has not completed their training yet.

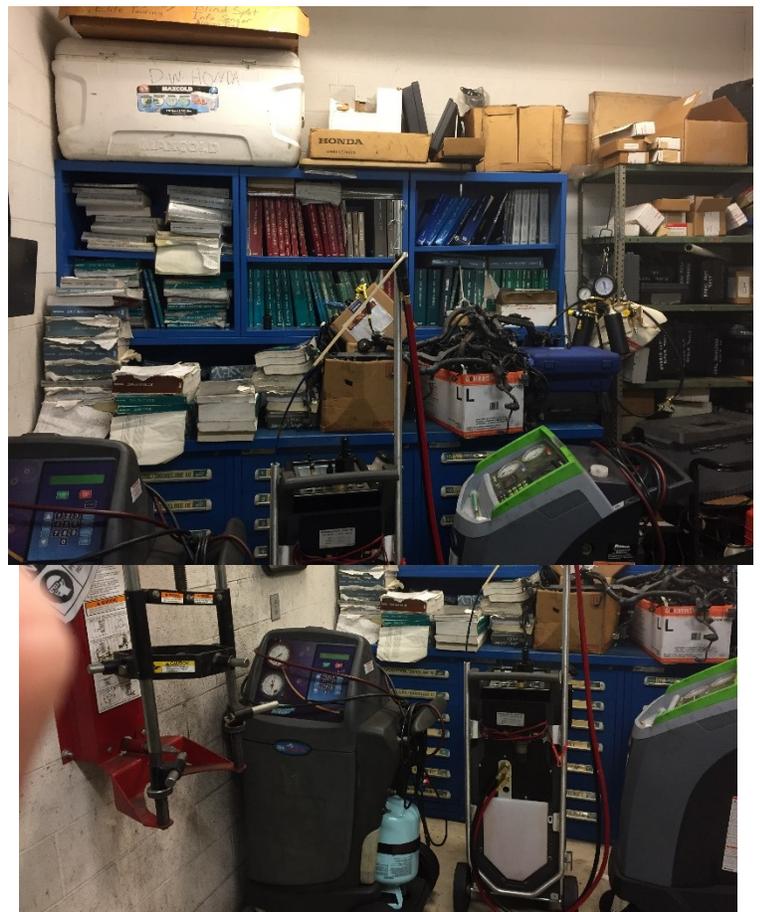
## Special Tools

### Findings:

- Special Tools Room is off to one side on opposite end of Service Department. It is not manned and tools can be taken anytime with no check out process. Room was cramped and in disarray.

### Conclusion:

- Special Tools are extremely important to livelihood of store and very expensive to purchase and replace. There must be a better way... Facility does not have room for them to be moved in Parts Department. The honor system seems to be only option at this point.





## 50 Repair Order Analysis Recap Summary

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 1,515	= 22.70	= 66.73	FRH Average			
Maintenance	\$ 5,040	= 50.94	= 98.94	FRH Average			
Repair	\$ 3,230	= 23.10	= 139.81	FRH Average			
Totals	\$ 9,785	= 96.74	= 101.15	Customer ELR			
		Target Labor Rate	113.00	Per FRH			
Total Ro's in Sample	50	Difference	-11.85	Per FRH			
Cost of Labor							
Total Cost of Labor	1732.12	Total Sales	= 17.70%	Percent Cost of Sales			
Total Cost of Labor	1732.12	Total FRH's	= 17.90	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	9,784.85	Total RO's	= 195.70	Avg Labor per RO			
Total FRH's	96.74	Total RO's	= 1.93	Avg FRH's per RO			
Menu Sales		Total RO's	=	Percent Menu Sales			
Competitive FRH's	22.70	Total FRH's	= 23.46%	Percent Competitive			
Maintenance FRH's	50.94	Total FRH's	= 52.66%	Percent Maintenance			
Repair FRH's	23.10	Total FRH's	= 23.88%	Percent Repair			
One item RO's	0	Total RO's	= 0.00%	Percent One Item RO			
Model Year Analysis							
2018	2017	2016	2015	2014	2013	Older	Total
0	2	3	9	3	2	31	50
0.00%	4.00%	6.00%	18.00%	6.00%	4.00%	62.00%	

