

SERVICE DEPARTMENT ANALYSIS FOR ANNAPOLIS SUBARU TONIA THOMSEN N409-14

My analysis of the Annapolis Subaru Service Department is based on our January 2023 performance. I will discuss our current practices, goals for improvement, plans to achieve these goals and evaluate intended improvements. My goal is to bring some ideas to light that may improve productivity and profitability.

MARKETING

We currently use our OEM platform called Care Connect to market to our customers. Care Connect generates digital offers, direct mail and generates coupons by way of monitoring our clients' service history, while monitoring for additional opportunities. We also advertise service specials on our dealership website. We use Facebook, which captures potential client information. We are also very active within the community and with local charities.

My goal for improvement is to bring some of the marketing to a more personal level instead of just a corporate feeling level.

Hiring a BDC coordinator for the service department to personally reach out to customers to remind them of upcoming services, instead of simply getting mail to remind them, will give them that more personal feeling. I will also suggest customer appreciation events and clinics.

We can evaluate what is implemented by monitoring our customer base, review how many first time customers we service weekly, and monitoring any growth.

COST OF LABOR

| Category | Sales | Gross | Gross as % of Sales | %Sales Contribution |
|--------------------|-------------------|-------------------|---------------------|---------------------|
| Customer Car | \$ 221,691 | \$ 160,692 | 72.48% | 75.71% |
| Customer Truck | | | 0% | 0% |
| Customer Other | | | 0% | 0% |
| Warranty | \$ 32,119 | \$ 25,025 | 77.91% | 10.97% |
| Warranty Other | \$ 12,296 | \$ 7,915 | 64.37% | 4.20% |
| Internal | \$ 26,705 | \$ 20,756 | 77.72% | 9.12% |
| NVI / Road Ready | | | 0% | 0% |
| Adj. Cost Of Labor | | \$ (122) | 0% | 0.00% |
| Total | \$ 292,811 | \$ 214,266 | 73.18% | 100.00% |

The total cost of labor sales is \$78545, which is 26% of sales. This percentage is not too high, but would like to get it to 24% or below. I would like to see gross profit for customer pay to be at 76%.

Techs are paid flat rate and we are on a team system. I don't believe there needs to be change at this time.

I plan to increase the current labor rates by having the service department complete a competitive market survey to be in line with the current market. The Service Manager needs to monitor discounting daily. If the customer does not supply a coupon, only the Service Manager will be able to authorize a discount to the customer. We need to review the scheduling due to the slight imbalance of the work mix.

This can be evaluated by completing this analysis weekly to monitor improvements.

EXPENSE

| Expense Category | Dollar Amount | % of Gross | Profile |
|---------------------|---------------|------------|---------|
| Department Gross | \$ 214,388 | | |
| Variable Expense | | 0.00% | |
| Selling Expense | | 0.00% | |
| Personnel Expense | \$ 105,666 | 49.29% | 45-50 |
| Semi-Fixed Expense | \$ 44,218 | 20.63% | 25-30 |
| Fixed Expense | \$ 42,319 | 19.74% | 25-30 |
| Unallocated Expense | | 0.00% | |
| Dealer's Salary | | 0.00% | |
| Total Expenses | \$ 192,203 | 89.65% | |
| Net Profit | \$ 22,185 | 10.35% | |

We monitor our expenses closely, and they are in line in relation to the profile, but could use some review.

We are selling all available hours, yet our absorption is at 58%, which needs improvement.

I would like to have shop supplies monitored closely, and kept solely in the parts department. We should shop our outside vendors for better pricing, and evaluate outside services that may no longer be needed, but still paying for. Employees should be monitored to be sure they are not wasting time on the clock, or getting unnecessary overtime.

PRODUCTIVITY

| NADA ACTUAL SERVICE ANALYSIS | | | | | |
|--|----------------------------------|---|----------------------|---|-----------------------|
| Performance | | | | | |
| | Labor Sales / Month | | Hourly Labor Rate | = | Hours Billed |
| Customer Car* | \$ 221,691 | ÷ | 148.00 | = | 1497.9 |
| Customer Truck* | | ÷ | | = | 0.00 |
| Customer Other* | | ÷ | | = | 0.00 |
| Warranty | \$ 32,119 | ÷ | 130.91 | = | 245.4 |
| Internal | \$ 26,705 | ÷ | 148.00 | = | 180.4 |
| New Vehicle Prep | | ÷ | | = | 0.00 |
| Total | \$ 280,515 | | | | 1923.7 |
| POTENTIAL | | | | | |
| | \$ 280,515 | ÷ | 1923.70 | = | \$ 145.82 |
| | Total labor sales for month | | Total hours billed | | Effective Labor Rate |
| | 10.00 | x | 8 | x | 24 |
| | # Service mechanical technicians | | # Hours/Day | | Working Days/Month |
| | | | | = | 1,920.0 |
| | | | | | Clock Hour Avail |
| | 1,920.0 | x | \$ 145.82 | = | \$ 279,975 |
| | Clock Hours Available | | Effective Labor Rate | | Labor sales potential |
| How proficient are your technicians ? | | | | | |
| | 1,923.7 | ÷ | 1,920.00 | = | 100.19% |
| | Hours Billed | | Hours Available | | Tech Proficiency |
| Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis | | | | | |

Currently at 100.19% proficiency, I would like to see that at a minimum of 125% in the main shop.

Currently with only 10 technicians, we are short by 6. The goal is to improve Tech Proficiency by hiring more technicians, improving on the current technicians and improving working conditions.

Current technicians will continue to receive factory training along with additional one-on-one training by the shop manager. Techs will be given individual goals and proficiency levels monitored. The shop will be assessed by management for any improvements to help the techs proficiency.

There will be 30 day reviews with technicians individually, or as a team.

FACILITY

| FACILITY POTENTIAL | |
|---------------------------|-------------------|
| Number of Bays | 16 |
| | x |
| Number of Days | 24 |
| | x |
| Number of Hours | 8 |
| | x |
| Effective Labor Rate | 145.82 |
| FACILITY POTENTIAL | \$ 447,959 |

| FACILITY UTILIZATION | |
|-----------------------------|---------------|
| Total Labor Sales | \$ 280,515 |
| | ÷ |
| Facility Potential | \$ 447,959 |
| | <i>equals</i> |
| FACILITY UTILIZATION | 62.62% |

The facility utilization will need to be improved upon, with a goal of above 75%.

We will have to improve sales by reducing the number of one item repair orders and taking the time to offer additional services and menu items at the time of service. Advisors should be properly trained and even potentially incentivized to reduce their number of one item repair orders.

An MPI should be performed on every vehicle to increase the potential to sell additional services.

A repair order analysis will be completed monthly to monitor the reduction of one item repair orders.

Repair Order Analysis

| Dealership | | | | Competitive Labor | | Maintenance Labor | | Repair Labor | | Total Cost of Labor | One Item Repair Order |
|------------------------|------|---------|---------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|----------------------------|------------------------------|
| RO Number | Year | Model | Mileage | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | | |
| 318503 | 2019 | FOREST | 54,801 | 79.95 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.00 | 1 |
| 318504 | 2016 | FOREST | 82,033 | | 0.00 | 286.90 | 2.10 | 0.00 | 0.00 | 58.80 | 1 |
| 318506 | 2019 | ASCENT | 40,880 | | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 34.10 | 1 |
| 318507 | 2018 | FOREST | 63,988 | 721.95 | 5.50 | 0.00 | 0.00 | 79.95 | 1.00 | 195.00 | |
| 318508 | 2019 | OUTBAC | 16,091 | 59.95 | 1.00 | 146.95 | 1.10 | 0.00 | 0.00 | 56.70 | |
| 318509 | 2022 | OUTBAC | 13,075 | | 0.00 | 328.00 | 2.50 | 0.00 | 0.00 | 75.00 | 1 |
| 318513 | 2015 | LEGACY | 102,294 | 296.00 | 2.00 | 149.95 | 1.10 | 29.60 | 0.20 | 52.80 | 0 |
| 318514 | 2019 | OUTBAC | 46,891 | | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318515 | 2017 | OUTBAC | 112,607 | 956.90 | 7.00 | 146.95 | 1.10 | 74.00 | 0.50 | 240.80 | 0 |
| 318518 | 2017 | OUTBAC | 79,266 | 680.00 | 5.00 | 0.00 | 0.00 | 148.00 | 1.00 | 180.00 | 0 |
| 318519 | 2013 | IMPREZ | 51,346 | | 0.00 | 146.95 | 1.10 | 645.95 | 5.50 | 145.20 | 0 |
| 318520 | 2017 | FOREST | 62,052 | 159.90 | 2.50 | 146.95 | 1.10 | 0.00 | 0.00 | 97.20 | 0 |
| 318522 | 2015 | FOREST | 55,022 | 340.00 | 2.50 | 146.95 | 1.10 | 148.00 | 1.00 | 142.60 | 0 |
| 318523 | 2020 | ASCENT | 46,401 | | 0.00 | 148.00 | 1.00 | 0.00 | 0.00 | 16.00 | 1 |
| 318525 | 2018 | OUTBAC | 76,321 | | 0.00 | 291.90 | 2.10 | 0.00 | 0.00 | 58.80 | 0 |
| 318526 | 2019 | CROSS | 62,631 | | 0.00 | 146.95 | 1.10 | 59.20 | 0.20 | 20.80 | 0 |
| 318527 | 2015 | CROSS | 149,469 | | 0.00 | 0.00 | 0.00 | 888.00 | 6.00 | 180.00 | 1 |
| 318528 | 2014 | FOREST | 186,624 | | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318529 | 2018 | CROSS | 38,037 | 35.45 | 0.30 | 0.00 | 0.00 | 45.00 | 0.00 | 5.40 | |
| 318533 | 2018 | IMPREZ | 31,377 | 129.95 | 1.50 | 0.00 | 0.00 | 74.00 | 0.50 | 60.00 | 1 |
| 318535 | 2010 | LEGACY | 251,007 | | 0.00 | 0.00 | 0.00 | 370.00 | 2.50 | 50.00 | 0 |
| 318534 | 2018 | FOREST | 55,543 | | 0.00 | 638.90 | 4.60 | 0.00 | 0.00 | 101.20 | 0 |
| 318536 | 2011 | OUTBAC | 84,062 | | 0.00 | 446.95 | 3.10 | 0.00 | 0.00 | 93.00 | 0 |
| 318537 | 2013 | LEGACY | 50,994 | | 0.00 | 354.90 | 2.10 | 0.00 | 0.00 | 65.10 | 0 |
| 318538 | 2016 | IMPREZ | 101,548 | 620.00 | 2.50 | 498.85 | 3.10 | 444.00 | 3.00 | 240.80 | |
| 318540 | 2021 | CROSS | 32,917 | | 0.00 | 434.15 | 3.30 | 0.00 | 0.00 | 75.90 | 1 |
| 318541 | 2018 | OUTBAC | 99,272 | 129.95 | 1.50 | 448.00 | 3.50 | 79.95 | 1.00 | 138.00 | 0 |
| 318543 | 2016 | IMPREZ | 83,627 | 340.00 | 2.50 | 146.95 | 1.10 | 0.00 | 0.00 | 100.80 | 0 |
| 318545 | 2020 | FOREST | 36,311 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 22.00 | 1 |
| 318546 | 2012 | IMPREZ | 127,946 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318547 | 2019 | OUTBAC | 106,095 | 0.00 | 0.00 | 0.00 | 0.00 | 74.00 | 0.50 | 15.00 | 1 |
| 318548 | 2015 | OUTBAC | 47,623 | 447.00 | 3.50 | 328.00 | 2.50 | 0.00 | 0.00 | 180.00 | 0 |
| 318549 | 2018 | FOREST | 33,994 | 0.00 | 0.00 | 434.15 | 3.30 | 0.00 | 0.00 | 89.10 | 1 |
| 318550 | 2017 | FOREST | 102,821 | 0.00 | 0.00 | 146.95 | 1.10 | 42.45 | 0.30 | 42.00 | 0 |
| 318554 | 2014 | CROSS | 95,197 | 491.95 | 3.50 | 146.95 | 1.10 | 0.00 | 0.00 | 101.20 | 0 |
| 318555 | 2017 | ASCENT | 136,451 | 0.00 | 0.00 | 146.95 | 1.10 | 888.00 | 6.00 | 198.80 | 0 |
| 318557 | 2017 | OUTBAC | 55,359 | 350.00 | 2.50 | 146.95 | 1.10 | 0.00 | 0.00 | 100.80 | 0 |
| 318561 | 2019 | OUTBAC | 28,807 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 29.70 | 1 |
| 318567 | 2020 | CROSS | 57,874 | 0.00 | 0.00 | 0.00 | 0.00 | 74.95 | 0.50 | 15.00 | 1 |
| 318571 | 2020 | FOREST | 42,687 | 0.00 | 0.00 | 434.15 | 3.30 | 0.00 | 0.00 | 99.00 | 1 |
| 317573 | 2014 | CROSS | 65,846 | 0.00 | 0.00 | 131.45 | 1.10 | 0.00 | 0.00 | 22.00 | 1 |
| 318575 | 2018 | OUTBAC | 86,583 | 189.90 | 2.50 | 786.90 | 5.60 | 0.00 | 0.00 | 178.20 | 0 |
| 318577 | 2011 | OUTBAC | 211,173 | 0.00 | 0.00 | 291.90 | 2.10 | 82.40 | 1.30 | 95.20 | 0 |
| 318579 | 2015 | OUTBAC | 151,865 | 129.95 | 1.50 | 151.95 | 1.00 | 0.00 | 0.00 | 57.50 | 0 |
| 318581 | 2020 | FOREST | 51,124 | 0.00 | 0.00 | 586.00 | 4.50 | 0.00 | 0.00 | 121.50 | 1 |
| 318588 | 2011 | OUTBAC | 2,011 | 0.00 | 0.00 | 0.00 | 0.00 | 222.00 | 1.50 | 46.50 | 1 |
| 318589 | 2017 | OUTBAC | 55201 | 0.00 | 0.00 | 0.00 | 0.00 | 74.00 | 50.00 | 1,500.00 | 1 |
| 318591 | 2015 | FOREST | 56915 | 0.00 | 0.00 | 1,077.95 | 8.00 | 666.00 | 4.50 | 287.50 | 0 |
| 318599 | 2011 | TRIBECA | 69536 | 0.00 | 0.00 | 348.90 | 4.60 | 0.00 | 0.00 | 128.80 | 0 |
| 318605 | 2004 | LEGACY | 154946 | 12.95 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 8.10 | 1 |
| ROs 1-50 Totals | | | | 6,171.75 | 48.60 | 11,096.00 | 83.20 | 5,209.45 | 87.00 | 5,910.50 | 22 |
| Date of Study: | | | | C Labor | | M Labor | | R Labor | | Total Cost of Labor | One Item Repair Order |
| Study Compiled by | | | | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | | |

Repair Order Analysis

| Dealership | | | | Competitive Labor | | Maintenance Labor | | Repair Labor | | Total Cost of Labor | One Item Repair Order |
|---------------------------|------|---------|---------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|----------------------------|------------------------------|
| RO Number | Year | Model | Mileage | Labor Sales | Flat Rate Hours | Labor Sales | Rate Hours | Labor Sales | Flat Rate Hours | | |
| 318606 | 2019 | ASCENT | 56,964 | 546.90 | 4.30 | 0.00 | 0.00 | 0.00 | 0.00 | 68.80 | 0 |
| 318608 | 2017 | FORESTE | 45,250 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 22.00 | 1 |
| 318612 | 2019 | FORESTE | 11,057 | 0.00 | 0.00 | 216.95 | 1.60 | 148.00 | 1.00 | 78.00 | 0 |
| 318617 | 2022 | ASCENT | 7,463 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 29.70 | 1 |
| 318625 | 2018 | FORESTE | 121,794 | 189.90 | 2.50 | 583.00 | 4.50 | 444.00 | 3.00 | 270.00 | 0 |
| 318629 | 2009 | OUTBACK | 120,412 | 425.95 | 3.50 | 298.90 | 2.10 | 651.95 | 5.00 | 243.80 | 0 |
| 318630 | 2020 | ASCENT | 71,808 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 29.70 | 1 |
| 318631 | 2014 | LEGACY | 134,670 | 129.95 | 1.50 | 146.95 | 1.10 | 814.00 | 5.50 | 186.30 | 0 |
| 318640 | 2015 | FORESTE | 104,158 | 0.00 | 0.00 | 146.95 | 1.10 | 222.00 | 1.50 | 78.00 | 0 |
| 318643 | 2019 | IMPREZA | 63,707 | 209.90 | 2.50 | 0.00 | 0.00 | 0.00 | 0.00 | 45.00 | 0 |
| 318644 | 2021 | WRX | 14,061 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 30.80 | 1 |
| 318646 | 2015 | FORESTE | 140,693 | 209.90 | 2.50 | 298.90 | 2.10 | 340.40 | 2.30 | 213.90 | 0 |
| 318648 | 2015 | OUTBACK | 169,114 | 0.00 | 0.00 | 146.95 | 1.10 | 809.70 | 6.00 | 142.00 | 0 |
| 318649 | 2012 | OUTBACK | 130,232 | 529.90 | 5.00 | 298.90 | 2.10 | 0.00 | 0.00 | 191.70 | 0 |
| 318650 | 2015 | OUTBACK | 82,055 | 194.35 | 2.00 | 146.95 | 1.10 | 0.00 | 0.00 | 49.60 | 0 |
| 318653 | 2018 | FORESTE | 49,931 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 30.80 | 1 |
| 318654 | 2013 | OUTBACK | 188,621 | 0.00 | 0.00 | 0.00 | 0.00 | 148.00 | 1.00 | 30.00 | 1 |
| 318656 | 2018 | IMPREZA | 47,423 | 199.90 | 2.50 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 0 |
| 318659 | 2018 | LEGACY | 66,700 | 103.60 | 0.70 | 431.85 | 3.10 | 0.00 | 0.00 | 76.00 | 0 |
| 318660 | 2013 | OUTBACK | 129,263 | 129.95 | 1.50 | 0.00 | 0.00 | 888.00 | 6.00 | 232.50 | 0 |
| 318663 | 2018 | CROSSTR | 69,416 | 0.00 | 0.00 | 0.00 | 0.00 | 74.00 | 0.50 | 15.50 | 1 |
| 318667 | 2020 | OUTBACK | 25,392 | 189.90 | 2.50 | 148.00 | 1.00 | 0.00 | 0.00 | 80.50 | 0 |
| 318668 | 2018 | OUTBACK | 53,170 | 129.95 | 1.50 | 0.00 | 0.00 | 792.00 | 5.50 | 189.00 | 0 |
| 318672 | 2022 | FORESTE | 7,305 | 0.00 | 0.00 | 146.95 | 1.00 | 0.00 | 0.00 | 30.00 | 1 |
| 318673 | 2020 | OUTBACK | 30,101 | 0.00 | 0.00 | 434.15 | 3.30 | 0.00 | 0.00 | 72.60 | 1 |
| 318674 | 2007 | OUTBACK | 92,984 | 0.00 | 0.00 | 298.90 | 2.10 | 0.00 | 0.00 | 37.80 | 0 |
| 318675 | 2017 | OUTBACK | 93,916 | 296.00 | 2.00 | 146.95 | 1.00 | 0.00 | 0.00 | 48.00 | 0 |
| 318677 | 2021 | CROSSTR | 10,737 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 30.80 | 1 |
| 318686 | 2020 | OUTBACK | 72,385 | 529.90 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 115.00 | 0 |
| 318687 | 2020 | IMPREZA | 39,392 | 281.90 | 2.50 | 146.95 | 1.10 | 0.00 | 0.00 | 111.60 | 0 |
| 318688 | 2009 | FORESTE | 129,292 | 0.00 | 0.00 | 0.00 | 0.00 | 888.00 | 6.00 | 138.00 | 1 |
| 318689 | 2018 | CROSSTR | 18,253 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 33.00 | 1 |
| 318692 | 2016 | LEGACY | 103,359 | 529.90 | 5.00 | 328.00 | 2.50 | 0.00 | 0.00 | 165.00 | 0 |
| 318693 | 2020 | FORESTE | 30,892 | 189.90 | 2.50 | 148.00 | 1.00 | 0.00 | 0.00 | 80.50 | 0 |
| 318697 | 2013 | OUTBACK | 130,817 | 0.00 | 0.00 | 146.95 | 1.10 | 405.00 | 3.00 | 65.60 | 0 |
| 318698 | 2016 | FORESTE | 173,809 | 0.00 | 0.00 | 276.90 | 2.00 | 0.00 | 0.00 | 56.00 | 0 |
| 318699 | 2015 | FORESTE | 80,923 | 298.00 | 2.00 | 146.95 | 1.10 | 888.00 | 6.00 | 273.00 | 0 |
| 318801 | 2017 | OUTBACK | 21,799 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318802 | 2018 | IMPREZA | 35,722 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 33.00 | 1 |
| 318803 | 2019 | OUTBACK | 56,816 | 447.95 | 3.00 | 139.95 | 1.00 | 0.00 | 0.00 | 120.00 | 0 |
| 318805 | 2008 | LEGACY | 97,049 | 278.10 | 2.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 1 |
| 318806 | 2015 | LEGACY | 38,564 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318807 | 2020 | OUTBACK | 19,050 | 35.45 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 9.00 | 1 |
| 318819 | 2014 | CROSSTR | 68,930 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 22.00 | 1 |
| 318821 | 2020 | OUTBACK | 29,527 | 207.35 | 1.70 | 144.95 | 1.00 | 0.00 | 0.00 | 81.00 | 0 |
| 318822 | 2014 | CROSSTR | 61,600 | 35.45 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 9.00 | 1 |
| 318823 | 2015 | FORESTE | 53,028 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 25.30 | 1 |
| 318825 | 2016 | IMPREZA | 67,700 | 0.00 | 0.00 | 476.00 | 3.50 | 29.60 | 0.20 | 114.70 | 0 |
| 318826 | 2017 | IMPREZA | 103,006 | 0.00 | 0.00 | 146.95 | 1.10 | 0.00 | 0.00 | 24.20 | 1 |
| 318827 | 2018 | FORESTE | 54,381 | 189.90 | 2.50 | 146.95 | 1.10 | 0.00 | 0.00 | 97.20 | 0 |
| RO's 51-100 Totals | | | | 6,509.85 | 61.30 | 7,903.20 | 58.00 | 7,542.65 | 52.50 | 4,274.30 | 21 |
| Date of Study: | | | | C Labor | | M Labor | | R Labor | | Total Cost of Labor | One Item Repair Order |
| Study Compiled by: | | | | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | Labor Sales | Flat Rate Hours | | |

Repair Order Analysis Summary Report

| | Sales in Dollars | FRH's on RO's | Averages | Analysis |
|----------------------|------------------|---------------|----------|----------------|
| Competitive | \$ 12,682 | ÷ 109.90 | = 115.39 | FRH Average |
| Maintenance | \$ 18,999 | ÷ 141.20 | = 134.56 | FRH Average |
| Repair | \$ 12,752 | ÷ 139.50 | = 91.41 | FRH Average |
| Totals | \$ 44,433 | ÷ 390.60 | = 113.76 | Customer ELR |
| Target Labor Rate | | | 132.91 | Per FRH |
| Total Ro's in Sample | 100 | Difference | | -19.15 Per FRH |

Cost of Labor

| | | | | |
|---------------------|----------|---------------|----------|-----------------------|
| Total Cost of Labor | 10184.80 | ÷ Total Sales | = 22.92% | Percent Cost of Sales |
| Total Cost of Labor | 10184.80 | ÷ Total FRHs | = 26.07 | Cost per FRH |

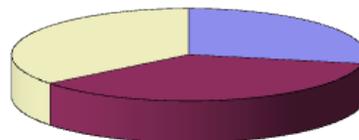
Repair Order Measurements

| | | | | |
|-------------------|-----------|--------------|----------|---------------------|
| Total Labor Sales | 44,432.90 | ÷ Total ROs | = 444.33 | Avg Labor per RO |
| Total FRHs | 390.60 | ÷ Total ROs | = 3.91 | Avg FRH's per RO |
| Menu Sales | | ÷ Total ROs | = | Percent Menu Sales |
| Competitive FRHs | 109.90 | ÷ Total FRHs | = 28.14% | Percent Competitive |
| Maintenance FRHs | 141.20 | ÷ Total FRHs | = 36.15% | Percent Maintenance |
| Repair FRH | 139.50 | ÷ Total FRHs | = 35.71% | Percent Repair |
| One item ROs | 43 | ÷ Total ROs | = 43.00% | Percent One Item RO |

Model Year Analysis

| 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | Older | Total |
|-------|-------|-------|-------|--------|--------|--------|-------|
| 0 | 0 | 3 | 3 | 13 | 11 | 70 | 100 |
| 0.00% | 0.00% | 3.00% | 3.00% | 13.00% | 11.00% | 70.00% | |

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair

- Percentage of one item repair orders 43% - need to be between 10-15%
- Target labor rate should be no lower than 133.20, which is 10%
- In review of these 100 repair orders, 68 had discounts applied

Service Department Analysis for Annapolis Subaru

STRENGTHS

1. Good Teamwork
2. Efficient
3. Well Managed
4. A lot of available work
5. Eager staff
6. Growing area with new development
7. New service lane to accommodate more clients

Weaknesses

1. Lack of techs
2. Lack of trained techs
3. Communication
4. Pay Scale
5. Saturday Operation
6. Senior techs
7. Training

Opportunities

1. Growing area with new development
2. Possibility of future opportunities within the company
3. Dealership growth
4. Gain of knowledge

THREATS

1. Competition
2. Losing Veteran Staff
3. Job Loss
4. Tech Quality
5. Work flow slowing down

OBJECTIVES

1. Reduce one item repair orders to allow more hours for techs
2. Improve technician productivity and efficiency
3. Improve training for all technicians on various models
4. Increase the number of repair orders
5. Improve proper dispatching of jobs

STRATEGIES

1. Offer additional services and menu items to customers
2. Increase the amount of Multipoint inspections to create opportunity
3. Increase facility utilization
4. Evaluate each technicians skillset
5. Set guidelines regarding discounting

TACTICS

1. Train advisors and create a process to present menu items to customers.
2. Incentivize the technicians for completing an MPI 100% of the time.
3. Evaluate shop and shop equipment conditions. Make necessary repairs and replacements to make the shop an efficient environment.
4. Require Subaru and other make training for techs.
5. The Service Manager should be the only person in service allowed to authorize non coupon discounts.
6. Improve upon the service drive for better customer experience and flow.
7. New BDC coordinator will be helpful with the scheduling mix.
8. Shop Manager will evaluate and schedule necessary training for techs and apprentice techs.

ACTION PLAN

| TASK | ROLE | COMPLETION DATE |
|----------------------------|-------------|-----------------------|
| Implement menu process | Service Mgr | April 1 st |
| Create Tech MPI Bonus | Service Mgr | April 1 st |
| Evaluate shop/equipment | GM/Svc Mgr | April 1 st |
| Tech Training | Shop Mgr | April 1 st |
| Monitor Discounting | Service Mgr | Daily |
| Service Drive Construction | GM/VP | |
| Hire/training BDC | Service Mgr | Immediately |
| Competitive Mkt Survey | Svc Mgr/BDC | Immediately |
| Labor Rate Increase | Service Mgr | April 1st |

SYNOPSIS

I believe the high percentage of one item repair orders and discounting has had a deep effect on gross profit and fixed absorption. Correcting and monitoring this will increase the hours available for the techs, who have shown some concern, and benefit the morale of both the advisors and the technicians.

The door and internal labor rate has not been increased for years. A competitive survey is long overdue and should be done immediately. The sooner the labor rate is increased, we will be able to see the percentage of cost of labor sales decrease.

Creating a process for menu and additional item sales will generate profit for not only sales, but the parts department as well. Publishing services along with various parts displays within the customer's sight will be beneficial.

With a BDC Coordinator hired and trained to our standards, the advisors can focus on the customer, upselling services and properly dispatching to the technicians.

I believe incentivizing the service staff for setting appointments, upselling, multipoint inspections 100% of the time and having a high FRFT percentage will encourage growth.

Our current technicians are eager to learn and in fear due to Veteran techs leaving. The shop manager will be responsible for keeping his techs and apprentices updated on all the latest technology.

With the implementation of Express Service in our dealership and the renovation of our service drive, the customers will find our operation more attractive, convenient, and allow us better retention and bring in new clients.

