

Calculating Real Cost of Labor

\$ 134,420  
Labor Sales

1,087.0  
Divided by Hours Billed

\$ 123.66  
= OELR

\$ 134,420  
Labor Sales

-Labor Gross

\$ 134,420  
=Labor Cost

\$ 134,420  
Labor Cost

1,087.00  
/ Hours Billed

\$ 123.66  
=Real Cost

Real Cost + .24.00% = \$0.00  
E.L.R. Needed to earn 76%

FACILITY POTENTIAL

Number of Bays   
x  
Number of Days   
x  
Number of Hours   
x  
Effective Labor Rate   
equals  
FACILITY POTENTIAL

FACILITY UTILIZATION

Total Labor Sales   
÷  
Facility Potential   
equals  
FACILITY UTILIZATION

### NADA ACTUAL SERVICE ANALYSIS

	Labor Sales / Month	Effective Labor Rates	Hours Billed
Customer Pay	\$ 71,106	÷ 114.68	= 620.0
Customer	\$	÷	= 0.00
Customer Other	\$	÷	= 0.00
Warranty	\$ 29,719	÷ 128.04	= 232.1
Internal	\$ 29,527	÷ 145.00	= 203.6
New Vehicle Prep	\$ 4,068	÷ 128.04	= 31.8
<b>Total</b>	<b>\$ 134,420</b>		<b>1087.6</b>

**POTENTIAL**

\$ 134,420	÷	1087.55	=	\$ 123.60
Total labor sales for month		Total hours billed		Effective Labor Rate
8.00	X	8	X	24.0
# Service mechanical technicians		# Hours/Day		Working Days/Month
			=	1,536.0
				Hours Available to Sell
1,536.0	X	\$ 123.60	=	\$ 189,848
Hours Available to Sell		Effective Labor Rate		Labor sales potential @100%
				\$ 237,309.63
				Labor sales potential @ 125%

How proficient are your technicians ?

1,087.6	÷	1,536.00	=	70.80%
Total Hours Billed		Hours Available to Sell		Tech Proficiency

- Hours Per RO (RO Analysis) 1.9
- Percent of One Item R.O.'s (RO Analysis) 40.00%
- Customer Pay Effective Labor Rate (DMS Reoprt) \$ 114.68
- Warranty Labor Rate (DMS Report) \$ 128.04
- Total Overall Effective Labor Rate \$ 123.60
- Overall Technician Proficiency 70.80%

Customer Pay Gross Profit %	71.16%
Total Service Dept. G.P. %	73.32%
Parts / Labor Ratio (Cust. Pay Only)	0.84
Total Service Dept. Expenses	\$ -

## Fixed Absorption

		% Adj Ovhd Exp
Parts Department Total Gross	\$ 64,686	10.72%
Service Department Total Gross	\$ 95,323	15.80%
Body Shop Department Total Gross	\$ -	0.00%
Total Fixed Gross Profit	\$ 160,009	
Total Dealership Expense	\$ 603,424	
<b>Overhead Expense</b>	<b>\$ 603,424</b>	
Total Fixed Gross Profit	\$ 160,009	
Total Dealership Expense	\$ 603,424	
Fixed Absorption Percentage	26.52%	
		<b>Guideline 60%</b>

The Picture

### Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 98,560		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense		0.00%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$	0.00%	
Net Profit	\$ 98,560	100.00%	

The Picture	
Customer Pay Gross Profit %	71.16%
Total Service Dept. G.P. %	73.32%
Parts / Labor Ratio (Cust. Pay Only)	0.84
Total Service Dept. Expenses	\$

**Parts To Labor Ratios**

Category	Parts Sales	Labor Sales	P/L Ratio
Customer Pay	\$ 60,058	\$ 71,106	0.84
Customer		\$ -	0.00
Customer Other		\$ -	0.00
Warranty	\$ 56,659	\$ 29,719	1.91
Warranty Other		\$ -	0.00
Internal	\$ 29,313	\$ 29,527	0.99
<b>Total</b>	<b>\$ 146,030</b>	<b>\$ 130,352</b>	<b>1.12</b>

<b>The Picture</b>	
Customer Pay Gross Profit %	71.16%
Total Service Dept. G.P. %	73.32%
Parts / Labor Ratio (Cust. Pay Only)	0.84

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

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$ 71,106	\$ 50,600	71.16%	52.90%
Customer			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 29,719	\$ 23,022	77.47%	22.11%
Warranty Other			0%	0.00%
Internal	\$ 29,527	\$ 21,556	73.00%	21.97%
NVI / Road Ready/ PDI	\$ 4,068	\$ 3,382	83.14%	3.03%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 134,420</b>	<b>\$ 98,560</b>	<b>73.32%</b>	<b>100.00%</b>

<b>The Picture</b>	
Customer Pay Gross Profit %	71.16%
Total Service Dept. G.P. %	73.32%

PROFIT ON LABOR SALES

		Service Expenses	
divided by		divided by	divided by
73.32%		63.32%	53.32%
Current Labor Gross Profit %		Current Labor Gross Profit % Minus 10	Current Labor Gross Profit % Minus 20
\$		\$	\$
Sales to Breakeven		Sales To Net 10%	Sales To Net 20%

The Picture

Customer Pay Gross Profit %	71.16%	Customer Pay E.L.R.	\$ 114.68
Total Service Dept. G.P.%	73.32%	Total (overall) E.L.R.	\$ 123.60
Parts / Labor Ratio (Cust Pay Only)	0.84	Warranty Labor Rate	\$ 128.04
Total Service Dept Expense	\$	Overall Tech Proficiency	70.80%
Hours Per R.O (recap)	1.87		
Percent Of One Item R.O.'s	40.00%		