

Service Department Analysis for Hyundai of Pharr

NADA Dealer Group 015 PAG

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Service Department Evaluation using December 2021 Financials

Based on the information gathered from our December 2021 Financials, I have concluded that our Service department has some great areas of opportunity. ELR (Effective Labor Rate) is one area that should be addressed. I think that we should meet with the department and make sure that the right number of monies are being collected for each job. I believe that if I can bring a trainer in to train our advisors on upselling once per quarter, we can effectively increase our ELR. Improving our tech efficiency is another area for improvement. Hours equals dollars. Once we increase our hours per RO by selling more services and repairs, we will improve both tech efficiencies and ELR. I believe that we have so much potential and are only producing at a third of our capacity. GOING BACK TO BASICS. We must remind our advisors that we are sales consultants and not just order takers. We must menu sell 100% of the time and ask for all the money 100% of the time.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 76,625	\$ 62,805	81.96%	42.37%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 38,304	\$ 32,340	84.43%	21.18%
Warranty Other			0%	0%
Internal	\$ 65,927	\$ 55,834	84.69%	36.45%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor		\$ (1,878)	0%	0.00%
Total	\$ 180,856	\$ 149,101	82.44%	100.00%

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 151,233		
Variable Expense	\$ 53,074	35.09%	
Selling Expense		0.00%	
Personnel Expense	\$ 66,588	44.03%	
Semi-Fixed Expense	\$ 7,851	5.19%	
Fixed Expense	\$ 16,465	10.89%	
Unallocated Expense	\$ -	0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 143,978	95.20%	
Net Profit	\$ 7,255	4.80%	

NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 76,625	÷	160.00	=	478.9
Customer Truck*		÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 38,304	÷	130.00	=	294.6
Internal	\$ 21,611	÷	160.00	=	135.1
New Vehicle Prep		÷	264.00	=	0.00
Total	\$ 136,540				908.6

POTENTIAL

\$ 199,173	÷	1230.80	=	\$ 121.00
Total labor sales for month		Total hours billed		Effective Labor Rate
9.00	x	8	x	21
# Service mechanical technicians		# Hours/Day		Working Days/Month
1,592.0	x	\$ 121.00	=	\$ 192,632
Clock Hours Available		Effective Labor Rate		Labor sales potential

How proficient are your technicians ?

1,230.8	÷	1,592.00	=	77.31%
Hours Billed		Hours Available		Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

FACILITY POTENTIAL

Number of Bays	17
	x
Number of Days	25
	x
Number of Hours	8
	x
Effective Labor Rate	121
FACILITY POTENTIAL	\$ 411,400

FACILITY UTILIZATION

Total Labor Sales	\$ 136,540
	÷
Facility Potential	\$ 411,400
	=
FACILITY UTILIZATION	33.19%

Strengths - Weaknesses - Opportunities - Threats (SWOT) survey analysis:

Hyundai of Pharr has some service opportunities that can easily be fixed. We have already started addressing the list of opportunities from the SWOT sheet that I collected from our employees in service. Some of the issues were: better recruiting, more upselling on the drive, more sales training for our service advisors, newer equipment and pay increases.

Plan of action:

Better Recruiting

- We are now meeting with our local community colleges and vocational colleges regularly
- We are utilizing electronic billboards to advertise our service opportunities
- We are offering great sign on bonuses for techs
- We are offering referral bonuses for tech recommendations

Newer Equipment

- We are participating in the GDSI 2.0 rebuild with Hyundai
- Quarterly inspections will be done on all service equipment
- Monthly maintenance will be done on all service equipment
- Daily meetings are done with one employee from each part of the service department and equipment is a topic priority

Pay Increases

- An employee evaluation will be done annually
- Pay increases are done annually
- Pay is competitive in the market
- Bonuses have been added to existing pay plans
- We are # 1 in the market and surrounding areas

Better Training

- We are getting every employee certified
- Maximum certification is available
- Monthly walk throughs with Management
- Incentives for certification

Service Strengths

- Everyone gets along
- Work space is great
- Great knowledge of product
- Great opportunity to make more money
- Great customer acknowledgement

Service Weaknesses

- No technician helpers/ assistants
- We need more main shop techs
- Communication between advisors and techs
- Work flow needs more ease
- Advisors need to upsell more

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Service Opportunities

- Better recruiting
- More upselling on the drive
- More sales training
- Newer equipment
- Pay increases

Service Threats

- Lack of Master techs
- Bad ventilation
- Leaking oil pumps
- Competition with other Dealerships
- Service Prices



