

Expense Structure

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 362,225		
Variable Expense		0.00%	
Selling Expense	\$ 33,526	9.26%	42%
Personnel Expense	\$ 110,238	30.43%	
Semi-Fixed Expense	\$ 40,829	11.27%	15%
Fixed Expense	\$ 38,114	10.52%	13%
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 222,707	61.48%	
Net Profit	\$ 139,518	38.52%	30%

Net profit for June was 38.52%

Service department has done a good job managing expenses.

For current market conditions, we are under staffed in both technicians and support staff. Based on our current expense structure, we have the ability to add support staff. We will add another service write and a new position, a customer liaison.

As part of the Service Management Tool / Truck Tech+ technology, we will have a dedicated person to monitor our current customers trucks and prospective customer trucks operating in our AOR.

We will proactively contact customers when we see that there is an issue with one of their trucks on the telematics system. This information will allow us to confirm parts availability and schedule a technician to be prepared when the truck arrives.

This proactive communication will increase customer retention and reduce dwell time.

Technician Proficiency

ATD ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Truck*	\$ 407,518	÷	160.00	=	2547.0
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 77,295	÷	140.00	=	552.1
Internal	\$ 25,290	÷	160.00	=	158.1
New Vehicle Prep	\$ -	÷		=	0.00
Total	\$ 510,103				3257.2

POTENTIAL

$$\text{\$ } 510,103 \div 3257.16 = \text{\$ } 156.61$$

Total labor sales for month

Total hours billed

Effective Labor Rate

$$18.00 \times 8 \times 26 = 3,744.0$$

Service mechanical technicians

Hours/Day

Working Days/Month

Clock Hour Avail

$$3,744.0 \times \text{\$ } 156.61 = \text{\$ } 586,347$$

Clock Hours Available

Effective Labor Rate

Labor sales potential

How proficient are your technicians ?

$$3,257.2 \div 3,744.00 = 87.00\%$$

Hours Produced

Hours Available

Tech Proficiency

Current technician Proficiency is 87%

While it is a strong number, we can get to 100%. Our goal to minimize dwell time for our customers will require that level of proficiency.

We will focus on using Service Management System / Truck Tech +. Requiring our service advisors and shop foreman to review telematics data prior to the truck arriving at the dealership. This will reduce our triage time when the truck arrives, allow the foreman to schedule and assign the correct technician and give additional information and time to the parts department to gather the needed parts for the repair.

Facility Utilization

FACILITY POTENTIAL	
Number of Bays	24
	x
Number of Days	24
	x
Number of Hours	17
	x
Effective Labor Rate	\$ 156.61
	<i>equals</i>
FACILITY POTENTIAL	\$ 1,533,524

FACILITY UTILIZATION	
Total Labor Sales	\$ 510,103
	÷
Facility Potential	\$ 1,533,524
	<i>equals</i>
FACILITY UTILIZATION	33.26%

Operating 2 shifts - Monday through Friday – 7AM to 12AM

One Shift on Saturday – 8AM to 4:30PM

Our plan to increase utilization from 33.26%:

Currently have minimal staff for second shift and unable to hire additional techs.

Plan is to change our weekday hours of operation to 6AM to 10PM.

Allow first and second shift to start their days earlier. Which will help second shift end their day at 10PM.

Make the second shift hours more attractive to potential techs. They can end their day at ten, be home and in bed before midnight. Get to a normal sleep schedule and see family before they leave for school and work.

Level of Current Training

Technician Training

Kenworth of Jacksonville exceeds the minimum training standards set by Kenworth and PACCAR. We consistently qualify as a PremierCare Gold Dealership and have two Master Technicians on staff.

Service Advisor Training

Our current service advisors have just begun completing service training modules. To competently support our customers, we should have the best trained staff in our market. Comparing all positions in our dealership, this role has the highest customer touches on a daily basis, yet are the least formally trained on our products and services.

We will require completion of all Kenworth service and product online training modules. We are currently researching instructor lead sales and customer service training for the service advisors.

<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> - Customer Pay Gross Profit is 72% - 7 Labor Hours per R.O. - Effective labor rate of \$158.60 (Door Rate is \$160) - Fixed Absorption is 155% - Strong mix of technicians with availability to work on all makes. 	<p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> - Proactive communication with our customers - Training - Closing R.O.s after last punch - Internal R.O. Gross Profit 69.9% - 7 Labor Hours per R.O. - Facility Utilization – 33.26%
<p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> - New Facility <ul style="list-style-type: none"> o Very driver friendly o Hire and Retain Employees - Approach our local customers to ask for better mix of their service work. <ul style="list-style-type: none"> o 72% of R.O.s are repair work o High percentage of aftertreatment check engine light diagnosis - Service advisor sales training: <ul style="list-style-type: none"> o 56% of R.O.s are one item repairs o Communicate less than 20% goal of one item R.O.s to technicians 	<p style="text-align: center;">THREATS</p> <ul style="list-style-type: none"> - Consistently hiring technicians for both shifts - Attracting and training Qualified Service Advisors - Embracing New Technology <ul style="list-style-type: none"> o Service Management Tools o Truck Tech+ o Decisiv o Automation for repetitive data entry functions - Ongoing Parts Supply Chain Issues