



Service Department Analysis

Repair Order Analysis

Repair Order Analysis Summary Report						
	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	\$ 5,903	÷	64.20	=	91.95	FRH Average
Maintenance	\$ 11,155	÷	73.10	=	152.60	FRH Average
Repair	\$ 17,122	÷	110.00	=	155.65	FRH Average
Totals	\$ 34,180	÷	247.30	=	138.21	Customer ELR
			Target Labor Rate		134.92	Per FRH
Total Ro's in Sample	100		Difference		3.29	Per FRH
Cost of Labor						
Total Cost of Labor	9259.41	÷	Total Sales	=	27.09%	Percent Cost of Sales
Total Cost of Labor	9259.41	÷	Total FRHs	=	37.44	Cost per FRH
Repair Order Measurements						
Total Labor Sales	34,179.77	÷	Total ROs	=	341.80	Avg Labor per RO
Total FRHs	247.30	÷	Total ROs	=	2.47	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	64.20	÷	Total FRHs	=	25.96%	Percent Competitive
Maintenance FRHs	73.10	÷	Total FRHs	=	29.56%	Percent Maintenance
Repair FRH	110.00	÷	Total FRHs	=	44.48%	Percent Repair
One item ROs	35	÷	Total ROs	=	35.00%	Percent One Item RO
Model Year Analysis						
2023	2022	2021	2020	2019	2018	Older
0	4	5	5	8	12	66
0.00%	4.00%	5.00%	5.00%	8.00%	12.00%	66.00%

SWOT Analysis

STRENGTHS

- Work Ethic
- Team Morale
- Room for advancement
- Family Atmosphere
- Ability to sell and make money
- Great working environment
- Experienced Staff
- Easily accessible, high traffic location
- 2 Team Leads are great coaches for apprentices
- Large, loyal customer base
- Games and spiffs for sales are a morale booster for Technicians and Service Advisors

WEAKNESSES

- Service sales have outgrown space resulting in capacity constraints
- Dated building with small, cramped shop
- Tension amongst departments
- Outdated Equipment
- Tools and equipment are not organized for efficiency
- Communication between departments
- Apprentices would like more exposure to higher skilled jobs
- Productivity of apprentices is lower than target and time clocking is inaccurate resulting in inflated and inaccurate efficiency numbers

OPPORTUNITIES

- High Inflation and rising Interest Rates are swaying customers to repair and maintain their vehicle rather than trading for new
- Transfer work to sister dealerships to increase sales capacity
- As vehicles become more technical, less options for Aftermarket Repair Shops to compete on the complicated repairs

THREATS

- Elective Vehicles are coming quickly
 - We have not retrofitted the building to accommodate EV electrical and hoist requirements
 - Will drastically decrease maintenance items available to sell
- There are 11 other GM Dealerships in Edmonton - lots of competition
- Volume of vehicles being sold down considerably due to supply chain availability will impact future business
- Warranty labor dollars decreasing
- Aging Service Department relative to other competitors in the market area with new buildings and fancy lounges and reception areas
- Inability to attract new Technicians to the trade
- Parts Availability due to supply chain issues and worldwide shortages

Objectives / Strategies / Tactics

OBJECTIVES

- Increase ELR – breakeven ELR before the Parts Transfer is \$142.57 and ELR on RO Analysis is \$138.21

One Hour of Labour Calculation:

Current		YTD Hours ->	17079	Breakeven	Goal	
	\$ 2,320,914.00	ELR	\$ 121.24	\$ 142.57	\$ 155.00	
34%	\$ 778,681.00	Cost of Lbr	\$ 45.59	\$ 45.59	\$ 45.59	
66.45%	\$ 1,542,233.00	Gross	\$ 75.65	\$ 96.98	\$ 109.41	71%
107%	\$ 1,656,397.00	EXSP %	\$ 96.98	\$ 96.98	\$ 96.98	
-7%	\$ (114,164.00)	Net	-\$ 21.34	\$ -	\$ 12.42	
9%	\$ 140,469.00	Parts Transfer	\$ 8.22			
1.71%	\$ 26,305.00		-\$ 13.11	\$ -	\$ 12.42	11%

- Decrease one-line ROs from 35% to 25%
- Reorganize tools and equipment for improved efficiency
- Reorganize Shop to improve capacity
- Improve Apprentice labour time clocking to accurately measure productivity and efficiency
- Improve EV readiness

STRATEGIES & TACTICS

- Increase ELR to \$155 to allow for profit prior to Parts Transfer
 - Increase ELR on Maintenance Menu Items
 - Increase Door Rate from \$165 to \$169.99
 - Increase Fleet Pricing to min of \$10 off Door Rate
 - Conduct Missed Opportunities RO Analysis weekly to ensure pricing is accurate and discounting is not occurring
- Decrease one-line ROs from 35% to 25%
 - Service Manager to conduct weekly missed opportunities reports to check for neglected maintenance items not communicated to customer at time of Repair Order write-up
 - Service Manager to spot check daily Pre-Appointment Inspection sheets for accuracy to maintenance due
 - Shop Foreman to spot check vehicle inspections to ensure repair items are not being missed and inspection quality is up to standards expected.
- Reorganize Tools and Equipment to Improve Efficiency
 - Purchase storage cabinets to house fluid flush machines in a more convenient location in shop for Maintenance Techs

- Start tracking tool usage by adding them as part on the Repair Order to determine which Special Tools are active and which are idle. Move idle Special Tools to Sea can Storage Unit.
- Purchase sliding storage system for Active Special Tools to improve accessibility.
- Reorganize Shop to improve capacity
 - Rent 2 stalls in newly purchased Detail Centre. Move 2 Technicians / Detailers to new location to free up 2 hoists. This will make room to hire 2 more technicians and increase shop capacity to increase sales and throughput.
 - Move Apprentice Technicians' bays to maximize training and efficiency - first year and quick lube techs will be positioned by Team Leads to ensure quality of inspections and minimize one-line ROs, apprentices will be positioned close by.
 - Move Transmission Technicians together at end of shop to allow for all general and apprentice techs to be located together.
- Improve accuracy of Apprentice labour time clocking's to accurately measure Productivity and Efficiency
 - Shop Foreman to pull clocking report for prior day every morning at 8am and present to Apprentices reviewing gaps and excessive times per job.
 - Formalize inter-shop training by having Apprentices clock onto Journeyman ROs for training and exposure to high skilled jobs. to improve shop efficiency and increase throughput
- Improve EV Readiness

- Acquire quote for electrical retrofit required to bring 3 stage power to building and implement
- Purchase Hoist compatible with EV Trucks with 3 arms rather than 2 for correct support (dealership is already equipped to handle cars).

Action Plan

Task	By Whom	Completion Date
Increase Door Rate from 165 - 169.99	Service Manager	September 1, 2022
Increase Menu Pricing to maximize ELR	Service Manger	Aug 31, 2022
Conduct Missed Opportunities Report on closed ROs	Service Manager	Weekly
Spot Check Vehicle Inspections for Quality Control	Shop Foreman	Weekly
Spot check advisor appointment pre-checks for accuracy	Service Manager	Daily
Obtain pricing for Storage Cabinets and sliding Tool Storage Rack	Shop Foreman	Sept 30, 2022
Implement Tool usage tracking system on ROs	Service Manager / Parts Manager	Sept 30, 2022
Explore feasibility of renting 2 stalls at new Detail Centre	Service Manager / Detail Centre Manager	Dec 1, 2022

Move technicians in shop	Shop Foreman	Dec 31, 2022
Track Apprentice Daily Punch Times	Shop Foreman	Daily
Configure DMS to allow multi-tech clocking on ROs	Service Managers	Aug 31, 2022
Acquire Quote for 3 - Stage Electrical and	General Manager	Sept 30, 2022
Purchase EV Hoist	General Manager / Service Manager	Dec 31, 2022

Synopsis

The 100 RO Analysis indicated our CP Effective Labour Rate (ELR) is \$138.21, which, due to recent increase in expenses is below our current Breakeven ELR of \$142.57. We must increase menu pricing to maximize vs competitive analysis completed prior in the course and raise our door rate to improve this metric. One-line ROs are typically low paying competitive labour, which traditionally has the worst ELR - decreasing the number of one-line ROs will also have a positive impact on ELR. Service Manager must do weekly spot checks to ensure discounting is not occurring and maintenance due is being recommended to ensure this goal is achieved.

The most common weakness brought up on the SWOT survey was a lack of space and poor organization of tools and equipment in the Service Department. For employee satisfaction, it is imperative that we reorganize tools and equipment and better layout the stalls that techs are located in. Renting 2 additional bays in the upcoming Detail Center will also dramatically improve shop space and allow for these moves to occur. In effect, this will improve efficiency of work flow, increase capacity and throughput overall.

To better hold apprentices accountable for their time and increase capacity, apprentice technicians must be clocked on a RO at all times while at work - if they have no jobs coming up on their

number, they will see their Team lead who will either assign them a cleaning task and clock them onto a shop RO or assign them to work alongside a Journeyman. This will improve the accuracy of efficiency reports to better understand where coaching is needed – whether it be training or time management. Apprentices will also gain more exposure earlier on higher skilled jobs by working along a Journeyman, which was a weakness outlined in the SWOT Survey as well.

With electric vehicles becoming more prominent, we need to equip the building to accommodate EV electrical & hoist requirements so we are prepared ready for EV debut.