

Fixed Operations
Service Homework
NADA Class N397

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May 2022 Financial Statement

Evaluation of Service Department.

Eliminating one-Line RO's - Service introduction videos to customers to show potential issues that need replacement.

Effective communications between Sales, Service and Parts Departments -
Introducing customers to customers to a Service Advisor at the time of Sale.

Repair Order - Legal document ensuring that the following is listed on the RO
Date.

Mileage in, mileage out.

Repair Estimate.

Signature/Authorization.

Strengths.

Always keeping Positive Attitude at all times.

Every one works together Team work.

Family oriented environment.

Organization with scheduling.

Growth within the company.

Weakness.

Effective communications.

Lack of training.

Accountability.

Not following process.

Wasted time.

Threats.

Lack of training.

Unsatisfied customers.

Negative dealership reviews.

Negative toxic workplace environment.

Lack of career path for employees.

Objectives.

Consistence trainings for Advisors and Technicians.

Increase Shop productivity, efficiency and Proficiency.

Increase knowledge of products and warranty.

Maintain CSI rating.

Provide accurate information and consistency prices.

Tactics.

Conduct RO analysis monthly to maintain an ELR.

Grid pricing.

Reviewing paperwork and tracking loss sale.

Follow up on all repairs two days after the vehicle left the dealership.

Service Manager authorize discounts for parts and labor.

Marketing.

Providing an outstanding customer experience to every customer which will lead to word of mouth and also keep current coming back.

Going above and beyond to help every customer.

Referral program to current customers as well as new customers.

Utilizing social media to stay in touch with customer base as well as followers.

Facility.

FACILITY POTENTIAL	
Number of Bays	27
	x
Number of Days	25
	x
Number of Hours	8
	x
Effective Labor Rate	191.63
FACILITY POTENTIAL	\$ 1,034,802

FACILITY UTILIZATION	
Total Labor Sales	\$ 474,542
	+
Facility Potential	\$ 1,034,802
	<i>equals</i>
FACILITY UTILIZATION	45.86%

Our facility Utilization is well below NADA guide of 70%.

With extended hours and at least 5 Technicians to increase utilization above 70%

Performance.

NADA ACTUAL SERVICE ANALYSIS					
Performance	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Car*	\$ 232,422	÷	210.00	=	1048.5
Customer Truck*		÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 166,797	÷	165.00	=	1009.0
Internal	\$ 75,323	÷	210.00	=	538.5
New Vehicle Prep		÷		=	0.00
Total	\$ 474,542				2596.1
POTENTIAL					
	\$ 474,542	÷	2596.08	=	\$ 182.79
	Total labor sales for month		Total hours billed		Effective Labor Rate
	11.00	x	8	x	25
	# Service mechanical technicians		# Hours/Day		Working Days/Month
	2,200.0	x	\$ 182.79	=	\$ 402,142
	Clock Hours Available		Effective Labor Rate		Labor sales potential
How proficient are your technicians ?					
	2,596.8	÷	2,200.00	=	118.04%
	Hours Billed		Hours Available		Tech Proficiency
Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis					

Areas we need to improve Proficiency to get a better result than what we currently have is working with our parts department to increase and improve inventory so the technician don't have to wait too long for parts.

Sales And Gross.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 232,422	\$ 196,653	84.61%	48.98%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 166,797	\$ 135,945	81.50%	35.15%
Warranty Other			0%	0%
Internal	\$ 75,323	\$ 61,031	81.03%	15.87%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 474,542	\$ 393,629	82.95%	100.00%

There is room for improvement in Customer, Warranty and Internal.

100 RO Analysis.

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages		Analysis
Competitive	\$ 19,190	+	76.25	=	251.67		FRH Average
Maintenance	\$ 3,364	+	10.00	=	336.38		FRH Average
Repair	\$ 65,344	+	154.60	=	422.67		FRH Average
Totals	\$ 87,898	+	240.85	=	364.95		Customer ELR
Total Ro's in Sample		100	Target Labor Rate Difference		364.95		Per FRH
Cost of Labor							
Total Cost of Labor	8186.82	+	Total Sales	=	9.31%		Percent Cost of Sales
Total Cost of Labor	8186.82	+	Total FRHs	=	33.99		Cost per FRH
Repair Order Measurements							
Total Labor Sales	87,898.38	+	Total ROs	=	878.98		Avg Labor per RO
Total FRHs	240.85	+	Total ROs	=	2.41		Avg FRH's per RO
Menu Sales		+	Total ROs	=			Percent Menu Sales
Competitive FRHs	76.25	+	Total FRHs	=	31.66%		Percent Competitive
Maintenance FRHs	10.00	+	Total FRHs	=	4.15%		Percent Maintenance
Repair FRH	154.60	+	Total FRHs	=	64.19%		Percent Repair
One item ROs	69	+	Total ROs	=	69.00%		Percent One Item RO
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	3	13	5	17	14	48	100
0.00%	3.00%	13.00%	5.00%	17.00%	14.00%	48.00%	

Based on the RO analysis we have more opportunity with adding more lines instead of our one-line RO's. Our biggest opportunity is our repair work.

With constant training with personnel and major focus on MPI process. Using videos to actually show customers what maintenance repair we are recommending it will increase our maintenance repairs which is a major area of opportunity.

Action Plan.

Task	Role	Completion Date
Daily open RO meetings	Service Manager/Advisors	Every day
Monthly Forecast meetings	GM/Service Manager	1 st of the Month
Shop meetings	Service Manager	Weekly
Technician Scheduling and Growth	Service Manager	Monthly
Shut off computer's ability to allow discount	Service Manager	July 1 st
Extended hours of operation	GM/Service Manager	July 1 st
Trainings	GM/Service Manager	Monthly
Bonus for technician proficiency	GM	July 1 st

Synopsis.

Our service department is staffed primarily with employees and management who share the same vision. However, there's room for improvement in many areas.

We have implemented a mandatory 6 minutes rule in both Service and Part as well as 1st of each month to review the forecast for the month.

There's also check and balances in place to hold people accountable.

Another major area that needs improvement is Facility Utilization because we are at 45% way below NADA Guide of 70%. By extending the hours of operations and hiring at least 4 more Technicians we should see a major increase in the Facility Utilization.