

Service Department Analysis

Audi of Mississauga – Jonathan Breton (Class N331)

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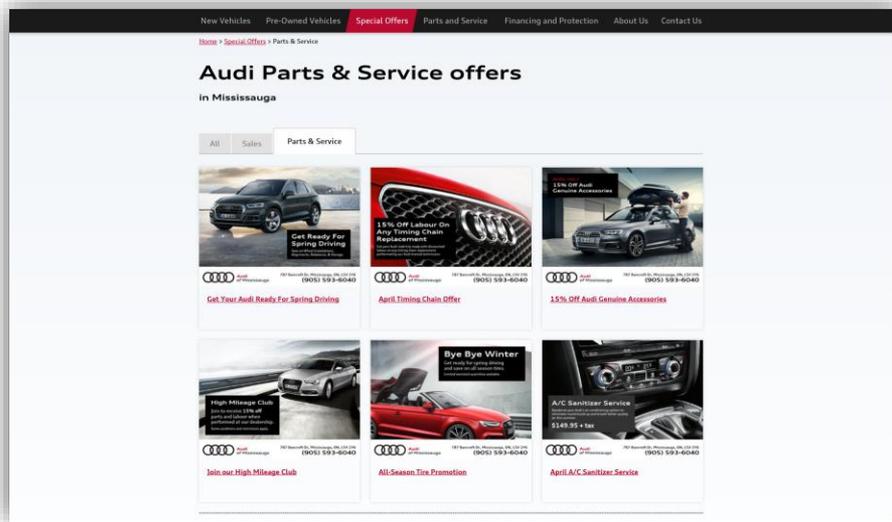
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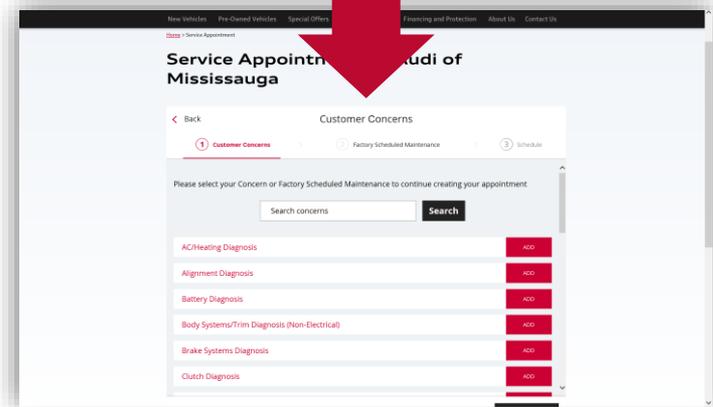
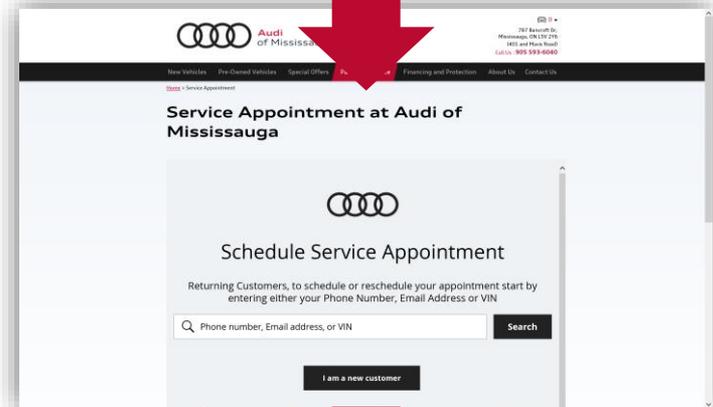
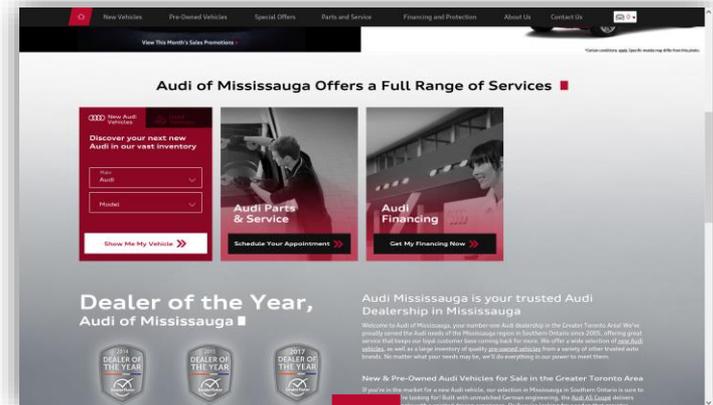
Advertising

Advertising Website Presence

- Specials and Promotions
 - Offers focused on seasonal opportunity (i.e. A/C Sanitizer Service) or non-menu maintenances/services
 - Included on Facebook/Instagram/Twitter
 - Online Service appointment booking
 - Opportunity to promote “Why Service here” value; highlight team experience and training



Monthly and seasonal specials on website and social media



Easy online Service appointment scheduling

Advertising Campaign Examples

Audi of Mississauga
787 Bancroft Dr, Mississauga, ON L5V 2Y6

Audi Brampton
25 Coachworks Crescent, Brampton, ON L6R 3Y2



15th February, 2018

Leo Pharma Inc.
123 Commerce Valley Re E 5te
Thornhill, ON
L3T 7W8

Your Audi is due for a brake fluid flush.

Put safety first. Book an appointment today.

Dear Leo Pharma Inc.,

Whether you're running a few local errands or embarking on a major commute, if there's one thing that's essential to your safety on the road, it's your brakes. With this in mind, we wanted to remind you that your Audi is now due for a brake fluid flush.

Replacing your brake fluid is essential.

Brake fluid is an essential component of your Audi's braking system to function properly. To operate effectively, this fluid needs to maintain a regulated temperature. However, over time it absorbs moisture from the atmosphere, which reduce its boiling point and compromise its performance. This, in turn, could lead to longer stopping distances, or prevent the brakes from working properly.

When you change your brake fluid, the impurities are removed, allowing it to maintain the correct temperature so that your brakes can work efficiently. For safe operation of your Audi, we recommend a brake fluid flush every two years, regardless of mileage.

Get a comprehensive check of your brakes.

During your visit, our technicians will also carry out a comprehensive check of your brake pads and discs, and make recommendations for replacements using Genuine Audi Parts.

In the interest of your safety and that of others, please take a moment to schedule an appointment at a time that's convenient for you. We keep flexible hours to meet your needs.

Sincerely,

Annie Soldano
Service Appointment Coordinator
T: (905) 593-6040
E: service@audimississauga.com
W: www.audimississauga.com

Eva Gruszka
Service Appointment Coordinator
T: (905) 487-2834
E: service@audibrampton.com
W: www.audibrampton.com



Mailer example

Important Audi Care Information. Can't read this? [View as webpage.](#)



Audi of Mississauga

Audi Care – It's the easiest way to care for your vehicle. Order it now for premium maintenance at great value.



Get Audi Care from just \$945.00

Hi [firstname, fallback=friend],

You have 2 years or 30,000 km from your vehicle's warranty start date to take advantage of Audi Care. We are contacting you in advance to give you some time to schedule a visit to the dealership at your own convenience before the year passes. With time ticking away, we don't want you to miss out on all the benefits it has to offer.

Superb care. Added convenience. Exceptional value.

When you purchase Audi Care, you'll enjoy the peace of mind that comes with knowing your regularly scheduled maintenance service fees are covered.

Driving a 2017 model or newer? Your Audi Care plan will cover all manufacturer-required regularly scheduled maintenance services at 30,000 km, 45,000 km, 60,000 km and 75,000 km, or six years from your vehicle's original in-service date – whichever comes first.

Driving a 2016 model? Your plan will cover all manufacturer-required regularly scheduled maintenance services at 25,000 km, 40,000 km and 70,000 km, or six years from your vehicle's original in-service date – whichever comes first.

You didn't compromise on your car. Don't compromise on service.

Make your regularly scheduled maintenance services more cost-effective and hassle-free with Audi Care. To order your Audi Care plan, contact us at **(905) 593-6040** or apatel@audimississauga.com. Your plan is waiting!

We wish you continued enjoyment on the road.

AnRt Patel
Financial Services Manager
Audi of Mississauga



Audi of Mississauga
787 Bancroft Dr,
Mississauga,
ON L5V 2Y6
Phone: (905) 593-6040
Website: audimississauga.com

Email Us



Audi Brampton
25 Coachworks Crescent,
Brampton,
ON L6R 3Y2
Phone: (905) 487-2413
Website: audibrampton.com

Email Us



E-mail example

IMPORTANT: Please call to book your service. Can't read this? [View as webpage.](#)



Audi of Mississauga



Audi Brampton

Your next scheduled maintenance is due. For optimal performance, book your appointment with Audi today.



Audi service - for the love of your Audi

Hi [firstname, fallback=friend],

It looks like your Audi is due for a scheduled maintenance. We'd hate to see your vehicle's great performance interrupted unnecessarily and we're sure you feel the same, so contact us to book your service soon.

Why bring your Audi to us?

Because no one knows your Audi like we do. Delivering a level of Audi expertise you simply won't find outside of an Audi dealer, our trained technicians have access to the tools, equipment and Genuine Audi Parts required to maintain your vehicle's safety and reliability, and keep it running like new for years to come.

What to expect from your service?

You can expect a comprehensive vehicle inspection. Brakes, engine oil, cooling system, fluid levels – these are just a few of the items we examine during every scheduled maintenance. Need alternate transportation while your car is in our care? You can expect that, too. Just ask ahead.

A simple service makes a big difference.

To schedule your service contact either of our convenient locations with your preferred date and time. We keep flexible hours to meet your needs.

We look forward to seeing you soon!

Annie Soldano
Service Appointment Coordinator
Audi of Mississauga



Audi of Mississauga
787 Bancroft Dr,
Mississauga,
ON L5V 2Y6
Phone: (905) 593-6040
Email: service@audimississauga.com
Website: audimississauga.com

Book your Appointment

Eva Gruszka
Service Appointment Coordinator
Audi Brampton



Audi Brampton
25 Coachworks Crescent,
Brampton,
ON L6R 3Y2
Phone: (905) 487-2834
Email: service@audibrampton.com
Website: audibrampton.com

Book your Appointment

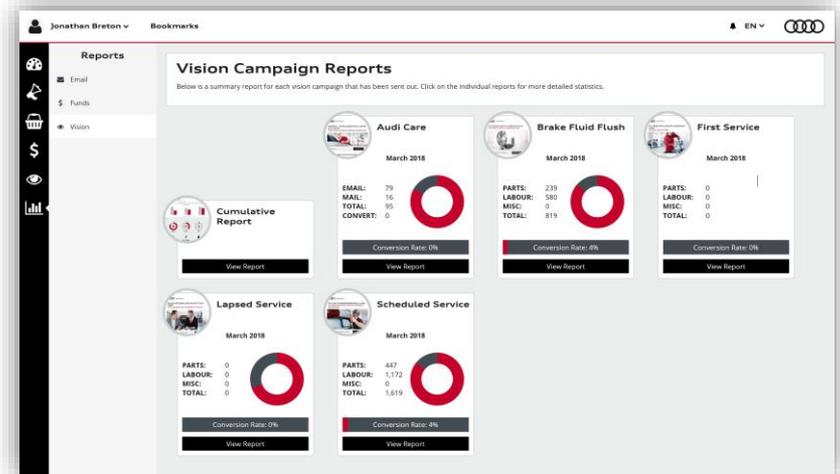


E-mail example

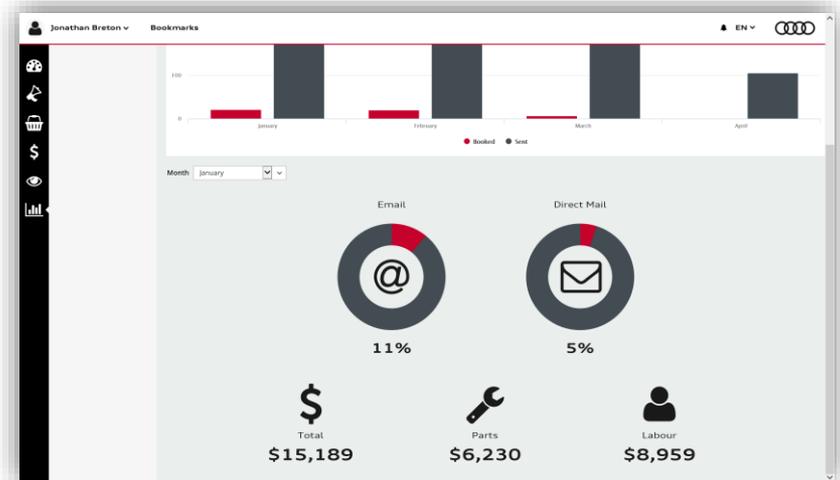
Advertising

Measuring Success

- Sales attributed to a VIN/customer are matched back against campaigns to measure results
- Volumes sent by e-mail/mail are measured against sales for a conversion rate
- January 2018 campaign (first campaign activation) resulted in \$15,189 in total sales (\$6,230 Parts and \$8,959 Labour)
- January 2018 campaign expense of \$3,052.40
 - \$2,250 monthly fee
 - \$800 data set-up process (4 campaigns x \$200 per campaign)
 - \$2.40 for e-mail deployment (\$0.01 per e-mail sent)
- **498% ROI generated with January campaign**



Campaign overview dashboard



Individual campaign results (January 2018 shown)

Advertising Retention Opportunity

- Opportunity to increase Service and Parts Sales retention with Audi Care prepaid maintenance contracts; need better integration to New and Used Sales process
- CRM e-mail campaigns have so far not driven any contract sales; **need to revise campaign creative and develop point of sale materials to demonstrate the value to the consumer**

Audi
of Mississauga



Audi Care New

Vehicle	15,000 km Service	30,000 km Service	45,000 km Service	60,000 km Service	75,000 km Service	4 Services*	3 Services*	Audi Care Total	Savings vs. 4 Services	Savings vs. 3 Services
A3	No-charge	\$402.89	\$231.88	\$970.37	\$231.88	\$1,837.02	\$1,605.14	\$945.00	\$892.02	\$660.14
S3	No-charge	\$402.89	\$231.88	\$970.08	\$231.88	\$1,836.73	\$1,604.85	\$1,035.00	\$801.73	\$569.85
A4	No-charge	\$462.88	\$231.88	\$1,052.98	\$231.88	\$1,979.62	\$1,747.74	\$945.00	\$1,034.62	\$802.74
S4	No-charge	\$546.69	\$317.69	\$834.69	\$248.95	\$1,948.02	\$1,699.07	\$1,035.00	\$913.02	\$664.07
A5	No-charge	\$534.88	\$231.88	\$1,124.98	\$231.88	\$2,123.62	\$1,891.74	\$945.00	\$1,178.62	\$946.74
S5	No-charge	\$546.69	\$317.69	\$834.69	\$248.95	\$1,948.02	\$1,699.07	\$1,035.00	\$913.02	\$664.07
A6	No-charge	\$581.80	\$278.80	\$783.39	\$278.80	\$1,922.79	\$1,643.99	\$1,035.00	\$887.79	\$608.99
S6	No-charge	\$676.90	\$373.90	\$1,500.21	\$373.90	\$2,924.91	\$2,551.01	\$1,485.00	\$1,439.91	\$1,066.01
A7	No-charge	\$581.80	\$278.80	\$634.35	\$278.80	\$1,773.75	\$1,494.95	\$1,035.00	\$738.75	\$459.95
S7	No-charge	\$676.90	\$373.90	\$1,500.21	\$373.90	\$2,924.91	\$2,551.01	\$1,485.00	\$1,439.91	\$1,066.01
RS7	No-charge	\$748.90	\$953.98	\$1,253.69	\$445.90	\$3,402.47	\$2,956.57	\$1,485.00	\$1,917.47	\$1,471.57
A8	No-charge	\$532.91	\$301.90	\$1,027.86	\$301.90	\$2,164.57	\$1,862.67	\$1,485.00	\$679.57	\$377.67
S8	No-charge	\$676.90	\$373.90	\$1,500.21	\$373.90	\$2,924.91	\$2,551.01	\$1,485.00	\$1,439.91	\$1,066.01
Q3	No-charge	\$314.15	\$303.88	\$398.98	\$231.88	\$1,248.89	\$1,017.01	\$945.00	\$303.89	\$72.01
Q5	No-charge	\$318.88	\$375.88	\$1,148.56	\$318.88	\$2,162.20	\$1,843.32	\$945.00	\$1,217.20	\$898.32
SQ5	No-charge	\$445.08	\$259.35	\$445.08	\$259.35	\$1,408.86	\$1,149.51	\$1,035.00	\$373.86	\$114.51
Q7	No-charge	\$623.95	\$320.95	\$695.95	\$320.95	\$1,961.80	\$1,640.85	\$1,035.00	\$926.80	\$605.85
TT	No-charge	\$403.18	\$231.88	\$970.37	\$231.88	\$1,837.31	\$1,605.43	\$945.00	\$892.31	\$660.43
RB	No-charge	\$816.00	\$442.60	\$1,302.88	\$442.60	\$3,004.08	\$2,561.48	\$1,485.00	\$1,519.08	\$1,076.48

4 Services or *3 Services* represents the cost of the next 4 or 3 scheduled maintenance intervals after the no-charge 15,000 km service.

Information current as of September 2017.

Marketing

Marketing Potential

- Customer Base Potential shows a 67.31% penetration based on March 2018 data annualized for 12 months; **much better than industry average of 35% but also room to increase and bring in clients from neighbouring areas**
 - Was 85.22% penetration as of November 2017 data annualized (larger sample allowing for broader view of seasonality)
- Polk IHS Vehicles In Operation (VIO) data
 - Additional data available by Audi shows c. 3,500 VIO up to 7 years; this would result in a 78.66% penetration using March 2018 sales data

OWNER BASE POTENTIAL			
4090 5 Year Owner Base	x	8 Annual Hours Purchased	= 32,720.0 Market Potential / Hours
32,720.0 Market Potential/ Hours	x	\$ 141.09 Effective Labor Rate	= \$ 4,616,422 5 Yr. O.B Sales Potential
\$ 258,950 Avg. Mos. Labor Sales (excluding internal PDI and NVI)	x	12 Annualized	= \$ 3,107,400 Current Labor Sales Trend
\$ 3,107,400 Labor Sales Trend	÷	\$ 4,616,422 5 Yr. O.B. Sales Potential	= 67.31% Ouch

**Note: The industry average of 35% is very poor performance.*

Marketing

Competitive Overview

> Non-dealer survey results; areas of opportunity exist

Competitor	Lube, Oil & Filter	Rotate Tires	Balance Tires	Alignment	Service A/C	Replace Front Brake Discs and Pads
European Automotive	\$110.00	Included with Balancing	\$84.00	\$136.50	Depending on requirement	\$795.50
Lorne Park Car Centre	\$97.00	\$67.80	\$60.00	\$110.00	Depending on requirement	\$690.00
Robinson Automotive	\$150.00	Included with Balancing	\$95.00	\$150.00	Depending on requirement	\$800.00
Master Mechanic	\$122.80	Included with Balancing	\$90.00	\$129.95	Depending on requirement	\$858.07
All About Imports	\$118.50	Included with Balancing	\$80.00	\$130.00	Depending on requirement	\$780.40
Competitor Averages	\$119.56	Included with Balancing	\$81.80	\$131.29	N/A	\$784.89
Audi of Mississauga	\$195.00; includes complimentary wash and multi-point inspection	Included with Balancing; \$72.00 without Balancing	\$149.99	\$149.99	\$149.95 for A/C Sanitizer Service	\$917.76* *\$780.10 w/ 15% High Mileage Club credit on P&L

Marketing

Findings and Actions

- Higher price on Lube, Oil & Filter but includes **complimentary wash and MPI**; we need to **reinforce this value on our website** to customers as a reason to do business with us
- Now offering A/C Sanitizer Service; this new offering is an opportunity as competitors do not seem to promote this
- Brake service with pads and rotors is more expensive; a **newly introduced “High Mileage Club”** (April 2018) offers 15% Parts and Labour credit which reduces to align directly with competitive average



High Mileage Club
Join to receive **15% off** parts and labour when performed at our dealership.
Some conditions and restrictions apply.

 **Audi**
of Mississauga

787 Bancroft Dr, Mississauga, ON, L5V 2Y6
(905) 593-6040

Your Audi has served you well and now the mileage is getting up there. Luckily, we've created an in-store club just for you.

Bring in your Audi that is 5 years or older and has over 150,000 km and you are automatically a member. Receive 15% off Parts and Labour when performed at our dealership.

Example of creative for website and social media

Facility

Facility

Images – Service



Facility Images – Service



Facility

Current Situation

- › Capacity of 16 bays total (14 in-ground, 1 scissor lift, 1 alignment)
 - › Labour potential of \$442,458 in March 2018
- › Utilization of 88.79% in March 2018 (data below)
 - › Was 93.3% in November 2017

FACILITY POTENTIAL	
Number of Bays	16
	x
Number of Days	24.5
	x
Number of Hours	8
	x
Effective Labor Rate	141.09
	<i>equals</i>
FACILITY POTENTIAL	\$ 442,458

FACILITY UTILIZATION	
Total Labor Sales	\$ 392,870
	÷
Facility Potential	\$ 442,458
	<i>equals</i>
FACILITY UTILIZATION	88.79%

Facility

Future Growth

- › Opportunity to expand hours at current facility
 - › Currently operating with extended hours Tuesday and Thursday
 - › **Pilot project to expand hours on Saturday launching in April 2018**
- › New location to open in approximately 24-30 months; two-location strategy
 - › Maintain existing facility and add a new facility
 - › Additional 10 bays immediately, with room for further expansion
 - › Greater customer convenience and geographical presence in area

Productivity

Productivity Overview

- > Technician Proficiency for March 2018 was 83.52% (data below)
 - > Was 95.70% in November 2017
 - > Now being published and discussed in regular Technician meetings

NADA ACTUAL SERVICE ANALYSIS

page B-1

Performance

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 188,765	÷	144.00	=	1310.9
Customer Truck*	\$ -	÷	144.00	=	0.0
Customer Other*	\$ 13,136	÷	144.00	=	91.2
Warranty	\$ 121,601	÷	135.00	=	900.7
Internal	\$ 69,368	÷	144.00	=	481.7
New Vehicle Prep	\$ -	÷	144.00	=	0.0
Total	\$ 392,870				2784.6

POTENTIAL

\$ 392,870

Total labor sales for month

÷

2784.56

Total hours billed

=

\$ 141.09

Effective Labor Rate

Service mechanical technicians

x

Hours/Day

x

Working Days/Month

=

3,332.0

Clock Hour Avail

3,332.0

Clock Hours Available

x

\$ 141.09

Effective Labor Rate

=

\$ 470,107

Labor sales potential

How proficient are your technicians ?

Hours Produced

÷

Hours Available

=

83.52%

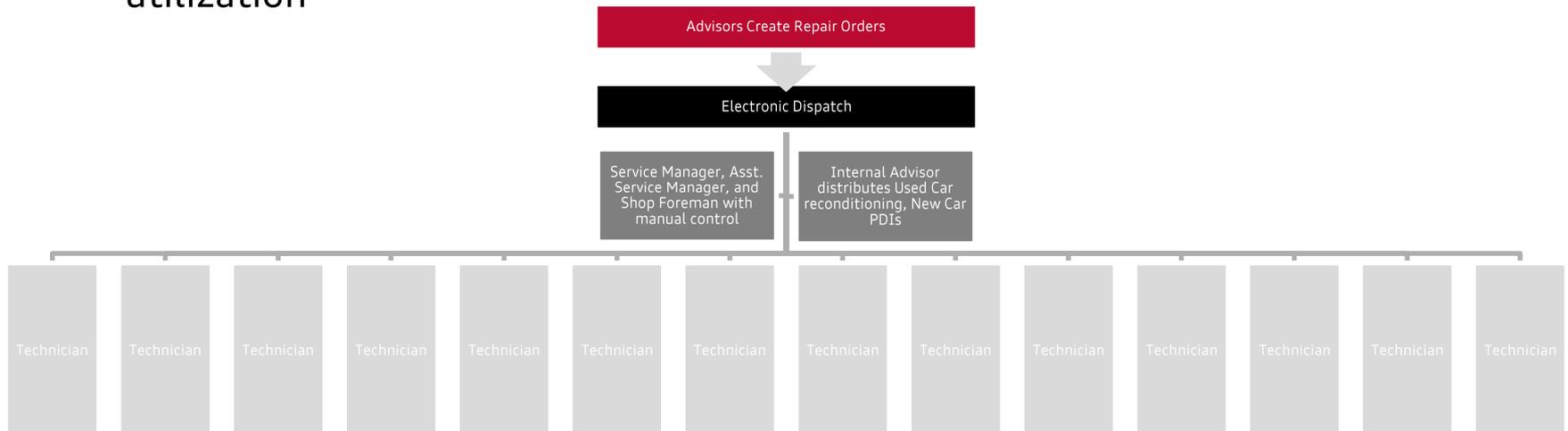
Tech Proficiency

Production Method

Production Method

Overview

- › Audi of Mississauga operates a Conventional Shop setup
 - › Advisor ROs via Electronic Dispatch the primary source of distribution
 - › Service Manager, Assistant Service Manager and Shop Foreman and pre-assign work and add/remove holds
 - › Apprentices have work pre-assigned to them
 - › Internal Advisor equally distributes New Car PDIs and Used Car reconditioning
 - › Model-specific (i.e. R8, A8) or technology-specific (i.e. high-voltage) specialties are distributed to qualified Technicians
 - › Opportunity to evaluate a Lateral Support/Work Group structure for better utilization



Cost of Labour

Cost of Labour

Overview

- March 2018 data resulted in a Gross Profit as a percentage of Sales of 70.92% - almost exactly at NADA guide
 - Customer Pay, Warranty and Internal all fairly consistent in GP percentage
 - **Opportunity for increasing Sublet GP** (“Customer Other” in the data below)
 - Adjusted Cost of Labour/Unapplied Time being addressed with new bonuses for Apprentices to produce hours

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 188,765	\$ 142,957	75.73%	48.05%
Customer Truck			0%	0.00%
Customer Other	\$ 13,136	\$ 396	3.01%	3.34%
Warranty	\$ 121,601	\$ 91,038	74.87%	30.95%
Warranty Other			0%	0.00%
Internal	\$ 69,368	\$ 51,068	73.62%	17.66%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor		\$ (6,824)	0%	0.00%
Total	\$ 392,870	\$ 278,635	70.92%	100.00%

Expense Structure

Expense Structure

Overview

- Profit-centring exercise shows **performance outside of profile guides** for March 2018, achieving **15.66% Net Profit as a percentage of Gross**
- November 2018 data (different seasonality) resulted in 79.66% Total Expenses and 20.34% Net Profit; nearly exactly at NADA guides

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 278,635		
Variable Expense	\$	0.00%	
Selling Expense	\$ 14,717	5.28%	
Personnel Expense	\$ 137,398	49.31%	45% to 50%
Semi-Fixed Expense	\$ 54,820	19.67%	
Fixed Expense	\$ 28,052	10.07%	
Unallocated Expense	\$	0.00%	
Dealer's Salary	\$	0.00%	
Total Expenses	\$ 234,987	84.34%	80% or less
Net Profit	\$ 43,648	15.66%	20% or more

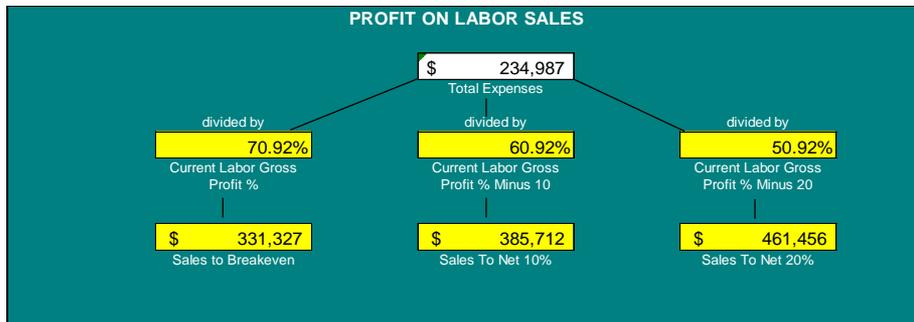
March 2018 Expense Structure

- Personnel Expense and Semi-Fixed Expense stand out as opportunity areas, however rather than just reducing costs directly, increasing GP must be part of the plan as the expense structure is a function of profitability

Expense Structure

Increasing Net Profit

- Routes to Greater Net Profit: **Sell More; Make More; Spend Less**
 - Sell More
 - **\$461,456** required to achieve **20% Net Profit as percentage of Gross Profit** (at current Total Expenses); this equals a \$68,586 gap versus March 2018 results
 - **Increasing Proficiency** from current (83.52% in March 2018) to 90% (\$20,317 per Technician) would produce an additional 333 hours (+0.98 hours per Technician per day) which would result in an **additional \$46,983 Sales** at the current ELR



Sales required for Breakeven, 10% Net, 20% Net

c. Technician Value

Daily Work Hours	Average Proficiency Rate	Overall Effective Labor Rate	Work Days Per Month	Technician Value
8	80%	\$ 141.09	20	\$18,059
8	90%	\$ 141.09	20	\$20,317
8	100%	\$ 141.09	20	\$22,574
8	120%	\$ 141.09	20	\$27,089

Technician Value with improved Proficiency

- \$46,983 in additional Sales added, **generating \$33,320 in additional GP** (at current departmental GP of 70.92%)

Expense Structure

Increasing Net Profit

- Routes to Greater Net Profit: **Sell More; Make More; Spend Less**
 - Make More
 - Current **Sublet work** (“Customer Other”) only earning 3.01% GP and an increase to 20% by using a standard **mark-up factor of 1.25** would increase the GP by **\$2,231**
 - Some minor discounting may be occurring with **Internal work** and an increase to match Customer Pay at **75.73% margin** would increase the GP by **\$1,466**

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 188,765	\$ 142,957	75.73%	48.05%
Customer Truck			0%	0.00%
Customer Other	\$ 13,136	\$ 396	3.01%	3.34%
Warranty	\$ 121,601	\$ 91,038	74.87%	30.95%
Warranty Other			0%	0.00%
Internal	\$ 69,368	\$ 51,068	73.62%	17.66%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor		\$ (6,824)	0%	0.00%
Total	\$ 392,870	\$ 278,635	70.92%	100.00%

Current Sales and GP breakdown

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 188,765	\$ 142,957	75.73%	48.05%
Customer Truck			0%	0.00%
Customer Other	\$ 13,136	\$ 2,627	20.00%	3.34%
Warranty	\$ 121,601	\$ 91,038	74.87%	30.95%
Warranty Other			0%	0.00%
Internal	\$ 69,368	\$ 52,534	75.73%	17.66%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor		\$ (6,824)	0%	0.00%
Total	\$ 392,870	\$ 282,333	71.86%	100.00%

Potential GP improvements with Sublet and Internal margin increases

- **Additional \$3,697 in GP added** at current Sales for March 2018 (before any improvements via Proficiency previously examined)

Expense Structure

Increasing Net Profit

- Routes to Greater Net Profit: **Sell More; Make More; Spend Less**
 - Spend Less
 - **Decreasing Policy** by only 1% of GP and **decreasing Comebacks** by only 1% of GP would further result in **\$5,573 improvement in the Expense Structure** for March 2018 (before any Sales or GP improvement)
- Conclusion
 - **Technician Proficiency** can have single largest impact on Sales, and therefore GP
 - GP % improvement and Expense reduction work hand in hand to add to Net Profit
 - Combining more Sales via Proficiency, challenging for GP margin improvements, and watching key expenses add up to even greater results: **24.7% Net Profit to Gross Profit ratio**

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 316,096		
Variable Expense	\$	0.00%	
Selling Expense	\$ 13,535	4.28%	
Personnel Expense	\$ 137,398	49.31%	45% to 50%
Semi-Fixed Expense	\$ 59,029	18.67%	
Fixed Expense	\$ 28,052	10.07%	
Unallocated Expense	\$	0.00%	
Dealer's Salary	\$	0.00%	
Total Expenses	\$ 238,014	75.30%	80% or less
Net Profit	\$ 78,082	24.70%	20% or more

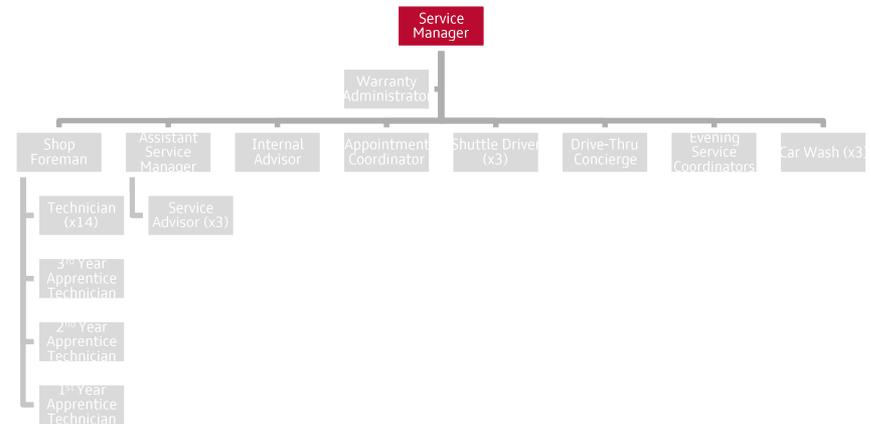
Potential combined impact of Sell More, Make More, Spend Less

Pay Plans

Pay Plans

Service Manager

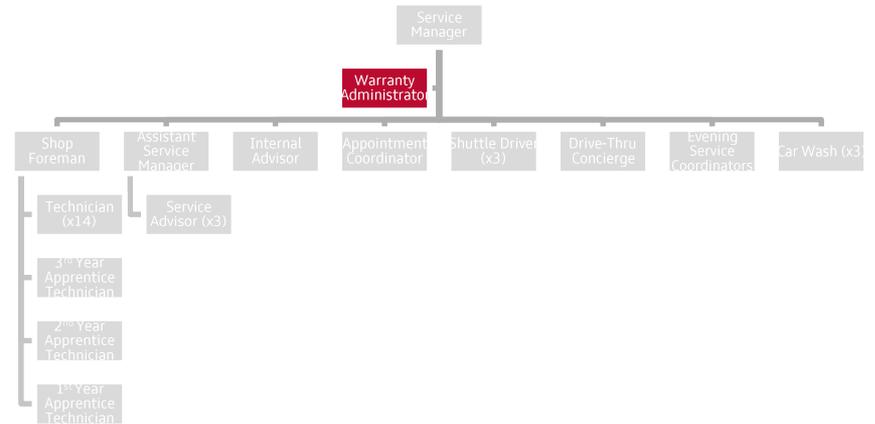
- › Base Salary:
 - › \$5,000 monthly
- › Selling Profit bonus (monthly):
 - › 95%-99% = 1.2%
 - › 100%-105% = 2.2%
 - › 106%+ = 2.5%
- › CSI bonus (monthly):
 - › <95% = \$0
 - › >95% = \$500
 - › If Top 3 in the Toronto area for entire quarter = \$1,000 bonus (quarterly)
- › Customer Pay Hours per RO bonus (monthly):
 - › <2.0 hours = \$0
 - › >2.0 hours = \$500



Pay Plans

Warranty Administrator

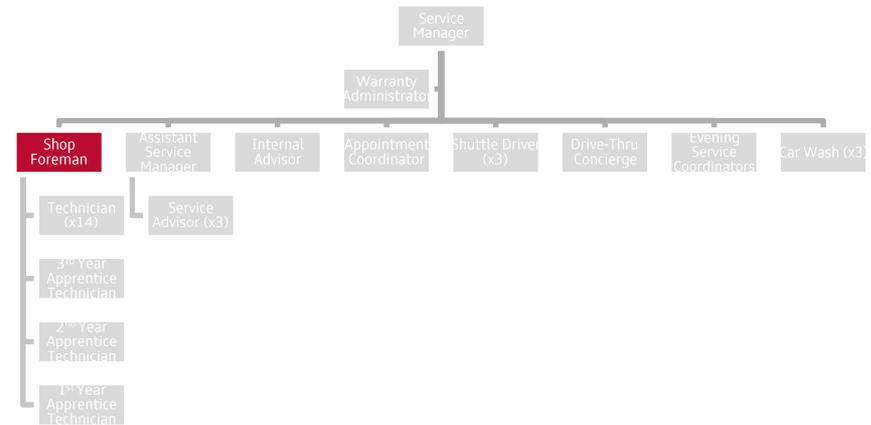
- › Base Salary:
 - › \$36,500 annually
- › Claims bonus (monthly):
 - › 0.5% of all Warranty Parts and Labour claimed



Pay Plans

Shop Foreman

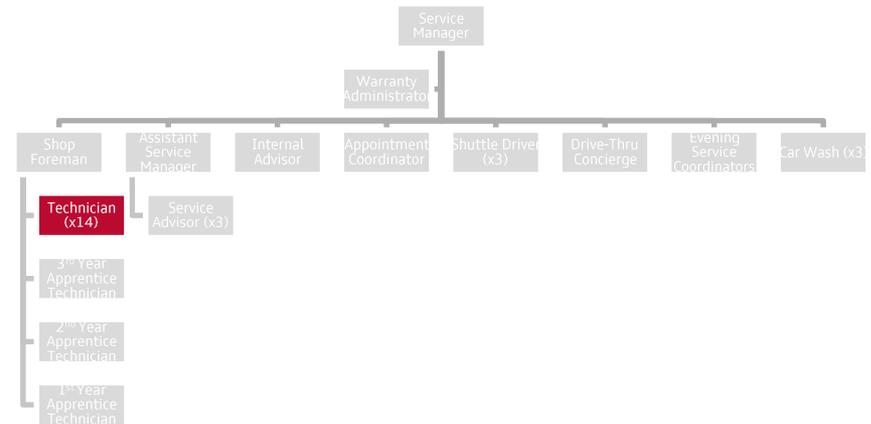
- › Base Salary:
 - › \$2,000 monthly
- › Performance bonus (monthly):
 - › A bonus will be paid for every hour sold in the shop as follows:
 - › \$2.30 per hour sold if neither the total sales target or Audi Canada's fixed right the first time target is met
 - › \$2.50 if one of the two above mentioned targets are met
 - › \$2.70 if both the above mentioned targets are met



Pay Plans

Technicians

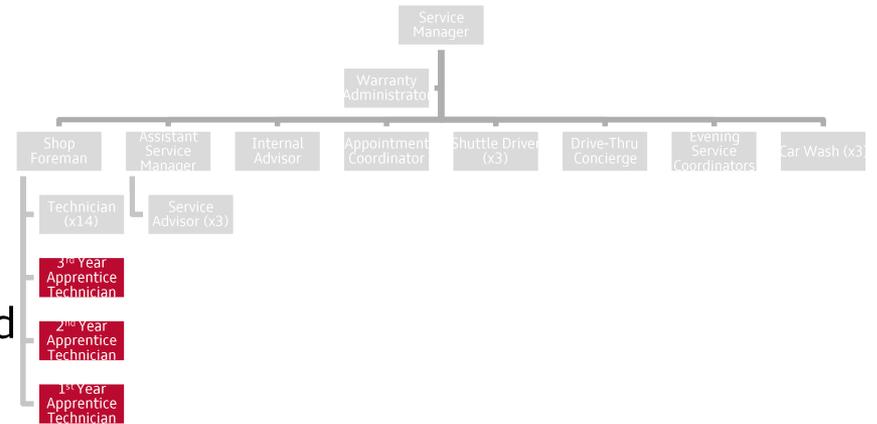
- › Base rates varied on hours produced:
 - › <60 hrs. = \$32 per FRH
 - › 60-70 hrs. = \$33 per FRH
 - › 70-80 hrs. = \$34 per FRH
 - › 80-90 hrs. = \$35 per FRH
 - › 90-100 hrs. = \$36 per FRH
 - › >100 hrs. = \$37 per FRH
- › Skill bonuses/deductions:
 - › A/C, Transmission, Alignment capable = \$1 per PRH
 - › Not Audi Certified = (\$1) per PRH



Pay Plans

Apprentices

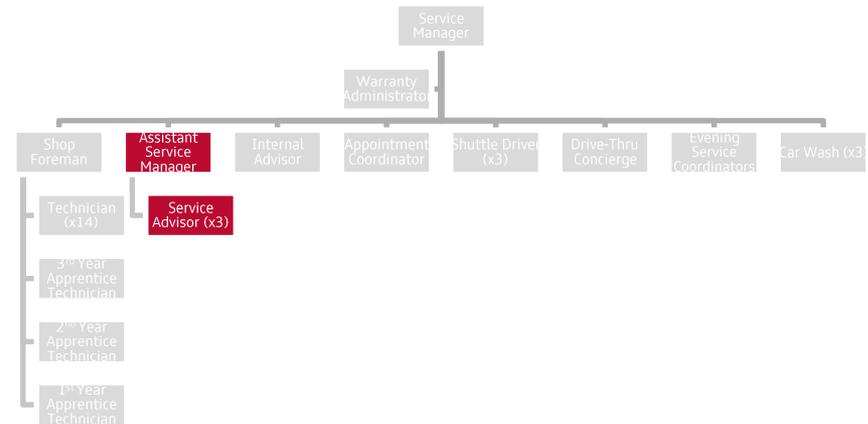
- › Base rate:
 - › 3rd Year: \$28 per FRH
 - › 2nd Year: \$15 per clocked hour
 - › 1st Year: \$15 per clocked hour
- › Performance bonuses:
 - › 2nd and 1st Year: \$4 per FRH produced



Pay Plans

Service Advisors

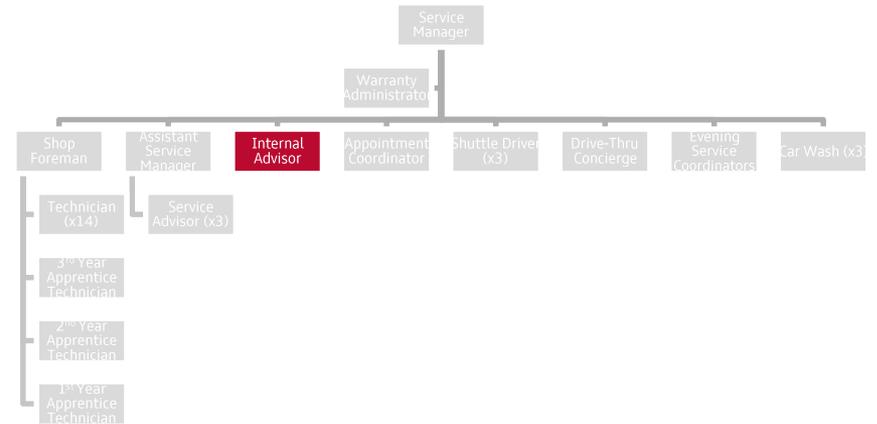
- › Base Salary:
 - › \$2,400 monthly
- › Sales bonus (monthly):
 - › \$20k to \$29k = 7% of Sales
 - › \$30k to \$39k = 9% of Sales
 - › \$40k and above = 11% of Sales
- › Team bonus (monthly):
 - › Reach CP target or above = \$300
- › CP Hours per RO (monthly):
 - › At or above 2.0 hrs. = \$700
- › CSI bonus (monthly):
 - › At or above target = \$900
 - › Add \$750 if above for three months
- › ELR bonus (monthly):
 - › Within 8% of ELR = \$400



Pay Plans

Internal Advisor

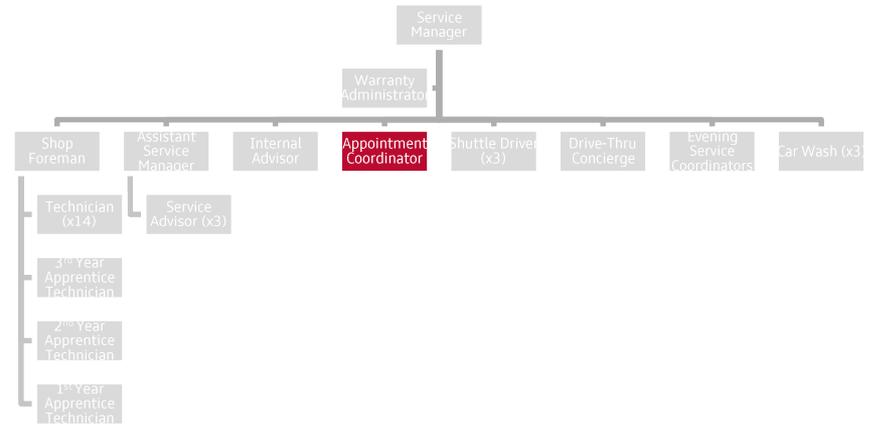
- › Base rate:
 - › \$16.50/hr.
- › Production bonus (monthly):
 - › 1.5% of Internal Sales in own code



Pay Plans

Appointment Coordinator

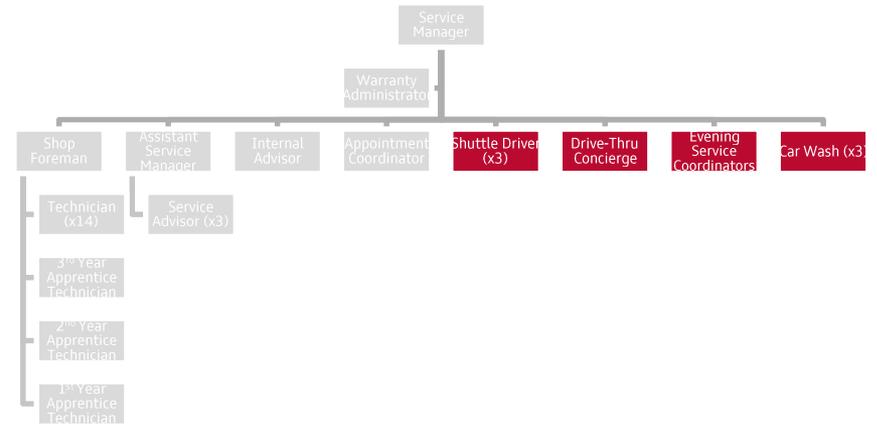
- › Base rate:
 - › \$18.00/hr.
- › CSI bonus (monthly):
 - › <95% = \$0
 - › >95% = \$250
- › Shop Hours bonus (monthly):
 - › Below target = \$0
 - › Above target = \$400



Pay Plans

Drivers, Concierge, Evening Coordinators, Car Wash

- › Hourly:
 - › Varies based upon experience, performance, and time with the company
 - › Ranges from \$14/hr. to \$17/hr.



Performance Programs

Performance Programs

Objectives

Budget Forecasts

- › History
 - › 2-year history examined for sales by type (CP, Warranty, Internal, Sublet)
 - › Helps establish seasonal distribution and creates baseline for growth
- › Growth
 - › Looking at vehicle sales history to establish growth of vehicles in operation
 - › Average of prior 3-year history used and applied to Service department growth
- › Benchmarking
 - › Prior and current year GP% evaluated and/or a stretch objective added to increase profitability, which is then applied to sales growth targets
- › Communication
 - › Budget established in collaboration with Service Manager
 - › All budgets shared and discussed in Management Team meeting
 - › Individual targets (i.e. Advisors) roll-up into departmental targets and communicated monthly with reporting on progress

Performance Programs Measurement

Tracking and Reporting

- Advisors
 - Daily report on CP sales, hours per RO, CSI, Fixed Right First Time, Net Promoter Score, e-mail collection
 - Tracking of add-on sales by Advisor (by Operation Code)
- Department
 - CP, Warranty, Internal, Sublet sales and GP

SERVICE	Actual	Tracking End Of Month	Budget Full Month	Variance	% Of Budget
CP RO's	420	420	398	22	105.53%
CP Hrs/ro	2.74		2.5		0.00%
CP EDR	\$146		138		0.00%
CP SALES	\$167,933	167933	136314	31619	123.20%
CP GROSS	\$128,942	128942	102236	26706	126.12%
CP Gross %	76.78%				
WARR RO'S	534	534	398	136	134.17%
WARR HRS/RO	2.08		2.36	-2	0.00%
WARR EDR	135.07		127	-127	0.00%
WARR SALES	149718	149718	219518	-69800	68.20%
WARR GROSS	112201	112201	164638	-52437	68.15%
WARR Gross %	74.94%				
INT RO'S	210	210	140	70	150.00%
INT HRS/RO	2.57		2.52	-3	0.00%
INT EDR	128.57		133	-133	0.00%
INT SALES	69267	69267	82828	-13561	83.63%
INT GROSS	50932	50932	62121	-11189	81.99%
INT Gross %					
SUBLET	11568	11568	18557	-6989	62.34%
SUBLET GROSS	282	282	1200	-918	23.50%
SERVICE DEPT TOTAL SALES	\$398,486	398486	457217	-58731	87.15%
SERVICE DEPT TOTAL GROSS	\$292,357	292357	330195	-37838	88.54%

Fixed Ops sales and GP report

PARTS	Actual	Tracking End Of Month	Budget Full Month	Variance	% Of Budget
CP PARTS SALES	157137	157137.00	156157	980.00	100.63%
CP PARTS GROSS	64285	64285.00	53481	10804.00	120.20%
CP PARTS GROSS %	40.91%				
WARR PARTS SALES	223822	223822.00	206463	17359.00	108.41%
WARR PARTS GROSS	45825	45825.00	42325	3500.00	108.27%
WARR PARTS GROSS %	20.47%		0.20		
INT PARTS SALES	43213	43213.00	30014	13199.00	143.98%
INT PARTS GROSS	15981	15981.00	10415	5566.00	153.44%
INT PARTS GROSS %	36.98%		0.37		
WHLS PARTS SALES	175123	175123.00	191766	-16643.00	91.32%
WHLS PARTS GROSS	27606	27606.00	34901	-7295.00	79.10%
WHLS PARTS GROSS %	15.76%		0.16	#DIV/0!	
RETAIL PARTS SALES	28528	28528.00	39819	-11291.00	71.64%
RETAIL PARTS GROSS	7747	7747.00	11547	-3800.00	67.09%
RETAIL PARTS GROSS %	27.16%		0.2716		
Parts to Labour Ratio	157.55%				
CSI					
FFV					
PARTS DEPT TOTAL SALES	627823	627823.00	624219	3604.00	100.58%
PARTS DEPT TOTAL GROSS	161444	161444.00	152669	8775.00	105.75%
Total Fixed Gross Track	453801.00				


2018-03-31

Advisor	M.T.D.	C.P. Pace	Target	Hrs./RO	Parts Sales	Parts/Lab	RO Count	So Far	In Month	Rate
Adi	\$43,303.00	\$43,303.00	\$34,078.00	2.66	\$39,503.00	91%	108	21	21	\$144.00
Andrea	\$27,101.00	\$27,101.00	\$34,078.00	2.1	\$27,362.00	101%	90			
ankit	\$38,485.00	\$38,485.00	\$34,078.00	2.69	\$29,227.00	76%	86			
Ciera	\$58,704.00	\$58,704.00	\$34,078.00	3.34	\$58,271.00	99%	124			
TOTALS	\$167,933.00	167,933.00	\$136,314.00	2.7	\$154,385.00	92%	427			

CSI Service Score: 4.74% Appointments for next five days: 23

Fixed Right First Time: 4.73% 19

NPS: 91.30% 17

Email/threshold: 78.00% 14

5

Scores are before adjustment

Advisor	CSI	FFV	E-mail	CSI Responses
Adi	4.74	4.73	78.00	23
Andrea	4.81	4.77	75.20	25
ankit	4.78	4.79	77.30	38
Ciera	4.52	4.57	78.30	31

Note: Andrea was on vacation 1 week

Advisor report

Audi of Mississauga Service Advisor Operation Code Sales																								
Start Date: 2018-03-01		Dept: S		Best: 4-02-18 8:27 AM		Worst: 4-02-18 7:59 AM		Disabled:																
End Date: 2018-03-31		Date to Use: Sale Type Post		Last Update: 4-02-18 8:27 AM		Last DMS Update: 4-02-18 7:59 AM																		
Item to Report: Count		Date Type Post		C																				
Op / Part Group	Advisor Number																				Total			
	110	621	368	701																				
	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est	Act	Est		
1	LOF	42	38	36	42																	167		
2																								
3	Alignment	5	5	4	12																	28		
4	Trans Service																							
5	Cooling System Flush	11	16	7	17																	51		
6	Tire Balances																							
7	Tire Rotations																							
8	Drive Belts	5	5	2	2																	14		
9	Brake Flush Services	25	13	5	36																	79		
10	Brake Service																							
11	Induction Service with maint	1	2	2	1																	3		
12	Power Steering Flush	3	2	2	1																	8		
13	Emission Service																							
14	Fuel Injector Service	5	3	2	15																	25		
15	Maint Service																							
16	H-Vac	5																				9		
17	Injector/Induction Combo																					2		
18	Tire Storage																							
19	Induction w/o service																					2		
20																								
21	Wiper Blades	5	1	1	1																	8		
22	Install 1 tire	1	1	1	1																	2		
23	Install 2 tires																					1		
24	Install 3 tires																					1		
25	Install 4 tires	1	1	1	1																	2		
101	Tires	43	30	15	55																	143		

Add-ons report

Performance Programs

Incentives

Spiffs

- › Advisors
 - › Add-ons for A/C service, induction system cleaning, fuel-injection system cleaning, brake fluid flushes, alignments (amounts and add-ons incentivized vary)
 - › Body shop referral fee based on value of work completed (up to \$100 referral fee)
 - › Audi Care prepaid maintenance contract (occasionally offered; \$50 per contract)
- › Appointment Coordinator
 - › Pre-booking appointments for seasonal tire changes from our storage list (\$5 per appointment during a given period)
- › Apprentices
 - › Productivity bonus of \$4 per produced hour on top of hourly rate

Training

Training

Existing Formal Training

Audi Canada Academy

- Covers both technical and non-technical roles
- Combination of self-study guides, web-based training, and instructor-led courses
- Dealership must achieve a minimum of 75% (required standard)
- We pay our Technicians for their training time

Audi Canada Academy
Certification Resource Centre

My profile Audi website Log off

Search Training

Home | Training Planner

Registered Electrical Transmission Engine Chassis HVT Master Tech Master Guild

Specialty Readiness: 100% 55% 0%

Dealership Overall Training Readiness Standard: 100% 55% 0%

Technical Training Readiness Summary

Role	Minimum	Full	Certified
701122C Audi Activation	100%	55%	0%
941802UC UVI Special Engin	100%	55%	0%

Certification for GALLETTI, JOSEPH
Certification 2018 >> Joseph Galletti
SV-SF - Shop Foreman

Course Code	Course Name	Course Type	Status
601154C	Audi Fascination	WBT	01.13.2015 [X]
601168CR	Audi connect launch training	WBT	01.09.2017 [X]
602184C	Audi connect	WBT	[X]
606174C	Audi driver assist systems	WBT	01.08.2016 [X]
670154C	Audi e-tron awareness - Introductory level	WBT	10.04.2017 [X]
700544C	Introduction to ElsiaPro	WBT	04.05.2014 [X]
701184C	Placeholder 1	WBT	[X]
702184CH1	Audi Service Core Process 2.0 module 1	WBT	[X]
703184CH3	Audi Service Core Process 2.0 module 3	WBT	[X]

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Training

Improvement Opportunities

Internal

- › More in-house training refreshers by third-party vendors for which we represent their products (i.e. **SymTech and LGM Warranty products**, MOC products)
- › Need to develop more **written guides on policies and processes** for onboarding and maintaining clear and consistent expectations (i.e. Advisor sales)
- › Opportunity to develop internal **Warranty and Goodwill policy reviews with Advisors and Technicians** (notes, punch times, clarify when coverage applies)
- › Shop Foreman training Advisors on use of **Noise, Vibration, Harshness (NVH) forms**
- › Sales Delivery Specialists providing **product knowledge** and familiarization sessions to Advisors and Appointment Coordinator

Special Tools

Special Tools

Current State – Audi of Mississauga



Special Tools

Current State – Audi of Mississauga

Summary

- › More effort needs to be put into getting tools back where they belong and ensuring they (and their storage) are kept clean; some tools are rarely used
- › Despite cleanliness and organization, lack of storage is a factor as the dealership and things like Special Tools storage were planned 13 years ago with far fewer models and complexity required for maintenance and repair

Immediate action

- › Relocate old tools and those that aren't used frequently to free up space

To investigate

- › Additional shelving and/or storage for tools

Goal

- › Clean and organized tools and equipment to reflect a higher standard and improve Technician Proficiency by allowing them to retrieve tools needed quickly

Special Tools

Future State – Audi Brampton (new sister store)



Repair Order Analysis

Repair Order Analysis

Observations

- **Good ELR within 2.8% of Door Rate**
- **Good ELR vs. Target Labour Rate (goal = +\$2; actual = +\$3.93)**
- **Opportunity on Repair FRH Average labour rate – likely discounting; should be +\$10 higher than Maintenance rate**
- **Hours per RO of 3.34 is strong** versus other Audi dealers (#1 of 10 in Area) and above the Highline guide of 3.0
- **FRH mix is good at 65.23% combined Competitive and Maintenance;** above the guide of 60%
- **One item ROs are far too high at 38%** (target 10-15%); need to minimize with add-ons which are being tracked
- **More than half of vehicles (57%) are more than 4 years old (out of Warranty);** this is a good profit opportunity

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 5,298	÷ 40.30	= 131.48	FRH Average			
Maintenance	\$ 25,710	÷ 177.40	= 144.93	FRH Average			
Repair	\$ 16,026	÷ 116.05	= 138.10	FRH Average			
Totals	\$ 47,035	÷ 333.75	= 140.93	Customer ELR			
			Target Labor Rate	137.00	Per FRH		
Total Ro's in Sample	100	Difference		3.93	Per FRH		
Cost of Labor							
Total Cost of Labor	11469.38	÷ Total Sales	= 24.38%	Percent Cost of Sales			
Total Cost of Labor	11469.38	÷ Total FRH's	= 34.37	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	47,035.10	÷ Total RO's	= 470.35	Avg Labor per RO			
Total FRH's	333.75	÷ Total RO's	= 3.34	Avg FRH's per RO			
Menu Sales		÷ Total RO's	=	Percent Menu Sales			
Competitive FRH's	40.30	÷ Total FRH's	= 12.07%	Percent Competitive			
Maintenance FRH's	177.40	÷ Total FRH's	= 53.15%	Percent Maintenance			
Repair FRH's	116.05	÷ Total FRH's	= 34.77%	Percent Repair			
One item RO's	38	÷ Total RO's	= 38.00%	Percent One Item RO			
Model Year Analysis							
2019	2018	2017	2016	2015	2014	Older	Total
0	1	7	9	15	11	57	100
0.00%	1.00%	7.00%	9.00%	15.00%	11.00%	57.00%	

Labor Mix

■ Percent Competitive	■ Percent Maintenance	■ Percent Repair
-----------------------	-----------------------	------------------

SWOT Analysis

SWOT Analysis

Approach

Starting with “Why”

- › Departmental meetings held to introduce the concept
- › Emphasized and assured employees that the exercise is to get comprehensive feedback to recognize what we do well and find ways to improve our business
- › Live examples done to give people a feel for the process; encouraged team for any and all feedback no matter how insignificant it may seem
- › Forms handed out to all roles (Service Advisors, Technicians, Shop Foreman Appointment Coordinator, Shuttle Drivers, Internal Advisor, Parts Consultants)

Following it up

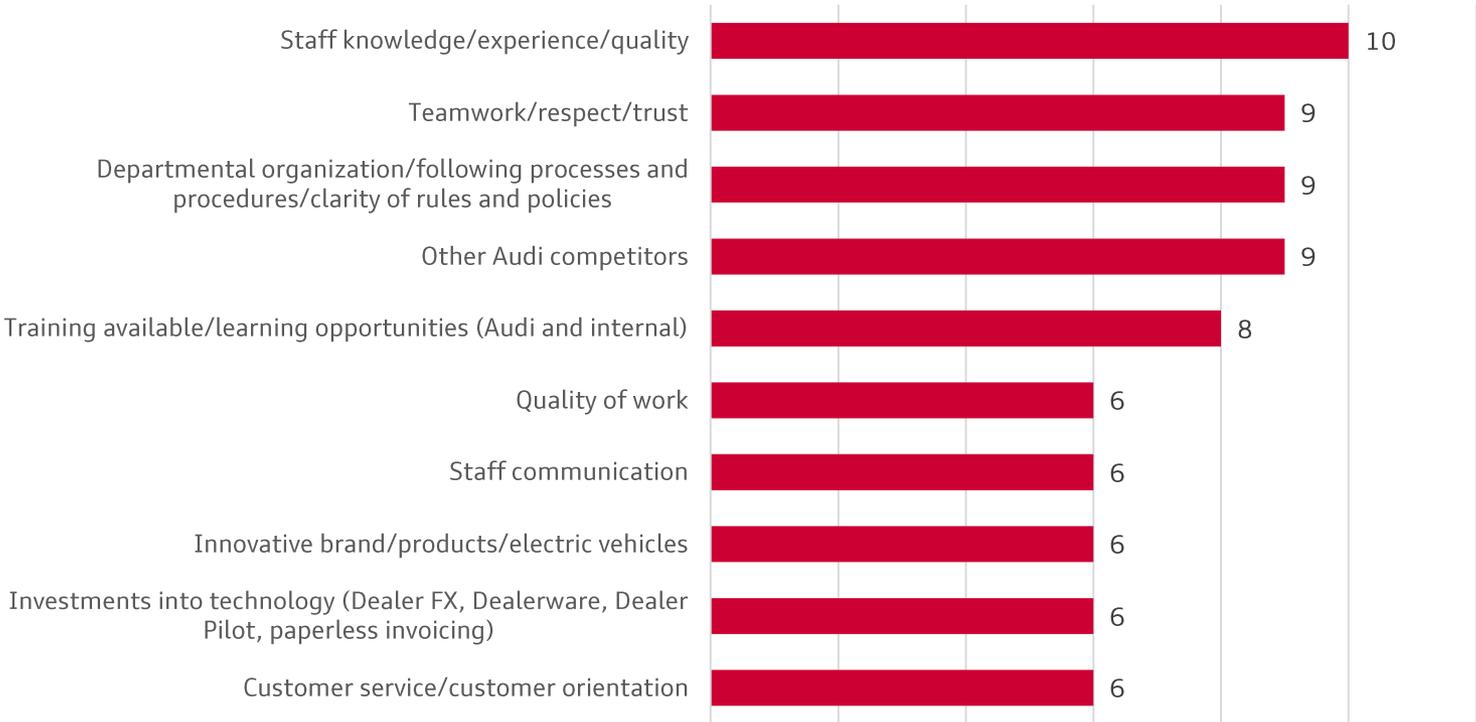
- › Collected forms with names or anonymously
- › Held one-on-one discussions with willing employees to better understand comments
- › Organized separate meetings for Technicians and one for all other Service staff
- › Shared the SWOT results to get feedback on meaning/intent, opinions on contributing factors, and high-level discussion on potential actions where necessary
- › Next steps to involve smaller working groups on key action items

SWOT Analysis

Top Total Mentions

- > People-centric feedback was frequently mentioned across all areas of SWOT
- > **At least 169 points of individual feedback received on collected forms**

Total Mentions

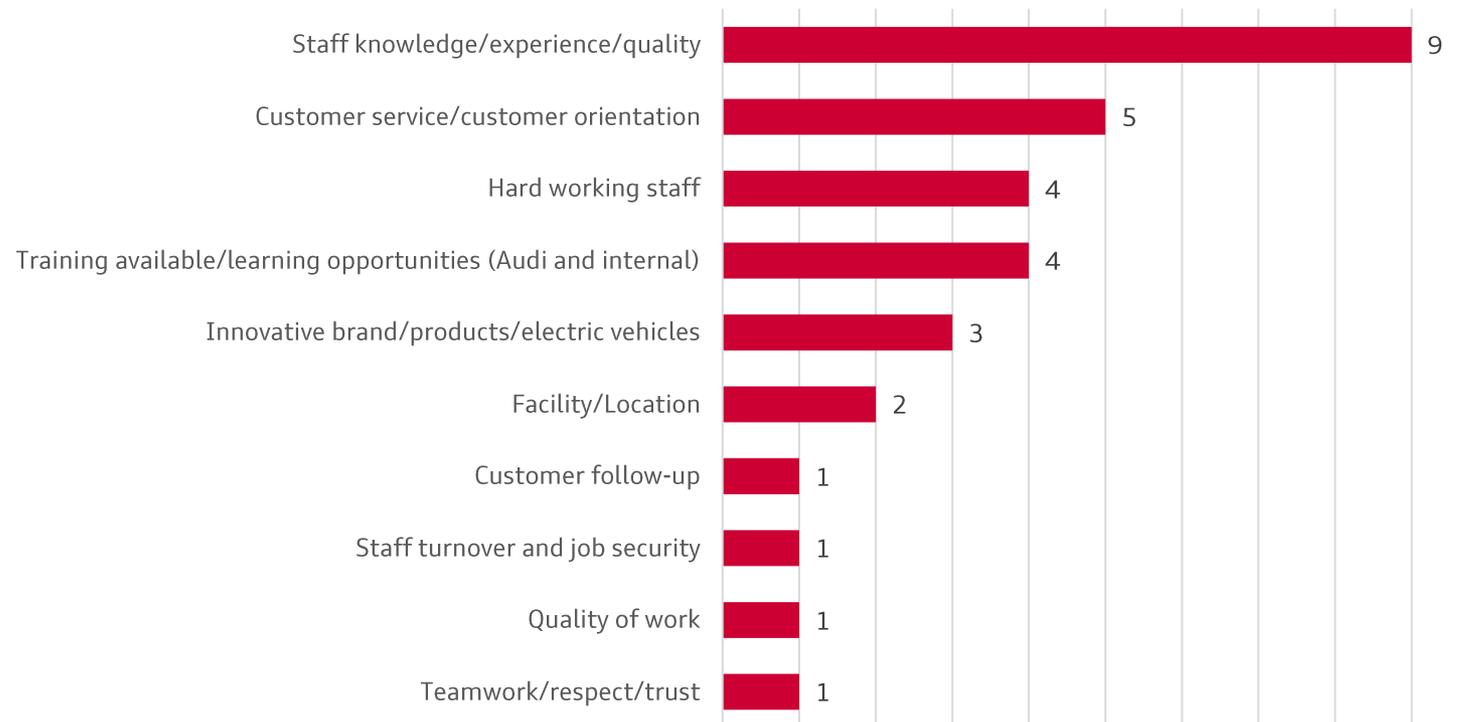


SWOT Analysis

Top Strengths

- › Our people are our greatest asset; we need to emphasize this more to customers
- › We aim to do what is best for customer experience

Strengths



SWOT Analysis

Top Weaknesses

- › Clarity of rules and policies, then following them in an organized manner a concern
- › “How we work” is a significant concern; teamwork, respect, communication, quality
- › More support desired both in accountability but also personal development

Weaknesses

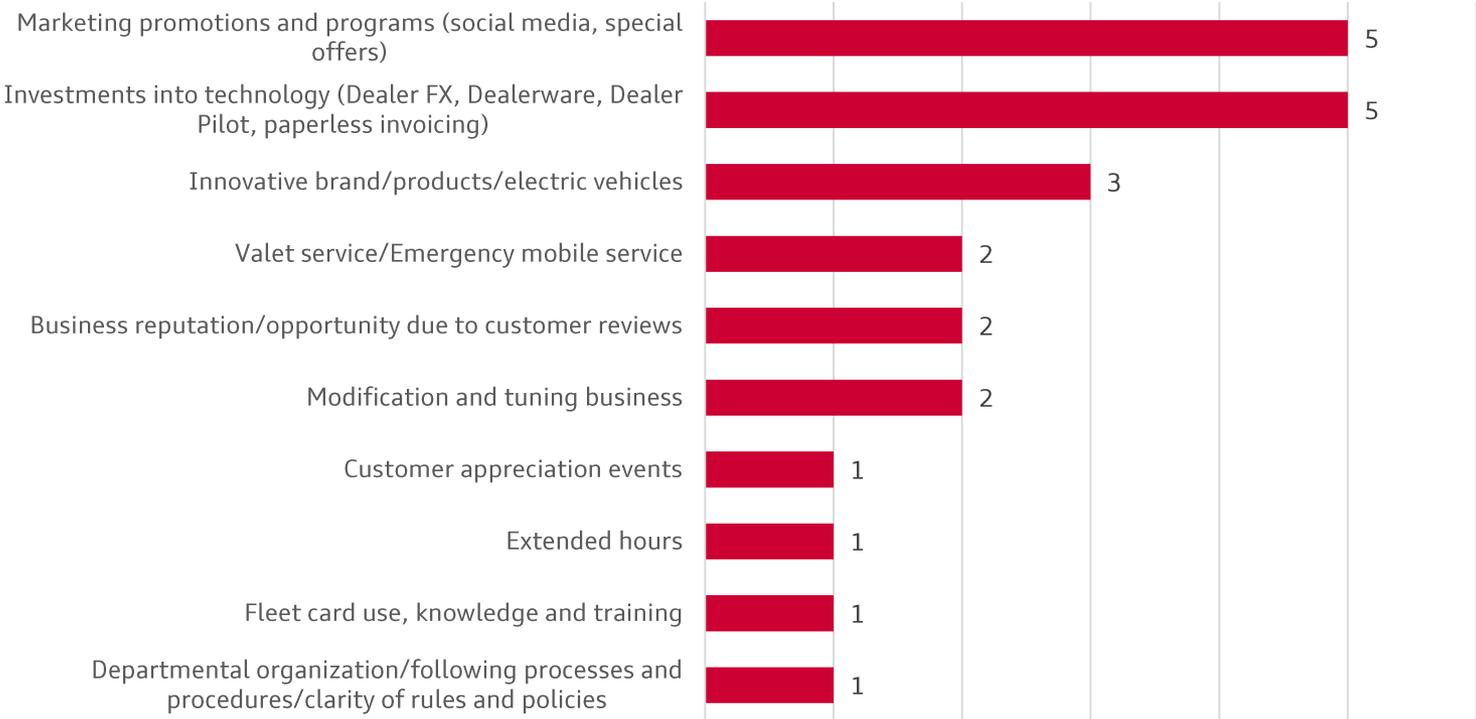


SWOT Analysis

Top Opportunities

- > We need to continue to get the message out there, and focus digitally
- > Changes is difficult, but new investments seen as an opportunity to improve business; photos and videos of recommended work are things to look ahead to

Opportunities



SWOT Analysis

Top Threats

- > Audi competitors are the main concern; we need to differentiate based on experience
- > Aftermarket competitors on the radar; we compete more as vehicles are out of Warranty and have higher mileage



SWOT Analysis

Output

- Overview of Objectives, Strategies and Tactics following discussions of SWOT results



Action Plan

Action Plan

Qualitative Items

- › Items mostly taken from the SWOT analysis and team discussions

Action Item	Measurement	Person(s) Responsible	Completion Date
Provide vehicle product training for all Service Advisors and Appointment Coordinator	Personnel trained on key products/features	Vehicle Delivery Specialists	4/30/2018
Organize an offsite team-building activity for all front-line Service personnel and Technicians	Activity planned and attended	Dan Golightly (Service Manager)	5/15/2018
Develop written policies and guidelines for work distribution, comebacks, credit for sales, drive-thru	Written policies and processes shared	Dan Golightly (Service Manager); Jonathan Breton (General Manager)	4/18/2018
Promote monthly specials via social media as well as building a “Why Service with us?” section on the dealership website	All specials on FB/IG/Twitter; Technician years of experience on website	Jeremy Boles (Marketing Director)	Ongoing for social media; 4/30/2018 for website update
Launch extended Service department hours as a pilot during seasonal tire changeover on Saturdays until 4 p.m.	Number of appointments and sales generated during new hours	Dan Golightly (Service Manager); Marcus Dalimonte (Parts Manager)	Launch by 4/30/2018; evaluate again 5/31/2018
Develop Warranty and Goodwill policy refresher as well as customer diagnosis (NVH forms and notes) workshop for Advisors, Appointment Coordinator and Technicians	Presentation and exercises developed and meetings scheduled	Joseph Galletti (Shop Foreman)	5/15/2018
Provide training on third-part Warranty products sold at the dealership (SymTech, LGM) to all Advisors and Appointment Coordinator	Personnel trained on product coverage and claim process	Brian Cavaco (Financial Services Manager)	5/31/2018

Action Plan

Quantitative Items

- › Items largely seen as opportunities from the qualitative business analysis

Action Item	Measurement	Person(s) Responsible	Completion Date
Increase Sublet service markup to 1.25 to create a 20% margin and increase Gross Profit	Sublet GP % on Financial Statement	Dan Golightly (Service Manager)	4/30/2018 and ongoing measurement
Increase Audi Care prepaid maintenance contract penetration to 65%+ (currently 57.26% YTD)	Monthly report from Audi Canada (contracts sold vs. vehicles sold)	Brian Cavaco (Financial Services Manager); Jeremy Boles (Marketing Director)	6/30/2018
Ensure 80% of all work utilizes Dealer FX digital retail platform from start to finish	Advisor/Tech sales in Dealer FX vs. R&R	Dan Golightly (Service Manager); entire team	5/31/2018

Synopsis

Synopsis

Audi of Mississauga has been in business for nearly 13 years, generating good profitability and fairly consistent performance in most KPIs. The brand and our business has experienced tremendous growth, but we must now look further ahead.

We occupy a great market geography with a large Audi population in our area as well as neighbouring ones. However, until January 2018, we did little in terms of Fixed Operations Marketing; this is a big opportunity to continue to grow and monitor for success. It is also an opportunity to modernize our retail service business with digital tools to provide a seamless customer journey between online and in-dealership that befits a premium brand. New platforms have been brought in to serve as this infrastructure going forward – including appointment creation, write-up, MPIs, declined work follow-up, Service Loaner utilization and in the not distant future, photos and videos direct to customers' smart devices.

Given our success and our desire to continue to profitably increase our share of the market, the efficiency of internal processes, shop proficiency, and our facility utilization are critically important and we have to increase our focus on these areas. In parallel, we must plan for our future new facility in conjunction with looking at business model advantages that will come with having a two-site market representation for Audi of Mississauga, plus our sister store Audi Brampton and Collision Centre as assets. Everything from parts inventories to Service Loaner fleet sharing, and adding value for customers through initiatives such as valet service are ways we can gain a competitive edge.

However, amidst all of this change the “people” elements risk suffering or getting lost. Already over the last 18 months there has been a lot of change that has challenged the way things were traditionally done, new team members and new roles, and breakdowns in communication and teamwork that have impacted morale. In speaking with our employees, they were a good reminder that people are our greatest asset. We need to ensure that we keep this in mind as we manage this great change with ongoing support and training.

Appendix

Back-up information

SWOT Analysis Template

Strengths (Internal) – e.g. strong appointment processes

Weaknesses (Internal) – e.g. quality control checks

Opportunities (External) – e.g. new trends in the industry

Threats (External) – e.g. our competitors

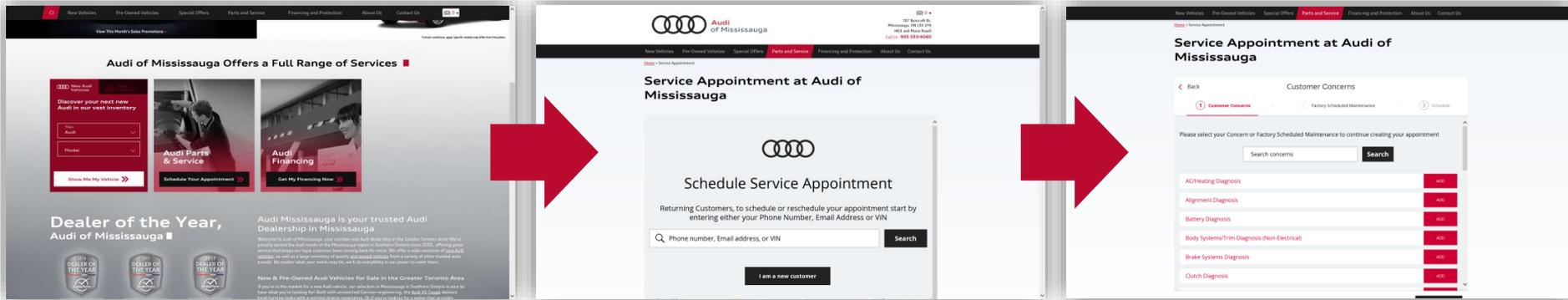
Alternate Transportation Customer Options

- › Service shuttles: 2x Audi Q7; 1x Audi A6
- › Service Loaners: 30x Audi vehicles (owned)
 - › Mixture of models to best match up customers and expose to new products
 - › Electronic contracts including Drivers License and Insurance information stored digitally
 - › Vehicles trackable and provide fuel, mileage and other data wirelessly
- › Rental Vehicles: partnership with local rental company coming Q2 2018
 - › Keeps overflow in on-brand vehicle
 - › Allows to charge back OEM for Warranty reimbursement



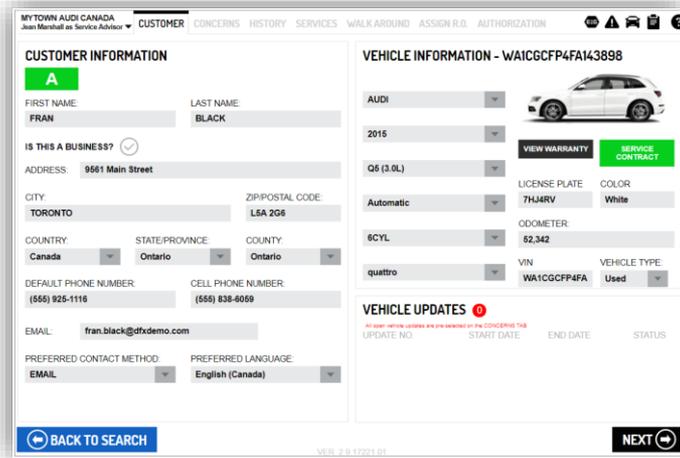
Digital Retail Integrated Approach

➤ Online Service appointment booking



Easy online Service appointment scheduling

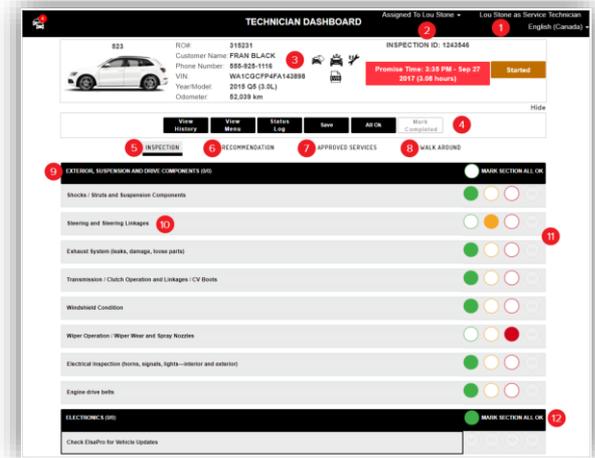
➤ Appointment Ledger, Advisor Dashboard, Route Sheet, Technician MPI, Parts estimates all facilitated digitally for ease of use, accuracy, customer experience



Advisor dashboard



Service menus



Multipoint inspections