



***R* REISELMAN**

*EVERY CUSTOMER. EVERY TIME.*

NADA Fixed Ops (388)

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# SWOT Analysis

## Strengths:

- Facility – We have a primary facility that includes a spacious and efficiently setup 13 bays for service as well as a nearly brand new auxiliary building that includes another 10 brand new lifts, and a large footprint in both for additional services/uses
- Staff/Culture – This dealership has undergone several ownership changes since it's original build in the late '90's. The current staff and training level is inexperienced on paper, and filled with young faces -- but is the product of a push toward a better, more customer oriented culture, and will surely be a factor in the success we will experience.
- Momentum – The product we sell, and the market we are in are primed for explosive growth. Our manufacturer will have one of the newest model lines on the ground in less than a year, and we are prepared to maximize the opportunity.
- Ownership/Management – Our organizational leadership is heavily versed in this manufacturer, and understands how an optimal dealership operation looks and feels. This aides greatly when forecasting, goal setting, and coaching. We both have the road map, and know the destination.

## Weaknesses:

- Experience – We have a very young staff and a very young operation, coming out of a buy/sell in April of '21. Many of our processes are new to the owner, and many more have been created even more recently in an effort to optimize operation both daily and long term.
- Competitive Market – We are a true large market store with heavy market saturation both of same manufacturer points as well as third party service and sales facilities. With ~2,500,000 people in our greater area, consistently better performance is a must to be at the top.

# SWOT Analysis (ctd.)

## Opportunity:

- Technology – The industry is making a worldwide push in the direction of electric and hybrid vehicles, and that is a market we are heavily versed in, and also have many new models being developed in.
- Economy – The world as an ever volatile economy is making the consumer more and more likely to retain the vehicles they own AND purchase new vehicles. This means profitability for both sides of the house.
- Aftersales / Parts / Accessories – The market for aftersales as well as over the counter and wholesale business has never been better. Millions of people are finding themselves ordering online from their favorite companies and e-commerce is a relatively untapped market just opening it's eyes to the auto industry. We intend to capitalize on this as well.

## Threats:

- The World – Seriously. Global Pandemics, hugely impactful swings in economies and markets creating a very elusive bullseye for marketing strategies, and difficulty all along the while in staffing, supplying, and consistently operating all the pieces needed to feed our industry from the outside will likely forever be a grind endured in the name of a successful operation.
- Parts – Nary a soul is left in the auto industry who hasn't faced, or heard tale of parts acquisition woes. This is a problem not likely to go away anytime soon, and in some cases may even become more extreme. A vigilant management of this aspect will stand between those who thrive and those who do not.

# (K)ey (P)erformance (I)ndicators

This study was on YTD, Q1 2022 as of March 18<sup>th</sup>. The numbers for facility utilization include an auxiliary building recently built and not yet being utilized, and heavily outline the potential for growth within the facility itself allowing large scale changes in operation over time.

You see immediately, in Figure (1.). The hours available to sell with 23 bays over the 65 working day period studied is a massive 4,095. Over 400 hours left on the table available for utilization.

88.93% proficient overall falls just over 36% shy of the NADA guide of 125%. Figure (2.) furthers this distinction by showing what an increase in potential labor sales would look like up to the sought 125%, showing a potential \$527k+. This math has the facility utilization when mapped over the 11 hour days available during actual "open for business" hours in Figure (3.) capable of labor sales in excess of \$1.69m, and makes the \$375k generated even more a stark indicator of facility potential, marking a 22.14% metric currently.

1.

3,641.7	÷	4,095.00	=	88.93%
Total Hours Billed		Hours Available to Sell		Tech Proficiency

2.

4,095.0	x	\$102.99	=	\$421,746	\$527,183.03
Hours Available to Sell		Effective Labor Rate		Labor sales potential @100%	Labor sales potential @ 125%

3.

FACILITY POTENTIAL	
Number of Bays	23
	x
Number of Days	65
	x
Number of Hours	11
	x
Effective Labor Rate	\$102.99
	equals
FACILITY POTENTIAL	\$1,693,680

4.

FACILITY UTILIZATION	
Total Labor Sales	\$375,063
	÷
Facility Potential	\$1,693,680
	equals
FACILITY UTILIZATION	22.14%

# Repair Order Analysis

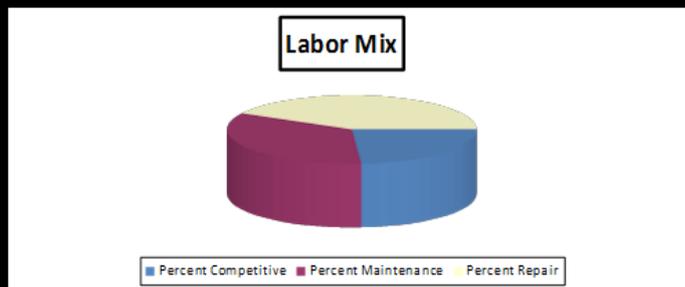
Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$3,355	40.00	83.87	FRH Average			
Maintenance	\$7,300	57.30	127.40	FRH Average			
Repair	\$10,006	70.90	141.13	FRH Average			
Totals	\$20,661	168.20	122.84	Customer ELR			
		Target Labor Rate	130.00	Per FRH			
Total Ro's in Sample	100	Difference	-7.16	Per FRH			
Cost of Labor							
Total Cost of Labor	4315.20	Total Sales	20.89%	Percent Cost of Sales			
Total Cost of Labor	4315.20	Total FRHs	25.66	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	20,661.04	Total ROs	206.61	Avg Labor per RO			
Total FRHs	168.20	Total ROs	1.68	Avg FRH's per RO			
Menu Sales		Total ROs		Percent Menu Sales			
Competitive FRHs	40.00	Total FRHs	23.78%	Percent Competitive			
Maintenance FRHs	57.30	Total FRHs	34.07%	Percent Maintenance			
Repair FRH	70.90	Total FRHs	42.15%	Percent Repair			
One item ROs	48	Total ROs	48.00%	Percent One Item RO			
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	0	6	7	11	16	60	100
0.00%	0.00%	6.00%	7.00%	11.00%	16.00%	60.00%	

In the Repair Order Analysis you get a much better, clearer view of day to day wins happening, as well as a highlighted version of area for improvements.

New ownership has inherited a standing free oil change with purchase program that has long plagued the profitability and utilization of the personnel and facility. Though it continues to represent a large portion of the Competitive work processed in the service department, it is far outweighed by profitable Maintenance work as well as high-margin repair work that ends in an overall Effective Labor Rate of \$122.84 per hour – only \$7.16 per hour shy of the NADA guide of \$2 above the current Warranty labor rate of \$128 per hour.

This work mix even in it's current state can easily sustain growth into the remainder of the unutilized facility. \$25.66 was the average cost of labor for the studied flat rate hours, and is nearly exactly center between the highest paid technician and the lowest. This indicates there is room left to improve in selection of technicians for repairs as, as well as potential for capturing of more competitive and maintenance work being done by the former.

It is also noteworthy that of the 100 RO's studied, 48 of them, or 48%, were "One Item RO's". Meaning the transaction had a single customer pay line, and no further work. This is also a great place to look for improvement. OEM fixed operations thrive on ASR, maintenance items that customers often don't come in for initially, and skilled staff do a better job of generating.



As is obvious in the previous slides – the goal in mind for us @ Reiselman Nissan is steady, healthy, methodical growth. We have a massive facility into which we must grow to begin leaning toward our potential.

#### The GOAL:

Average SALES increased 25%, YOY by EOM Dec, 2022.

#### The Idea:

Without great YOY data due to a buy/sell, we are averaging somewhere near \$150,000 ea/mo. This generates us an average of ~\$112k/mo. Increasing these numbers 25% make the numbers **\$187,500** avg sales, and **\$140,000** in gross. A stark difference and a great foothold in the right direction.

#### The Strain:

Growth has proven difficult in this building previously for many reasons. The normal staffing, facilitation, and parts acquisition woes that plague every dealership are no stranger here either, but are accompanied with unique problems, like logistics – as the auxiliary building is actually “off campus”. Other things such as a booming, sometimes demanding sales department, and growing pains within processes like used car recon and rental/loaner vehicle programs will surely follow as well.

#### The Steps:

Achieving this goal will require the creation and monitoring of many new processes, and will require analysis of these processes using many metrics.

- × Current staffing, responsibility delegation, and management will need to evolve as the growth becomes strenuous on the current setups.
- × Management will need to hold regular meetings with all relevant staffing to keep all goals in mind, and all metrics on the forefront for accountability.
- × Marketing and accompanying spiff programs must be utilized, and measured accordingly.
- × Parts Inventory must be honed and aimed efficiently at filling the increasing demand of the orders of the service department.
- × Time utilization of employees must be as efficient as possible. This means eliminating objections and adversity to what is ultimately the effectiveness of the revenue generating members of the staff.
- × Metrics for the goals must be measured, accounted for, and stored for continued evolution as the end goal will ultimately be to continue until at maximum potential for this facility – years from now.

# So, here's the plan...

# Conclusion:

The study performed here, accompanied with the takeaways from this class will prove invaluable in the mission at hand. Multiple layers of processes and management of those processes can be measured using the templates here, and the progress toward the optimum performance of our dealership will be largely effected by our abilities to use this information handily. Where great successes were found in some metrics, such as the effective labor rate, and hours per repair order – others were alarming reminders of the distance between current, and target numbers.

Lots of work to do – and a great place to get it done.

