

## **Strengths**

1. Good work Environment
2. Knowledgeable Technicians
3. Morale is high
4. Our store has great teamwork and work well with each other to complete any task
5. Our team does well with CSI
6. We are very open on Communication, if management has a change, we make sure we have the teams input on the changes as well
7. Our shop does well on working with the various side

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## **Weaknesses**

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1. Lack of standardization of systems and workflow
2. Communication between Parts and Service is slow on pricing
3. Can be a lot more assertiveness in the shop
4. Follow up with customers can be a lot better than what we do
5. Detailing information to customers better. (Making it easier to understand what is going on)
6. Getting our BDC to work the system correctly to make follow up calls
7. Used car UVI process
8. Detailed notes on customer ROs

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## **Opportunities**

1. Training with the Service Advisors on better sales techniques
2. Mobile Oil Changes
3. Begin to advertise to other makes and models on service we can perform
4. Start setting first oil change appointments on Used and New cars
5. Get a pricing board built with local competitors and their basic services
6. Get more involved with the community
7. Marketing to customers that own Acuras and have not visited our store in the last

Person  
Service Advisor Plan to make them work towards sales to earn bonus

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## **Threats**

1. Back order on Parts
2. Enough work to keep new Techs busy
3. Inflation
4. Sometimes we get caught up in the business and forget to be humble with customers and their issues
5. Upcoming market uncertainty

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## **Objectives**

1. Improve customer pay (Parts and Labor)
2. Maintain a high CSI (Was 4<sup>th</sup> in nation in March)
3. Working on overcoming objections with customers
4. Work on filling out schedule correctly (Keeping everyone busy)
5. Tracking Declined service work and following up
6. Implementing a customer follow up schedule to keep customers updated

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## **Strategies**

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1. Manager meeting weekly with department managers to go over issues
2. Put up more tangible bonuses for tech and advisors to compete on
3. Using Smart Lane to increase sales on service drive
4. Get lube tech proficiency up
5. Increase number of hours sold per RO
6. Increase daily RO count

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**Tactics**

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1. Service Manager makes final decision on all Discounts
2. Start Advertising specials on Facebook more and targeting our customers and potential future customers
3. Advertise to Non-OEM customers for service we can perform
4. Include Service Advisors with sales training
5. Work on bonus plan for techs to increase hours turned
6. Increase hours on Saturday

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### Action Plan

Task

By Whom

Completion Date

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Make it to where only Managers has access to discounts	General Manager	3/15/2022
Hired a lot porter just for service	General Manager	4/1/2022
Put bonuses up for Service Advisors	General Manager	4/1/2022
Work on getting Warranty Labor Increase	Servcie Manager	5/1/2022
Tracking hourly lube techs RO Hours	Servcie Manager	Daily
Track Lost sales	Parts Manager	Daily
Weekly Manager Meeting	ALL	Mondays
Adjust Saturday Hours	General Manager	4/1/2022
Implement Lane Check-in	Servcie Manager	3/24/2022
Track Hours per Brand Lines RO per Service Adv	Servcie Manager	Daily

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### Synopsis

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After doing the calculations and really setting down and talking with my Service Manager and Parts Manager, its clear to see the opportunities we have. I think working with the Advisors on sales training will increase not just the overall hours per RO but we will also see it in the Parts Department as well.

The main thing we need to focus on is accountability. We must hold ourselves and each other to the things we agree to do. Weekly meetings will help up get the communication up between departments and work out any issues that may have come up. With Smart Lane we should fix a lot of the slow communication now between Parts and Service.

As we continue to grow, we plan on hiring a concierge to help with customers arriving and leaving. This will give us more of a luxurious feeling with customers. The concierge will provide hands on care taking of customers here waiting for their car.

We have been putting a big focus on customer service. We need to be clear with customers and communicate accordingly. I find that we are talking general with customers when talking about issues with their vehicles and we need to be more detailed and explain things clearly, so they understand. Also, when following up with customers we need to be checking and making sure we have fixed all issues and make sure no new issues have arisen since they were last at the dealership.

All in all, we look forward to seeing the increase in customer satisfaction and the staff satisfaction as well make just small changes that will be big impacts on income and gross profit.

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## **Marketing**

### Currently Doing:

- Mailers through the OEM
- Facebook Ads
- Monthly Email Blast

### Going to be adding:

- More targeted mailers
- Increase ad spend on Facebook
- Add more SEM, SEO, and Banner

We plan on getting more targeted on our email campaigns and our digital ads. We are going to start retargeting customers that have not been here and work on getting Acura owners that might not of bought their Acura's from us. As we expand to other makes, we will create our target lists with

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## **Facility**

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FACILITY POTENTIAL	
Number of Bays	12
	x
Number of Days	22
	x
Number of Hours	8
	x
Effective Labor Rate	133.76
FACILITY POTENTIAL	\$ 282,501

FACILITY UTILIZATION	
Total Labor Sales	\$ 82,936
	÷
Facility Potential	\$ 282,501
	<i>equals</i>
FACILITY UTILIZATION	29.36%

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One of the changes we will be making is working with the Advisors to work on selling more hours per RO. We have plenty of space available in our schedules to fill with work. We are going to be working with the BDC to follow up on decline service work. We are also going to be giving out call sheets with Recalls to help fill the schedule. The BDC gives us more fire power to follow up with customers.

**Productivity**

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## NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 41,916	÷	135.00	=	310.5
Customer Truck*		÷		=	0.00
Customer Other*	\$ 765	÷		=	0.00
Warranty	\$ 5,536	÷	120.00	=	46.1
Internal	\$ 28,007	÷	135.00	=	207.5
New Vehicle Prep	\$ 6,712	÷	120.00	=	55.9
<b>Total</b>	<b>\$ 82,936</b>				<b>620.0</b>

POTENTIAL

	\$ 82,936	÷	620.01	=	\$ 133.76
	Total labor sales		Total hours billed		Effective labor rate

  

	9.00	x		x	1,584.0
	Service rate per mechanical technicians		Hours/Day		Working days/Month

  

	1,584.0	x	\$ 133.76	=	\$ 211,883
	Clock Hours Available		Effective Labor Rate		Labor sales potential

How proficient are your technicians ?

620.0	÷	1,584.00	=	39.14%
Hours Billed		Hours Available		Tech Proficiency

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

We have started tracking our Hourly Rate Lube Techs and the hours the are turning. We need to get a better idea where we are at. We have plenty of available hours to sell. We will start to use our BDC and checking at the end of the day to see what available hours we have for the next few days and get them involved on filling any holes we do have. We will also have sales start to schedule first service on New and Used vehicle to help future business.

### Analyze Cost of Labor

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**Service Department Sales And Gross (Labor Only)**

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 41,916	\$ 35,616	84.97%	50.54%
Customer Truck			0%	0%
Customer Other	\$ 765	\$ 689	90.07%	0.92%
Warranty	\$ 5,536	\$ 4,387	79.24%	6.68%
Warranty Other			0%	0%
Internal	\$ 28,007	\$ 22,791	81.38%	33.77%
NVI / Road Ready	\$ 6,712	\$ 1,048	15.61%	8.09%
Adj. Cost Of Labor		\$ 4,500	0%	0.00%
<b>Total</b>	<b>\$ 82,936</b>	<b>\$ 69,031</b>	<b>83.23%</b>	<b>100.00%</b>

Our Customer Pay takes up over half of the % of sale in service. We would like to get that to 50% to start. We are looking on getting our used car department up, this will help with internal work and help in Gross. I am the #1 customer of the need to start fixing them in work.

We did notice a lot of discussion on how they could take least resistance. We have since taken away access. We are also working on a bonus plan that will push Advisors towards selling and hitting their goals.

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**Changes in Expense Structure**

**Service Department Profit Centering**

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 220,335		
Variable Expense	\$ 28,346	12.86%	
Selling Expense	\$ -	0.00%	
Personnel Expense	\$ 94,551	42.91%	
Semi-Fixed Expense	\$ 46,179	20.96%	
Fixed Expense	\$ 74,286	33.72%	
Unallocated Expense	\$ -	0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 243,362	110.45%	
Net Profit	\$ (23,027)	-10.45%	

We have an issue with our repair department currently. Since we do not have enough new car inventory to take trades on we are having to go to Auctions. we are running into high shop bills (not bad for Service) and we are having to pay more than needed for the inventory and CPOs.

Expenses look to be inline. We always make cuts where we need to during the year and also shop or vendors to make sure they stay true to pricing.

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**100 Repair Order Analysis**

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Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 2,775	÷ 50.90	= 54.52	FRH Average			
Maintenance	\$ 6,197	÷ 56.10	= 110.47	FRH Average			
Repair	\$ 5,338	÷ 40.50	= 131.81	FRH Average			
Totals	\$ 14,311	÷ 147.50	= 97.02	Customer ELR			
Target Labor Rate			122.00	Per FRH			
Total Ro's in Sample	92	Difference		-24.98	Per FRH		
Cost of Labor							
Total Cost of Labor	3271.70	÷ Total Sales	= 22.86%	Percent Cost of Sales			
Total Cost of Labor	3271.70	÷ Total FRHs	= 22.18	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	14,311.07	÷ Total ROs	= 155.56	Avg Labor per RO			
Total FRHs	147.50	÷ Total ROs	= 1.60	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	50.90	÷ Total FRHs	= 34.51%	Percent Competitive			
Maintenance FRHs	56.10	÷ Total FRHs	= 38.03%	Percent Maintenance			
Repair FRH	40.50	÷ Total FRHs	= 27.46%	Percent Repair			
One item ROs	55	÷ Total ROs	= 59.78%	Percent One Item RO			
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	3	10	12	10	6	51	92
0.00%	3.26%	10.87%	13.04%	10.87%	6.52%	55.43%	

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Noticing close to 60% of the ROs have only one item was alarming to me. It makes me realize of the potential the department has to grow. This is a calculation we will be doing monthly for this year to see the growth we do.

Our first goal it to get to 2 FRH per RO and eventually get to the NADA of 3 for highline.