

Service Department Analysis

For

Bill Kolb Jr. Subaru

Report Compiled by Chris Flood

NADA Class/Student # 332-29

(The information in this report was gathered over the final two weeks of March 2018. All numerical and financial data is from the February 2018 financial statement.)

Advertising

The dealership has a very aggressive monthly advertising budget. Between newspaper and internet advertising the dealership spends over \$120,000 per month. We are in five different newspapers that reach from NY City and the surrounding boroughs to Orange, Rockland and Westchester Counties in NY and Bergen County in New Jersey. We are partnered with G/O Digital and have an aggressive pay per click campaign as well as search engine optimization and social media efforts.

The fixed operations advertising mainly focuses on email/mail campaigns and our dealership's website. Over the years we have occasionally used social media and websites like eBay and Craigslist to help move certain products or to promote specials.

An example of a current email and mail campaign follows.

Subaru Buys Millions Of Tires A Year.

Saves You Money!

Tires

Starting At

\$6888
plus tax

**Tires for
ALL Subaru
Models
IN STOCK!**

LIMITED TIME OFFER



Bill Kolb Jr.



SUBARU.

252 Route 303, Orangeburg, NY 10962



20th *Annual*

Spring Service Specials



DON'T LET YOUR INSPECTION EXPIRE!

\$10 OFF

NY State Safety /
Emissions
Inspection.
Subaru Vehicles Only.



Bill Kolb Jr.



SUBARU

845.398.6330

www.**BKcars**.com

252 Route 303 (next to Lowe's), Orangeburg, NY 10962

BOOK ONLINE

BKcars

PARTS AND SERVICE HOURS:

Mon-Fri: 7:30am-6:00pm
Sat: 8:00am-4:00pm

Saturday Service
8am-4pm

**CONVENIENT NIGHT DROP
& EARLY BIRD WRITE UP**

The specials that are included on the reverse side of the above mailer are also present on our dealership's website.



Bill Kolb Jr. Subaru

📍 252 Route 303

Orangeburg, NY 10962

2017 Dealer of the Year! - Subaru Stellar Care Award. - Buy with Confidence!

- 🏠
- New Vehicles
- Used Vehicles
- Finance & Specials
- Service & Parts
- About Us

Subaru Service Specials in NY



Bill Kolb Jr. Subaru
252 Route 303
Orangeburg, NY 10962
2017 Dealer of the Year! Buy with Confidence!

Sales: 845-398-6300
Service: 845-398-6330
Parts: 845-398-6323

20th Annual
Spring Service Specials



Subaru Buys Millions Of Tires A Year.

Saves You Money!

Tires
Starting At **\$68⁸⁸** plus tax

Tires for ALL Subaru Models **IN STOCK!**



LIMITED TIME OFFER

DON'T LET YOUR INSPECTION EXPIRE!

\$10 OFF

NY State Safety / Emissions Inspection.
Subaru Vehicles Only.



"DISCOUNT" SERVICE CENTER

BOOK APPOINTMENTS ONLINE: BKcars.com
or Call for Appt: 845-398-6330

FAST AND CONVENIENT DISCOUNT SERVICE

ONLY!
\$169⁸⁸

SPRING SERVICE SPECIAL (12,000 Mile Service)

- Lube, Oil and Filter Change (full synthetic up to 5 quarts)
- Air filter replacement
- Rotate tires
- Cabin air filter replacement

~~Reg. \$192.50~~

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

Genuine Subaru Parts

LIMITED TIME OFFER

SPECIAL!
FREE

COMPLIMENTARY CODE SCAN

- Scan and print ALL diagnostic trouble codes
- Complete vehicle multi-point inspection

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

LIMITED TIME OFFER

ONLY!
\$89¹⁰

SPRINGTIME FRESH AIR SERVICE

Replace engine air filter and cabin air filter

~~Reg. \$98.10~~

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

Genuine Subaru Parts

LIMITED TIME OFFER

ONLY!
\$45⁸⁸

AIR CONDITIONING SYSTEM CHECK

- Air conditioning performance check
- Check system R134 levels
- Inspect for leaks, belts, and hoses
- Complete multi-point inspection

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

LIMITED TIME OFFER

15% OFF!

ACCESSORIES & INSTALLATION

- Personalize Your Ride
- 15% off our complete line of Subaru and Thule accessories
- Includes installation and labor

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

LIMITED TIME OFFER

ONLY!
\$374⁶⁴

TIMING BELT REPLACEMENT

- Replace engine timing belt
- Inspect all visible internal engine components
- Report

~~Reg. \$425.00~~

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

LIMITED TIME OFFER

ONLY!
\$59⁴⁴

THROTTLE BODY CLEANING SERVICE

- Improve idle quality
- Improve engine performance
- Improve fuel efficiency

Valid on any Subaru Model. Info website slightly higher than coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.

LIMITED TIME OFFER

<p>ONLY! \$84⁸⁸</p> <p>Reg. \$99.00</p> <p><small>Valid in any Subaru Model. Both vehicles slightly higher one coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.</small></p>	<p>FOUR WHEEL COMPUTERIZED ALIGNMENT</p> <p>Maximize the life of your tires and improve fuel economy with proper alignment</p> <p>LIMITED TIME OFFER</p>	<p>SPECIAL! \$129⁰⁰</p> <p><small>Valid in any Subaru Model. Both vehicles slightly higher one coupon per visit. Can't be combined with any other discounts. Tax not included. No cash value.</small></p>	<p>SPRING DETAIL</p> <p>Complete Interior & Exterior Vehicle Cleaning including:</p> <ul style="list-style-type: none"> • Shampoo rugs • Clean seats • Exterior wash and wax • Tires and rims cleaned and shined • Windows cleaned inside and out <p>LIMITED TIME OFFER</p>
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Bill Kolt Jr.



Book online:
www.bkcars.com/appointments.htm
or call: 845-398-6330
Valid: Now thru April 30 2018

Offer excludes all tires. Cannot be combined with any other offers.

OPEN MONDAY-FRIDAY 7:30-6, SATURDAY 7:30-4, CLOSED SUNDAY

- [Request More Info](#)
- [Email A Friend](#)
- [Print](#)

Our website also features a few pages dedicated to our Discount Tire Center.



Bill Kolb Jr. Subaru

📍 252 Route 303

Orangeburg, NY 10962

2017 Dealer of the Year! - Subaru Stellar Care Award. - Buy with Confidence!

\$



New Vehicles

Used Vehicles

Finance & Specials

Service & Parts

About Us

Bill Kolb Jr. Subaru Discount Tire Center



At Bill Kolb Jr. Subaru, we know our way around tires, especially when it comes to pairing your Subaru with the correct ones it was engineered to ride on. We know the correct size and type that's best suited for your vehicle. At our tire center, we offer all the major brands and we can also assist you with all-season, summer, performance, and snow/winter tire options.

Subaru recommends replacing all four tires at the same time on all-wheel-drive vehicles. Our factory trained technicians will mount and balance them properly, and are always ready to help solve any other tire-related issues.

You can view plenty of tire options for your Subaru by clicking the Shop for Tires button, so let's get you started.

Shop for Tires

Tires ▾

Search by Vehicle

Subaru ▾

Select Year ▾

Search by Tire Size

225 ▾

45 ▾

17 ▾

Go

[Different size for rear tires?](#)

Subaru Tire Center

Need tires? Trust our experts to help guide you to the right tire for your needs. Our experienced technicians will help you select the ideal tires for your vehicles, the way you drive them and the roads you drive on.

With access to over 10,000 different tire options, rest assured we are your one-stop-shop for any and all of your tire needs.



Now is the Time to Buy!

Special offers on tires and other products typically include rebates or gifts with purchase. See all current special offers below. [View all manufacturers' promos.](#)



The mailer and the website specials are timely, and the prices are competitive within our competitive set.

Compare Subaru Service Discount Prices - Subaru Service in NY

Service Facility	Full Synthetic Oil and Filter change	Tire Rotation	Front Brake Pad Replacement inc. Machining	4 Wheel Alignment	Battery Replacement
Bill Kolb Jr Subaru	\$59.95	\$28.00	\$298.00	\$95.00	\$159.00
Westchester Subaru	\$74.00	\$25.00	\$369.00	\$119.00	\$175.00
Liberty Subaru	\$60.00	\$30.00	\$430.00	\$90.00	\$170.00
Johnston Subaru	\$64.99	\$25.00	\$435.00	\$99.99	\$185.00
Mavis	\$70.00	\$30.00	\$278.00	\$79.00	\$149.00

The specials are updated regularly on both our email/mail and website efforts. The artwork is appealing and in keeping with our overall advertising theme. Great attention is given to these efforts and the department should be commended for keeping the advertising current and fresh.

However, of the \$120,000 budget only \$8,187 was devoted to the Service and Parts Departments. A review of local newspapers reveals a non-existent Service and Parts advertising presence. I would suggest increasing the amount of money being spent on advertising in the Service and Parts departments. The 6.8% of the advertising budget that is currently being spent on fixed ops is not enough to take advantage of the ripe opportunities available to us. I would further suggest advertising that we work on "All Makes and All Models". The makeup of our technician mix and their past experience with other makes could benefit all of us greatly.

Marketing

Bill Kolb Jr. Subaru is the only Subaru dealership in Rockland County and has seen consistent growth in all departments since its inception in November of 1998. 9,607 new vehicles were sold in the last five years and an average of 100 used vehicles are sold per month. We enjoy 66% repeat and referral business. There is certainly no shortage of service opportunity.

Unfortunately, our owner base retention in the Service Department is at 45.77%. While that number is 10% above the national average it is well below the NADA guide of 70%. We must ask where is that business going?

Most Subaru dealers in the surrounding areas have undergone major facility renovations and while we will be opening a new Service and Parts department in July of this year, we cannot wait till then to seek out more business.

A survey of local repair facilities was conducted, and the results are posted below.

Competitor	Date and Time of Call	Name of Contact Person	Lube, Oil & Filter	Rotate Front / Rear Tires	Balance Front / Rear Tires	Align Front End	Service A/C	Replace Front Disc Pads
Ron's Quality Automotive	2/12 @ 12:15pm	Bill	\$67.00	\$30.00	\$60.00	\$120.00	\$166.00	\$170.00
North Middletown Service	2/12 @ 12:30pm	John	\$39.95	\$25.00	\$40.00	\$89.95	\$90.00	\$155.00
Pearl River Service	2/12 @ 12:45pm	Mike	\$59.95	\$20.00	\$48.00	\$89.00	\$109.00	\$150.00
Coatti's Service	2/12 @ 1pm	Mike	\$66.00	\$25.00	\$60.00	\$90.00	\$135.00	\$180.00
Koester's Service	2/12 @ 1:15pm	Charlie	\$45.95	\$22.00	\$58.00	\$104.95	\$110.00	\$175.00
Mavis Discount Tires	2/12 @ 1:30pm	Anthony	\$69.99	Free	\$67.96	\$79.95	N/A	\$79.99
May Auto Inc	2/12 @ 1:45pm	Jimmy	\$60.00	\$20.00	\$40.00	N/A	N/A	\$150.00
303 Auto 1 Inc.	2/12 @ 2pm	Mike	\$75.00	\$30.00	\$80.00	\$89.00	\$150.00	\$150.00
Norwood Auto	2/12 @ 2:15pm	Peter	\$50.00	\$20.00	\$70.00	\$120.00	\$100.00	\$170.00
Orangeburg Auto General	2/12 @ 2:30pm	Valentine	\$48.00	\$20.00	\$40.00	\$90.00	\$125.00	\$129.00
Totals			\$581.84	\$212.00	\$563.96	\$872.85	\$985	\$1,508.99
# of Competitors			10	10	10	9	8	10
Average			\$58.18	\$21.20	\$56.40	\$96.98	\$123.13	\$150.90

It is clear from the survey above that our pricing is very competitive and in line with the surrounding area. It should not be difficult to market ourselves and devise a strategy based around our being an OE dealership.

The first step in this marketing plan would be to construct a competitive pricing board for placement in the service department. The board would include the information on the survey above and the placement would insure that it be seen by all Parts and Service clientele. I would further market that we employ 5 Master Technicians who, combined, have over 100 years Subaru experience.

The next step would be to place good, better, best options, for select items, on display in the service department. Red, yellow and green displays for wearable items, like tires, could also be employed to help market our services to customers.

Perhaps the most potent tool for us could be a proper vehicle walkaround conducted when the vehicle arrives for service, coupled with a properly completed Complimentary Maintenance Inspection.

If we are able to utilize all of the tools at our disposal and market ourselves properly, there is no reason why we cannot retain a greater percentage of our customer base and, equally as important, re-attract some of the customers who defected.

Facility

FACILITY POTENTIAL	
Number of Bays	10
	x
Number of Days	24
	x
Number of Hours	13
	x
Effective Labor Rate	108.15
	<i>equals</i>
FACILITY POTENTIAL	\$ 337,428

FACILITY UTILIZATION	
Total Labor Sales	\$ 244,219
	÷
Facility Potential	\$ 337,428
	<i>equals</i>
FACILITY UTILIZATION	72.38%

The calculation at left shows that the dealership's Facility Utilization is at 72.38%. NADA guide for Stall Utilization is at 75% minimum.

While close to guide, the potential for additional gross is too great to ignore.

At 100% utilization the additional, yearly, sales could increase by over \$1 million. Even at our current gross percentage of 58% that is an additional \$580,000 in gross.

The Service Department is currently open for customer work from 7:30am till 6:00pm Monday through Friday and from 8:00am till 4:00pm on Saturday. The service department is open from 6:00pm till 9:00pm Monday through Thursday for new and used vehicle prep.

During that time, only three technicians are working.

Adding technicians and opening the shop to customer work during that time would help raise the utilization to guide at 75% and beyond and add significant gross to the dealership's bottom line.

Productivity

NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Car*	\$ 120,008	÷	97.54	=	1230.3
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 62,464	÷	117.00	=	533.9
Internal	\$ 61,747	÷	125.00	=	494.0
New Vehicle Prep	\$ -	÷		=	0.00
Total	\$ 244,219				2258.2

POTENTIAL

\$ 244,219	÷	2258.20	=	\$ 108.15		
Total labor sales for month		Total hours billed		Effective Labor Rate		
9.00	x	8	x	24	=	1,677.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Aval
1,677.0	x	\$ 108.15	=	\$ 181,366		
Clock Hours Available		Effective Labor Rate		Labor sales potential		

How proficient are your technicians ?

2,258.0	÷	1,677.00	=	134.65%
Hours Produced		Hours Available		Tech Proficiency

At first glance our technician proficiency is off the charts at 134.65%. Well above NADA guide of 120%.

After spending time with the Service Manager, the picture is not quite as clear. The dealer financial statement shows an adjusted number of clock hours available. The actual number of hours available was 2000. The difference of 323 hours accounts for sick days taken, an unexpected absence due to a family member falling ill that required a lengthy leave and technician training. When recalculating the proficiency based on 2000 available hours the new proficiency level is 112.90%.

The technicians who were available for work more than pulled their weight and made up for the unavailable technicians. One concern is the number of sick days taken. There is suspicion that a few technicians constantly call out sick after hitting their personal, monthly or weekly, objectives.

I am concerned that if this practice continues the technicians who are constantly available will begin to wear down, unable to keep up the breakneck pace.

One suggestion would be to switch to technician teams with the team leader incentivized on his team's efforts. The self-police mentality in that scenario could help eliminate, or minimize, the technicians taking advantage of their situations.

Production Method

Our Service Department currently utilizes the conventional model.

We have three Service Advisors and 11 technicians. The Service Advisors send the repair orders to the Service Manager, who dispatches the work to the technicians based on job type, need and order of importance. The technicians all work as individuals and there are no team goals in place.

The lack of a true dispatcher is an oversight that needs to be corrected immediately. There is often a cluster of techs outside the Service Manager's office waiting for work to be distributed.

I would recommend exploring the Team production method. I would put together three teams each headed by one of our "A" techs. Each team would consist of a balance of technicians of varying skill levels. I would assign each team to one of the Service Advisors. The Service Advisor would dispatch work directly to their team thus eliminating the bottleneck created because of not having a true dispatcher. Further, I would incentivize the team leader based on his team's proficiency. I think the team leader would self-police his "troops" in order to attain the bonus objectives put in place. That, to me, would be invaluable.

Cost of Labor Analysis

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 120,008	\$ 83,178	69.31%	49.00%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 62,464	\$ 47,511	76.06%	26.00%
Warranty Other			0%	0%
Internal	\$ 61,747	\$ 47,212	76.46%	25.00%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0%
Total	\$ 244,219	\$ 177,901	72.84%	100.00%

NADA guide for Gross as a percentage of Sales is 73%. We are currently at 72.84%.

Proper work mix is 60% customer and a combined 40% between warranty and internal. Our current customer percentage is 11% too low.

The Gross as a Percentage of Sales on our financial statement is below 59%. The reason for the discrepancy is that the table on the left does not factor in sublet. We have over \$100,000 in sublet sales and

only \$3,549 in sublet gross. The vast disparity is due to a decision not to mark up aftermarket leather. We sell roughly 60 leather interiors per month. We do not have the capability to do this work ourselves and an internal decision was made not to mark up the interiors.

We can focus on a few areas that will help improve our customer labor metrics. The first is decreasing the number of one-line repair orders. This can be accomplished through proper utilization of the Complimentary Maintenance Inspection, visual aids (red, yellow, green) and presentation of our Service Menu. This would help improve the sales and gross dollars generated per repair order. The second is to open our shop to "All makes, all models." The influx of customer labor would serve to greatly improve the labor mix. The third area to

improve upon is Service Advisor discounting. Our door rate is \$127 while our effective labor rate is \$98. Taking the ability to discount away from the advisors would greatly decrease discounts and again raise both sales and gross.

Expense Structure

Service Department Profit Centering				
Expense Category	Dollar Amount		% of Gross	Profile
Department Gross	\$ 177,901			
Variable Expense			0.00%	
Selling Expense			0.00%	
Personnel Expense	\$ 123,779		70.00%	50%
Semi-Fixed Expense	\$ 35,629		20.00%	30%
Fixed Expense	\$ 25,921		15.00%	combined
Unallocated Expense			0.00%	
Dealer's Salary			0.00%	
Total Expenses	\$ 185,329		104.00%	80%
Net Profit	\$ (7,428)		-4.20%	20%

On the surface, our expenses are out of line with NADA profiles. Our personnel expense is 20% too high and our combined semi & fixed expense is 5% over guide. As a result, our service department is losing money.

There are, however, several factors at play. We are in the process of building a new, offsite, Service and Parts facility. We are currently paying rent on two properties and as a result our fixed expense is considerably higher than it will be going forward. At the same time, we have hired additional employees to staff the new space.

These include an Assistant Service Manager, an Express Service Advisor and two Express techs. We did not want to risk losing these individuals to other jobs so even though our new facility does not open for several months, we brought them on now. Although they are contributing, it is not to the extent that it will be when they are in their permanent positions. The resulting spike in personnel expense is having a considerable effect on net profit.

Our new facility was originally set to open early this spring. With unforeseen delays we are now looking at early summer before the doors open. The bottom line is that although the

additional expenses are warranted, we must seek out ways to mitigate the “damage” and return to profitability in the department.

(Sidebar. We determined that the carrying charge of the new hires was not worth the added expense. The calculation above used February 2018 data. Our personnel expense in March was \$13,000 less and the department turned a net profit of \$12,156. Still below the 20% guide, it is an increase of 10.8% over February.)

Pay-plans

Our Service Advisors and our Service Manager are on pay-plans created by the dealership. The pay-plans have been revised over the years and include an Owner Loyalty (OLP) component.

The technicians pay-plan was a result of the union contract. An excerpt of the contract follows below.

APPENDIX "A"

PAY RATES: All Employees will receive a 3% wage increase each July 1st of the contract

1-1-14

"A" Technician	\$29.00/hr
"B" Technician	\$23.50/hr
"C" Technician	\$17.50/hr
"D" Technician	\$13.00/hr
Senior Counter Person Parts	\$510.00/wk (plus bonus)
After Market Specialists	\$560.00/wk

TECHNICIAN BONUS:

<u>Number of Production hours</u>	<u>Retroactive to 1st hour</u>
53 hours	\$1.00
60 hours	\$2.00
70 and more hours	\$3.00

If a mechanic books more than 53 hours, he will receive the above bonus back to hour (1) one.

Sick days and Tech training hours will be used towards the technicians bonus pay. Vacation hours do not go towards bonus pay hour.

The current technician pay-plan rewards hours sold provides a bonus based on the hours generated. The draw back to flat rate pay is that any time we raise the labor rate the technicians want to negotiate a raise. Technicians who hit their hourly objective are not motivated and as a result our sales numbers drop.

It was earlier suggested that we explore the team concept with technician proficiency being the area for bonuses. This would certainly help here as well. It would further benefit the Service Department if, during the next union negotiation, a restructuring of the pay-scale was discussed. One possibility would be to pay technicians a percentage of labor sales instead of flat rate.

A Tech 27% / B Tech 26% / C Tech 25% and so on.

When coupled with a proficiency bonus rather than one based on hours we will insure the same high-level output whether it is the first day of the month or the 20th.

Our Service Advisor and Service Manager pay-plans are also an issue. The problem is that there is little or no consistency. All advisors share similar tenure, and all do the same work over the same number of hours. The pay-plans are attached below.

Pay Plan for **Mr. Joseph Minns**

Start Date: Effective May 2015 Commissions

Salary: \$2000 Per Week \$104,000

Commission based on **Total Service Gross** (Line 44 of the F/S)

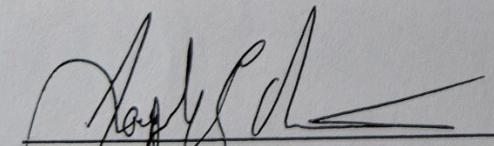
Tier Based Commission Non-Retro

\$100,000 - \$160,000	4.5%	\$2700	\$ 32,400
\$160,001 - \$190,000	5.0%	\$1500	\$ 18,000
\$190,001+	7.0%		

Additional Compensation:

\$750 **Quarterly OLP Bonus** if Service OLP is 10pts higher than objective:
\$ 3,000

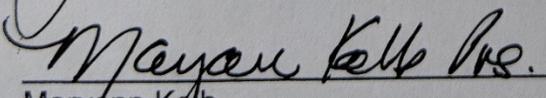
\$400 Month Demo Allowance \$ 4,800
\$150 Per Month Medical Contribution \$ 1,800



Joseph Minns

5/15/15

May 15, 2015

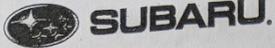


Maryann Kolb

5-15-15

May 15, 2015

Phil Kolb Jr.



NAME REDACTED
[Redacted Name]

Advisor / ASM Pay Plan 2017

Employee:

Effective: March 1, 2017

Subject: Pay Plan Modification - Focus on OLP

Commission Paid on or closest to the 15th of each month per Company Policy

Net of the Total: Customer Paid Parts and Labor + Warranty Parts Labor* + Service Contract Parts and Labor. Based on Individual Performance. Non-Retro Tier Levels. CPL Gross must be 72.5% or higher.

<u>Sales Levels</u>	<u>Comm %</u>	<u>Monthly</u>
\$0 - \$90K	4.0	\$3600
\$90,001 - \$110K	5.5	\$1100
\$110,001 +	8.5	\$1700

(Example: Based on \$130,000 average)

Employee Individual SS OLP Score must be at = >900 per month in order to achieve the 8.5% Commission Tier Pay -Out Level.

I understand I will be enrolled in the Q1 2017 SDC / Service Advisor Ascent Program, of which the dealership is funding 50% of the cost, for additional financial opportunities.

I agree and understand the pay plan as stated above.

[Signature]
Employee 2-17-17 (N.KSON)

Maryann Kolb
Maryann Kolb, President 2-9-17
February 9, 2017

Rockland County • 252 Route 303 • Orangeburg, New York 10962
845-359-7777 • Fax 845-359-8706

www.BKcars.com

Bill Kolb Jr.



"The Ultimate Subaru Store"

PAYPLAN for Professional Service Advisor

Employee: ~~Robert Berke~~ NAME REDACTED

Start Date: January 22, 2018

Position: Service Advisor

Salary: \$650 per Week / Up to \$200 per Week Draw - NO draw

as of
1-22-18

Commission:

Payable on or closest to the 15th of Each Month per Company Policy.
Commission paid on Individual Customer **Total Sales** of Paid Parts and Labor Sales, Warranty Parts and Labor Sales, and Service Contract Parts and Labor Sales less Discounts, Coupons and Misc.

Commission Structure, Non- Retroactive

\$0	- \$ 90,000	4.0%
\$90,001	- \$110,000	5.5%
\$110,001+		8.0%

OLP Qualifier: Must achieve SOA OLP Monthly Objective in order to receive 8.0% of Individual Sales. **If less, maximum commission paid is 5.5% depending on sales levels.**

Benefits:

Vacation and Sick Time per Company Policy. Exception: 2 Weeks upon hire.

Medical, Dental and AFLAC benefits available. Please see the Controller for further details.

I have read, understand, and accept the pay plan for my position as stated.

Robert Berke

1/8/18

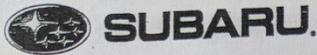
January 8, 2018

Maryann Kolb, President

1-8-18

January 8, 2018

Bill Kolb Jr.



Advisor / ASM Pay Plan 2017

Employee: [REDACTED] NAME REDACTED

Effective: March 1, 2017

Subject: Pay Plan Modification - Focus on OLP

Commission Paid on or closest to the 15th of each month per Company Policy

Net of the Total: Customer Paid Parts and Labor + Warranty Parts Labor* + Service Contract Parts and Labor. Based on Individual Performance. Non-Retro Tier Levels. CPL Gross must be 72.5% or higher.

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\$0 - \$90K	4.0	\$3600
\$90,001 - \$110K	5.5	\$1100
\$110,001 +	8.5	\$1700

(Example: Based on \$130,000 average)

Employee Individual SS OLP Score must be at = >900 per month in order to achieve the 8.5% Commission Tier Pay -Out Level.

I understand I will be enrolled in the Q1 2017 SDC / Service Advisor Ascent Program, of which the dealership is funding 50% of the cost, for additional financial opportunities.

I agree and understand the pay plan as stated above.

[Signature] 2/17/17 (Gross)
Employee

Maryann Kolb 2-9-17
Maryann/Kolb, President February 9, 2017

The problem with these pay-plans is the inconsistency. Some are paid on sales, others on gross. Some have a salary and others do not. Some have a higher commission than others. Some have qualifiers to hit certain payouts while others do not. With everyone trying to maximize their own pay-plan it is conceivable that they would be working at odds with each other. Different objectives mean different goals. It is imperative that we develop a uniform pay-plan that all advisors can work towards together.

For instance, during class it was suggested to pay advisors per flat rate hour sold. I would create a pay-plan that pays advisors a set amount per flat rate hour sold. I would further create ELR levels and proficiency levels that would bump up the rate they could earn per flat rate hour sold. Having their pay all tied together with the department's ELR and the technician's proficiency would insure that all are working towards a common goal...Service Department profitability.

Performance Programs

March Labor Objectives

OBJECTIVE	\$208,417
DAYS	27
GROSS PER DAY	\$7,719
NUMBER OF ADVISORS	3.75
TOTAL GROSS PER ADVISOR	\$55,578
GROSS PER DAY PER ADVISOR	\$2,416
HOURS TO MEET OBJECTIVE	2,939
DAYS PER TECH WORKED	23
HOURS PER TECH	288.1
HOURS PER DAY	108.9
HOURS PER TECH PER DAY	12.1

In the days leading up to the start of a new month the Service Advisor puts together an Objective Chart. The chart at left was put together for the month of March. Once completed the Service Manager reviews the information with the owner and makes changes when necessary.

Once approved the information is given to the Service Advisors and the monthly goals are set forth.

We use Reynolds and Reynolds for our DMS and the Service Manager keeps track of the advisor's performance using a report

generated in Reynolds and Reynolds.

Completed reports for each of the Service Advisor's follow on the ensuing pages.

<u>Advisor Name</u>	<u>Total Type</u>	<u>Customer Labor</u>	<u>Warranty Labor</u>	<u>Internal Labor</u>	<u>Customer Parts</u>	<u>Warranty Parts</u>	<u>Internal Parts</u>	<u>Discounts</u>	<u>Labor Disc. %</u>	<u>Totals</u>
GREG	RO Totals 550 (407)	236.00	147.00	24.00						
	Sales	28,633.39	23,112.68	1,361.10	27,348.62	34,823.34	1,077.65	-2,071.52	3.90	114,285.26
	Gross Profit \$	20,099.06	17,651.35	776.34	9,797.18	10,180.02	358.39	-2,071.52		56,790.82
	Gross Profit %	70.19	76.37	57.04	35.82	29.23	33.26			49.69
	Avg. Sales/RO	121.33	157.23	56.71	115.88	236.89	44.90			280.80
	Total Hours	324.10	204.46	23.10						551.66
	Avg. Hours/RO	1.37	1.39	.96						1.36
	Eff Lbr Rate	88.35	113.04	58.92						96.27
	Sublet	8,256.81	30.00	145.00	.00	.00	.00			8,431.81
TOTALS FOR GREG	RO Totals 550 (407)	236.00	147.00	24.00						
	Sales	28,633.39	23,112.68	1,361.10	27,348.62	34,823.34	1,077.65	-2,071.52	3.90	114,285.26
	Gross Profit \$	20,099.06	17,651.35	776.34	9,797.18	10,180.02	358.39	-2,071.52		56,790.82
	Gross Profit %	70.19	76.37	57.04	35.82	29.23	33.26			49.69
	Avg. Sales/RO	121.33	157.23	56.71	115.88	236.89	44.90			280.80
	Total Hours	324.10	204.46	23.10						551.66
	Avg. Hours/RO	1.37	1.39	.96						1.36
	Eff Lbr Rate	88.35	113.04	58.92						96.27

NIKSON SIMONI	RO Totals 448 (349)	224.00	106.00	19.00						
	Sales	47,577.35	16,658.36	662.20	30,572.59	21,119.03	383.23	-3,700.24	5.70	113,272.52
	Gross Profit \$	36,392.02	12,770.15	407.41	10,975.04	6,733.46	109.00	-3,700.24		63,686.84
	Gross Profit %	76.49	76.66	61.52	35.90	31.88	28.44			56.22
	Avg. Sales/RO	212.40	157.15	34.85	136.48	199.24	20.17			324.56
	Total Hours	440.20	150.60	11.10						601.90
	Avg. Hours/RO	1.97	1.42	.58						1.72
	Eff Lbr Rate	108.08	110.61	59.66						107.82
TOTALS FOR NIKSON SIMONI	RO Totals 448 (349)	224.00	106.00	19.00						
	Sales	47,577.35	16,658.36	662.20	30,572.59	21,119.03	383.23	-3,700.24	5.70	113,272.52
	Gross Profit \$	36,392.02	12,770.15	407.41	10,975.04	6,733.46	109.00	-3,700.24		63,686.84
	Gross Profit %	76.49	76.66	61.52	35.90	31.88	28.44			56.22
	Avg. Sales/RO	212.40	157.15	34.85	136.48	199.24	20.17			324.56
	Total Hours	440.20	150.60	11.10						601.90
	Avg. Hours/RO	1.97	1.42	.58						1.72
	Eff Lbr Rate	108.08	110.61	59.66						107.82

ROBERT STORMS	RO Totals 327 (231)	135.00	81.00	15.00						
	Sales	15,768.51	10,242.10	441.00	13,526.22	14,456.06	1,108.33	-1,169.00	4.42	54,373.22
	Gross Profit \$	11,327.79	7,945.07	250.93	5,026.45	4,329.13	215.45	-1,169.00		27,925.82
	Gross Profit %	71.84	77.57	56.90	37.16	29.95	19.44			51.35
	Avg. Sales/RO	116.80	126.45	29.40	100.19	178.47	73.89			235.38
	Total Hours	174.40	93.20	7.10						274.70
	Avg. Hours/RO	1.29	1.15	.47						1.19
Eff Lbr Rate	90.42	109.89	62.11						96.29	
TOTALS FOR ROBERT STORMS	RO Totals 327 (231)	135.00	81.00	15.00						
	Sales	15,768.51	10,242.10	441.00	13,526.22	14,456.06	1,108.33	-1,169.00	4.42	54,373.22
	Gross Profit \$	11,327.79	7,945.07	250.93	5,026.45	4,329.13	215.45	-1,169.00		27,925.82
	Gross Profit %	71.84	77.57	56.90	37.16	29.95	19.44			51.35
	Avg. Sales/RO	116.80	126.45	29.40	100.19	178.47	73.89			235.38
	Total Hours	174.40	93.20	7.10						274.70
	Avg. Hours/RO	1.29	1.15	.47						1.19
Eff Lbr Rate	90.42	109.89	62.11						96.29	

ROBERT BERKE	RO Totals 456 (331)	212.00	104.00	15.00						
	Sales	27,990.25	11,474.14	480.28	21,193.50	18,805.35	397.75	-1,156.10	2.89	79,185.17
	Gross Profit \$	21,012.20	9,017.92	264.06	7,793.36	5,559.36	92.32	-1,156.10		42,583.12
	Gross Profit %	75.07	78.59	54.98	36.77	29.56	23.21			53.77
	Avg. Sales/RO	132.03	110.33	32.02	99.97	180.82	26.52			239.23
	Total Hours	286.60	104.80	9.50						400.90
	Avg. Hours/RO	1.35	1.01	.63						1.21
Eff Lbr Rate	97.66	109.49	50.56						99.64	
TOTALS FOR ROBERT BERKE	RO Totals 456 (331)	212.00	104.00	15.00						
	Sales	27,990.25	11,474.14	480.28	21,193.50	18,805.35	397.75	-1,156.10	2.89	79,185.17
	Gross Profit \$	21,012.20	9,017.92	264.06	7,793.36	5,559.36	92.32	-1,156.10		42,583.12
	Gross Profit %	75.07	78.59	54.98	36.77	29.56	23.21			53.77
	Avg. Sales/RO	132.03	110.33	32.02	99.97	180.82	26.52			239.23
	Total Hours	286.60	104.80	9.50						400.90
	Avg. Hours/RO	1.35	1.01	.63						1.21
Eff Lbr Rate	97.66	109.49	50.56						99.64	

The objectives are discussed prior to the start of a new month but even though the info on the reports above is readily available, it is not shared with the advisors as often as it should be. At minimum, a weekly review should be conducted with each of the advisors. The Service Manager should have the report printed and be prepared to discuss where they are currently, where they should be at that point in the month and what they need to do to improve. The meeting should be constructive and handled in a manner of support and coaching. If feedback is not shared, how can the advisor measure their success or failure in a month until it is too late to turn it around.

We have a weekly manager's meeting with the heads of each department present. Opportunity is given to each manager to discuss problems, review monthly numbers and ask for assistance. Other managers often voice their opinions and offer advice. The meeting generally last between 30 and 45 minutes. It is imperative that information gathered at this meeting be disseminated with each person that is affected.

Better communication between departments, between manager's and their staff and often between ourselves and our customer's is vital to our long-term success. If we fail to improve we need look no further than ourselves to blame for our failures.

Level of Current Training

Subaru has several different training initiatives that are accessible through our dealer portal on the manufacturer's website. Additionally, Subaru has a local training center that is approximately 3 miles from the dealership.

All fixed ops personnel are enrolled in Subarunet when they are hired. Their unique log in gives them access to the Subaru Skills training portal. From this portal they can see required training and log in to complete the training courses.

Training for Service Advisors updates quarterly and is required to earn any individual manufacturer incentives. The Service Manager can view the level of training for his advisors on the Subaru Foundations page on Subarunet.

Technicians similarly access their training through the Skills website.

The manufacturer has certain requirements that must be met to earn the title of Stellar Performer and all the perks that come with that recognition.

The following pages are screen shots from the manufacturer website that both Service Advisor and technicians can access to complete their respective training requirements. All requirements are listed and detailed instructions are available for review as well.



GREAT SERVICE STARTS HERE

Subaru is committed to making the customer experience a key driver of why consumers choose to purchase Subaru vehicles. That commitment includes ensuring that our stores and service departments have well-trained, knowledgeable technicians.

- [▶ Level 2 Training Test-Out Program](#)
- [▶ 1-2-3s of Certification](#)
- [▶ Register for an ASE Certification](#)
- [▶ Check my ASE Certification Status](#)
- [▶ ASE Testing Calendar](#)
- [▶ Find a Test Center](#)
- [▶ Find a Seat](#)
- [▶ Frequently Asked Questions](#)

HOW DO I TEST OUT?

1. Go to myASE. Create an account if needed and make sure that your Subaru Training ID is stored in your myASE account. For step-by-step instructions, [view this tutorial](#).
2. Register for one or more of the tests through Subaru Technical Training (details below).
 - Log in to the SKILS Welcome page and click *Browse for Training*.
 - In the *Type* section, click the icon that resembles a clipboard with a test on it.
 - View the available Test-Out options and click the title of the one for the appropriate Skill Group you wish to register for.
 - Click the Request button. Note - If you do not have your ASE Technician ID ready to enter on the next screen, DO NOT click request. Use the Back button on your browser to return to the previous page and come back when you have your ID ready to enter.
 - Enter your First and Last names with NO punctuation, and enter your ASE Technician ID formatted as ASE-1111-1111 and then click Submit.
3. Within 10 days, you will receive an email from ASE, confirming that you are registered. Make sure you have the requested tests, then log onto myASE to schedule your testing appointment. You have 90 days to make an appointment and complete your tests. You can take the tests all at once, or spread them out over several appointments; whichever works best for you. To find testing centers close to you, visit www.ase.com/testcenters.
4. *Optional* - while you are logged in, you can also register for ASE certification tests. Because the registration fee has already been paid, you can register and only pay the test fees. You can also schedule and take ASE tests at the same time you are taking the Subaru Training Opt-Out tests.
5. On your scheduled test date, show up on time at the test center with your current (unexpired) government-issued photo ID in hand. When you finish your Subaru tests, you will receive a printed Notice of Completion to show that you took the test. You will also receive a Pass/Fail score report for any ASE certification tests you take.
6. Within 10 business days, Subaru Training will let you know whether you successfully tested out or still need to enroll and attend the Subaru Level 2 training class.

SUBARU QUICK LINKS

- [Subaru Retailer Employees](#)
- [Subaru Website](#)



ASE QUICK LINKS

- [About ASE](#)
- [ASE Certification Tests](#)
- [Register Now](#)
- [ASE Testing Calendar](#)
- [Find a Test Center](#)
- [Find a Seat](#)



ASE CERTIFICATION FOR SUBARU TECHNICIANS

When combined with Subaru training requirements, ASE Certifications help Subaru's retailer technicians possess the necessary skills to "Fix It Right the First Time."

This combined with completion of the Subaru training path, help drive an exceptional customer experience everyday at every retailer.

WHY ASE?

- ASE is an independent, non-profit organization dedicated to improving the quality of automotive service and repair through the voluntary testing and certification of automotive professionals.
- ASE Certification is a valuable yardstick by which to measure the knowledge and skills of individual technicians as well as the commitment to quality of the repair facility employing ASE Certified professionals.
- By displaying ASE Certification and Subaru training accomplishments, you **instill customer confidence in your store and Subaru vehicles.**

WHICH ASE CERTIFICATIONS DO I NEED?

To achieve Subaru Senior Master Technician status, you must successfully complete Subaru Level 5 Training and have 5 years Subaru experience based on the date of your first instructor-led technical training class. You are required to be ASE certified in the following areas:

- A1 Engine Repair
- A2 Automatic Transmission
- A3 Manual Drivetrain & Axles
- A4 Suspension & Steering
- A5 Brakes
- A6 Electrical/Electronic Systems
- A7 Heating, Ventilation, and A/C Systems
- A8 Engine Performance



FIXED OPS NON TECHNICAL TRAINING PATH

Whether you're a long time Subaru veteran or a new member of the team, there's always more to learn and more skills to improve. To help you continually grow as a part of the Subaru team, the Subaru Knowledge and Information Learning System or "SKILS" website provides access to hundreds of helpful courses and activities. If you ever wondered where to start or what course to take next, this guide is here to help.

The learning and development pathways in this guide provide Subaru's recommended order for completing your training courses and earning and maintaining your certification status. To make the most of this guide, follow these simple steps:

STEP ① FIND YOUR JOB ROLE'S TRAINING PATH

Service Manager	pg. 2
Service Advisor	pg. 3
Express Advisor	pg. 4
Parts Manager	pg. 5
Parts Advisor	pg. 6

STEP ② CHECK YOUR SKILS TRANSCRIPT FOR COURSES YOU'VE ALREADY COMPLETED

STEP ③ WORK THROUGH THE REMAINING COURSES IN YOUR PATH.

STEP ④ EACH NEW QUARTER, COMPLETE THE DESIGNATED COURSE FOR THAT QUARTER TO MAINTAIN YOUR CERTIFICATION.



**SERVICE MANAGER
TRAINING PATH**

1 Welcome to Subaru

Subaru Brand and Core Technologies

Subaru Brand **W03-152FOC**
Core Technology Parts and Service **W03-145FOC**

2 Managing Your Business

Customer Experience Through Service Process - Two Sides of the Same Coin

Claim Coding using Subaru Time Guide: Mod 3 **W01-083SOE**
Lemon Law **W01-139SOC**
Becoming a Trusted Tire Expert **W03-142FOC**
Introduction to Warranty **W01-074SOE**
Subaru Claims Policy & Procedure Module 2.1 - Sections 1-7 **W01-075SOC**
Subaru Claims Policy & Procedure Module 2.2 Section 8 **W01-076SOC**
Subaru Claims Policy & Procedure Module 2.3 Sections 9-12 **W01-077SOC**
Subaru Claims Policy & Procedure Module 2.4 Sections 13-18 **W01-078SOC**
Service Manager Fundamentals **W04-157SOC**
Subaru Loves Service: Managing the Sales to Service Introduction **W04-170SMC**

3 Growing Your Business

By Keeping and Getting Customers

STARLINK and Fixed Operations Lead Dispositioning **W03-144SOC**
Subaru Thule Partnership: Benefits & Product Details **W03-143FOC**

4 People Skills

Your Employees & Customers

Subaru Phone Skills for Service **W04-137SOC & W04-136SOC**
Earning More, with Rapport **W04-171SOC**
Building a Winning Team **W04-150FMC**

5 Quarterly Training

Q1 – Transactions with Trust **W04-172SOC**



**SERVICE ADVISOR
TRAINING PATH**

1 Welcome to Subaru

Subaru Brand and Core Technologies

Subaru Brand **W03-152FOC**
Core Technology Parts and Service **W03-145FOC**

2 Managing Your Business

Customer Experience Through Service Process - Two Sides of the Same Coin

Introduction to Warranty W01-074SOE	Subaru Claims Policy & Procedure Module 2.4 Sections 13-18 W01-078SOC
Claim Coding using Subaru Time Guide: Mod 3 W01-083SOE	Service Advisor Fundamentals W04-155SOC
Lemon Law W01-139SOC	Subaru Loves Service: Appointment, Preparation and Greetings W04-169SOC
Subaru Claims Policy & Procedure Module 2.1 - Sections 1-7 W01-075SOC	Transactions with Trust W04-172SOC
Subaru Claims Policy & Procedure Module 2.2 Section 8 W01-076SOC	
Subaru Claims Policy & Procedure Module 2.3 Sections 9-12 W01-077SOC	

3 Growing Your Business

By Keeping and Getting Customers

Becoming a Trusted Tire Expert W03-142FOC	Subaru Thule Partnership: Benefits and Product Details W03-143FOC
STARLINK & Fixed Operations Lead Dispositioning W03-144SOC	

4 People Skills

Your Employees & Customers

Subaru Phone Skills for Service W04-137SOC & W04-136SOC	Earning More, with Rapport W04-171SOC
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5 Quarterly Training

Q1-Subaru Loves Service: Customer Playbook **W01-176SOC**



**EXPRESS SERVICE REP
TRAINING PATH**

1 Welcome to Subaru

Subaru Brand and Core Technologies

Subaru Brand **W03-152FOC**

Core Technology Parts and Service **W03-145FOC**

2 Managing Your Business

Customer Experience Through Service Process - Two Sides of the Same Coin

Introduction to Warranty **W01-074SOE**

Role of the Express Service Representative **W01-131SOC**

Lemon Law **W01-139SOC**

Express Service Profits **W04-158SOC**

Exceeding Express Customers' Expectation **W04-168SOC**

Transactions with Trust **W04-172SOC**

3 Growing Your Business

By Keeping and Getting Customers

Becoming a Trusted Tire Expert **W03-142FOC**

Subaru Thule Partnership: Benefits and Product Details **W03-143FOC**

STARLINK and Fixed Operations Lead Dispositioning **W03-144SOC**

4 People Skills

Your Employees & Customers

Subaru Phone Skills for Service **W04-137SOC & W04-136SOC**

Earning More, with Rapport **W04-171SOC**

5 Quarterly Training

Q1-Subaru Loves Service: Customer Playbook **W01-176SOC**



**PARTS MANAGER
TRAINING PATH**

1

Welcome to Subaru

Subaru Brand and Core Technologies

Face of Subaru: Parts V1
W04-130POC

Subaru Brand **W03-152FOC**

Core Technology Parts and Service **W03-145FOC**

2

Managing Your Business

Customer Experience Through Service Process - Two Sides of the Same Coin

Prime Quiz for Parts Managers **W01-124PMC**

Parts Profitability WBT **W04-148POC**

Electronic Parts Catalog (Part of Parts Professional Series V2) **W03-115POC**

Parts Inventory Control for PM **W02-154POC**

Using the YRC Portal **W01-141POC**

3

Growing Your Business

By Keeping and Getting Customers

Subaru Thule Partnership: Benefits and Product Details **W03-143FOC**

Becoming a Trusted Tire Expert **W03-142FOC**

Subaru Care Connect **W01-146POC**

Increasing Part Sales **W04-132POC**

4

People Skills

Your Employees & Customers

Subaru Phone Skills Parts **W04-138POC & W04-136SOC**

Building a Winning Team **W04-150FMC**

Earning More, with Rapport **W04-171SOC**

5

Quarterly Training

Q1 – Subaru Parts Quiz 2017: Parts Mgr. **W02-174POC**



PARTS ADVISOR TRAINING PATH

1

Welcome to Subaru

Subaru Brand and Core Technologies

Face of Subaru: Parts V1
W04-130POC

Subaru Brand **W03-152FOC**

Core Technology Parts and Service **W03-145FOC**

2

Managing Your Business

Customer Experience Through Service Process - Two Sides of the Same Coin

Using the YRC Portal
W01-141POC

Parts Information Sources
W01-161POC

Parts Inventory Control for PA **W02-153POC**

3

Growing Your Business

By Keeping and Getting Customers

Increasing Part Sales
W04-132POC

Subaru Care Connect
W01-146POC

Subaru Thule Partnership: Benefits and Product Details
W03-143FOC

Becoming a Trusted Tire Expert
W03-142FOC

4

People Skills

Your Employees & Customers

Subaru Phone Skills Parts
W04-138POC & W04-136SOC

Earning More, with Rapport
W04-171SOC

5

Quarterly Training

Q1–Subaru Parts Quiz 2017: Parts Advisor **W02-175POC**

Minimum Training Standard Status						
WST Credits Available	# of Techs Required	Points Factor	Credits Attained	Credits Needed	Attainment %	# of Fully Trained Techs
69	14	0.52	642	570	113%	5
"Technician Training" Love Promise Qualifier Met?						Yes
Retailer currently meets and exceeds Subaru Technical training minimum standard of 2 Fully Trained Technicians and 100% Attainment rate, which satisfies both the franchise agreement and meeting a qualifier for Stellar cars. Keep up the great work!						
Level 1 & 2 Completion for Lesly & Khari						
Level 2 WST courses need to be completed by Miguel						
Certification Tests for:						
Marco (Cert 5G2)						
Andrew R (Cert 5G4)						
Matt B (Cert 5G1,2,3,4,5,6)						
No enrollments were made during today's contact.						

The box above is a summary of current training levels for our technicians. (I apologize for the poor quality of the image.) Bill Kolb Jr. Subaru is currently at 113% attainment and employs 5 fully trained technicians. Subaru's franchise agreement requires a 100% attainment rate and 2 fully trained technicians. Bill Kolb Subaru is well above the requirements in both categories.

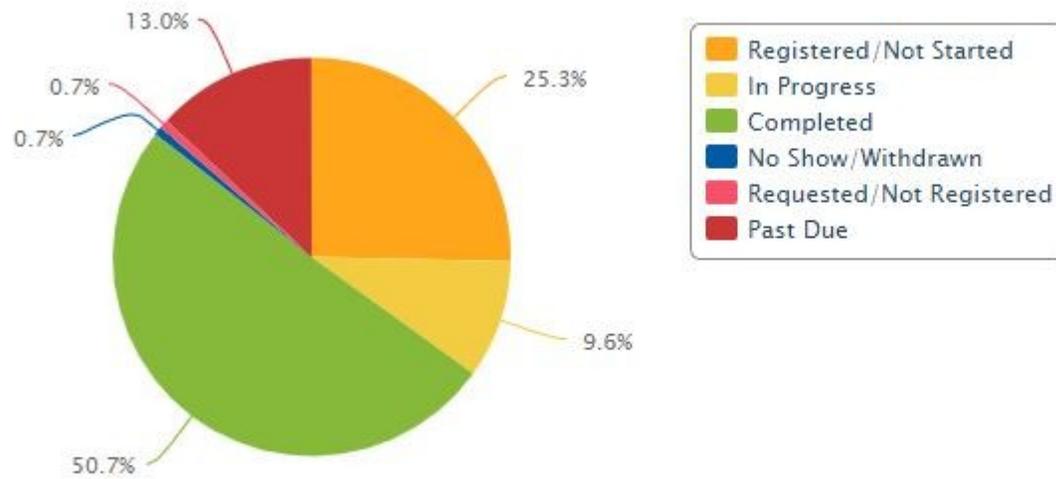
The areas in red highlight opportunities for technicians. Two technicians need to complete Level 1 & 2 training. One technician needs to complete one area in Level 2. Additionally, there are certification tests available for three techs. Once Matt B. completes his testing he will be the 6th fully certified technician employed by Bill Kolb Jr. Subaru.

Additionally, Subaru has created Subaru-U as a way for dealerships to start grooming technicians while they are still attending school. It is a great opportunity for both dealers and future technicians to start a dialogue that, upon graduation, can lead to immediate employment. The following page is an excerpt from the manufacturer's website further detailing the program.

What is Subaru-U?

Unlike other OEM educational programs, Subaru-U is designed to create a unique partnership between Subaru of America, the retailer, and high performing NATEF/AYES accredited secondary and post-secondary schools. By infusing Subaru's Web-Based Training (WBT) into the existing curriculum, students have the ability to take most of the entry-level training that is required of all Subaru technicians. Students can even opt to take a Subaru Level 2 Instructor Led Training Test-out and advance their training even further. Students at participating Subaru-U partner schools can gain valuable knowledge of Subaru vehicle systems that can better prepare them for possible employment in any one of approximately 600 Subaru retailers nationwide. Students that are apprenticed at a Subaru retailer and participating instructors are also eligible for additional training through Subaru. Retailers have the ability to take an active role with their local partner schools in shaping the technicians of tomorrow. There is no cost to the student to participate in this program. Other advantages of this program are in development and will be released as they are made available.

Employee Training Progress Summary



<u>USER ID</u>	<u>USER</u>	<u>TYPE</u>	<u>TITLE</u>	<u>TRAINING PROVIDER</u>	<u>STATUS</u>
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The pie chart on the previous page is an illustration of the current levels of training completion for the Service Manager and the Service Advisors. More attention must be given to this area of dealership training. Only 50.7% of training is completed. There is too large a percentage of overdue training (13%) and way too large a section (25.3%) of training registered for but not started.

The manufacturer makes it very simple to access training modules and detailed, step by step, instructions should lead to a foolproof process. It is therefore, inexcusable that all current required training is not completed and up to date.

Additionally, the Service Manager must stay on top of his technicians and insure that they complete their training as well.

There is further opportunity to utilize outside training opportunities for both Service Manager and Service advisors. Areas to focus on could include phone skills training, NADA workshops or enrollment in programs offered by outside companies. We must elevate our Service Department staff to a level that our customers have come to expect. Failure to do so would only quicken the defection rate and drive our customers to more convenient options.

Tool Room

Our tool room is currently located on the back wall of the Parts Department. The Parts Department is accessible down a short, narrow hallway. One parts counter services technicians, wholesale and retail customers. The tool section is neat and well organized. All tools are labelled, and the Parts Manager does a great job tracking the tools and accounts for their return.

The technicians do not have access to the Parts Department and must enlist the aid of a Parts department employee to retrieve any required tools. As a result of the location, the need to enlist aid and normal parts business, there is often a significant wait for a technician to get the tools needed to complete certain jobs.



Blue and white boxes on the counter, possibly manuals or brochures.

Shipping labels on the boxes leaning against the counter.

Subaru logo and text on a box leaning against the counter: SUBARU GENUINE PARTS

Wood-grain door with a silver handle and a metal kick plate at the bottom.

Stack of cardboard boxes, one labeled 'SUBARU GENUINE PARTS'.

Stack of cardboard boxes, one labeled 'M1017-43'.



The lack of space in our dealership is the main reason the tool room is in its current location. The less than ideal circumstances force us to maintain and keep it well organized. Failure to do so would lead to additional down time while Parts personnel searched for the necessary tools. Technician Proficiency would be further affected standing around waiting. The Parts Department does an admirable job making the best of a very inconvenient situation.

However, plans for a proper set up must be included in the new parts and service facility. The additional business, additional technicians and the ability to conduct a more robust wholesale program would make our current process impossible. We must take steps to improve the customer experience but not at the expense of the technicians and parts employees.

RO Review

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$	4,399	=	57.40	=	76.63	FRH Average
Maintenance	\$	7,157	=	64.00	=	111.83	FRH Average
Repair	\$	2,441	=	22.10	=	110.47	FRH Average
Totals	\$	13,997	=	143.50	=	97.54	Customer ELR
					Target Labor Rate	119.00	Per FRH
Total Ro's in Sample	100	Difference		-21.46	Per FRH		
Cost of Labor							
Total Cost of Labor	3177.36	=	Total Sales	=	22.70%	Percent Cost of Sales	
Total Cost of Labor	3177.36	=	Total FRH's	=	22.14	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	13,997.07	=	Total RO's	=	139.97	Avg Labor per RO	
Total FRH's	143.50	=	Total RO's	=	1.44	Avg FRH's per RO	
Menu Sales		=	Total RO's	=		Percent Menu Sales	
Competitive FRH's	57.40	=	Total FRH's	=	40.00%	Percent Competitive	
Maintenance FRH's	64.00	=	Total FRH's	=	44.60%	Percent Maintenance	
Repair FRH'	22.10	=	Total FRH's	=	15.40%	Percent Repair	
One item RO's	24	=	Total RO's	=	24.00%	Percent One Item RO	
Model Year Analysis							
2019	2018	2017	2016	2015	2014	Older	Total
0	4	18	16	11	10	41	100
0.00%	4.00%	18.00%	16.00%	11.00%	10.00%	41.00%	

The box at left is a summarization of a recent RO review. 100 consecutive RO's with at least one line of customer paid labor were chosen for this study.

Labor was grouped into one of three categories, Competitive, Maintenance or Repair. Labor sold, cost of labor and one line RO's were also measured.

Our door rate is \$127.

Our warranty rate is \$117.

Based on the data collected in this review:

Our FRH for competitive work is \$76.63. NADA Guide is to be competitive in our local market. There are three additional Subaru dealerships

and countless independent repair facilities within a 15-mile radius of Bill Kolb Jr. Subaru. Based on the dealer and non-dealer surveys that were submitted earlier in this analysis our pricing is competitive within our market.

Our maintenance FRH is \$111.83. NADA is +/- \$2 of warranty rate. At \$111.83 we are \$5.17 below guide.

Our repair FRH is \$110.47. NADA Guide is \$10 over repair rate. We are currently \$11.36 below guide.

NADA target labor rate is \$2 over the current dealership warranty rate. Our target ELR is \$119. At \$97.54 customer ELR we are currently \$21.46 below guide.

Our percentage of cost of sales is 22.7%, 7.3% below guide.

1.44 FRH's per RO is well below guide, for a non-luxury brand, of 2.5-2.5 hours per RO.

NADA Guide for combined competitive and maintenance work is 60% leaving 40% for repair work. Our current work mix is 84.6% combined competitive and maintenance and only 15.4% repair.

Our percentage of one-line RO's is 24% well over the guide of 10-15% maximum.

The model year mix is spread out and 41% of vehicles in the study we 2013 or older. As a result, there should have been ample opportunity to recommend additional services.

Based on the results of this analysis there are several things that need to be addressed in the Service Department immediately. Discounting must be restricted to that approved only by the Service Manager. Service Advisors cannot have the ability to discount. One-line RO's must fall to guide. Of the 100 vehicles in the study 41 of them were 2013 or older model years. 6 of the 41 had well over 100k and yet the only item on the RO was an oil change. Proper use of the Complimentary Maintenance Inspection would help the advisors recommend additional services more effectively thus limiting the number of one-line RO's. The CMI would also help to raise the average number of hours sold per RO. Lastly, we must focus on bringing the percentage of repair work up to guide at 40%. One way to correct that would be to advertise that we work on all makes and all models. Our shop has convenient hours, certified technicians and a very populous surrounding area with many large, local

businesses. We must be aggressive and go after the work that is out there.

All the above corrective actions, when combined, should have great impact on the profitability of the Service Department. Higher ELR, less one-line RO's, more hours sold per RO, greater mix of repair work and continued success in keeping the cost of sale below guide will have immediate impact on the overall health of the department.

SWOT Analysis

Strengths

1. Great working environment. The shop is heated and air conditioned and has high end equipment that is in good condition.
2. Great location. The dealership is located 15 minutes outside New York City and while it is not on a major roadway it is easily accessible from all areas in the NY Metro Area as well as New Jersey, Westchester and Orange Counties.
3. The core group of technicians' averages over 10 years tenure. They are well trained, counting 5 "A" techs in their number.
4. The service advisors have 80 years' automotive experience between them and the Service Manager and the Assistant Service Manager have 37 years' experience between the two.

5. The dealership sold 9607 new vehicles in the last 5 years. Subaru Units in Operation climbing to unprecedented levels.
6. The dealership is located 2.5 miles from the regional parts distribution center making it possible to supplement our daily stock order deliveries.
7. Construction of a new Parts and Service Facility is under way. We are anticipating a June 2018 Grand Opening.

Weaknesses

1. The dealership is extremely small for the volume of sales and service work that are conducted daily. Total square footage is a combined 10,000 square feet.
2. Communication between departments is lacking, including between advisors and technicians.
3. Three Service Advisors funnel all RO's through one dispatcher which causes a bottleneck.
4. There is only one parts window for technicians, retail and wholesale customers. The wait time at the parts counter can be extensive.
5. Service advisor training is non-existent.

6. New technician training needs to improve.
7. Service advisors discount too much work.
8. Too many one-line RO's.
9. Our re-delivery process is ineffective. Customers often are not aware of all work performed until they pick up vehicle at the end of the day.

Opportunities

1. The dealership is in an area with many businesses, hospitals and shopping malls. The opportunity exists to reach out and offer our services to the employees.
2. There are many outside training companies that can assist in the training of our employees.
3. Local newspaper advertising could provide a boost to our service business.
4. Outsourced Valet companies could help with our parking congestion.

5. Our pricing is very competitive in the local market. There is an opportunity to promote that in our Service Department.
6. Once our new facility is completed we will have the opportunity to work on all makes and models.
7. The dealership should investigate a relationship with a local car wash. Washing a customer's vehicle before re-delivery can increase the customer experience.

Threats

1. Service wait time can lead to defection of our customers to quick change facilities like Jiffy Lube.
2. Subaru increased oil change intervals from 3 to 6 months and from 3000 to 6000 miles.
3. Our facility is the only Subaru dealership in significant radius that has

not undergone a major renovation. New facilities with greater amenities are a risk to our customer base.

4. Newer phone and internet systems used at other dealerships provide greater customer experiences.

5. Being in the New York Metro area provides great access to customers.

However, it also gives customers many different options to choose from.

If we are not always on our “A” game, we could cause our customers to look elsewhere for their service needs.

6. Subaru’s units in operation count is staggering. If we are not prepared for the tremendous growth potential, someone else will be.

Objectives

1. To improve the overall customer experience.
2. To reduce the number of one-line RO’s.

3. To lessen the wait time at the Part's Counter.
4. To improve the communication between departments.
5. To limit the amount of sick days being taken by technicians after hitting objectives.
6. To significantly lessen discounts given by the Service Advisors.
7. To better educate Service Management, Service Advisors and new technicians.

Strategies

1. Properly utilize the valet.
2. Complete the initial vehicle walkaround.
3. Require technicians to properly complete a Complimentary

Maintenance Inspection.

4. Look for training opportunities for Service Department personnel.
5. Create technician teams.
6. Employ more support staff.
7. Eliminate the ability for Service Advisors to discount.
8. Conduct cross-department meetings.
9. Display a competitive price board and good, better, best parts options.

Tactics

1. By outsourcing valet duties, rather than assigning that task to an employee with multiple jobs, we will insure the presence of a valet in the service drive at all times.
2. Demonstrate a proper initial walkaround and hold Service Advisors

accountable for completing a proper walkaround with each customer prior to write up.

3. Demonstrate a proper Complimentary Maintenance Inspection and hold all technicians accountable for providing Service Advisors with a completed CMI.
4. Service Advisors to use the CMI to better present customers with additional recommended services.
5. Service Advisor to t.o. customers who decline work to the Service Manager. Service advisor will sit in on the discussion.
6. Enroll Service Manager and Service Advisors in outside training opportunities.

7. Establish tech teams. Leader of each team incentivized on the gross of his team. Self-policing should help cut down on un-warranted sick days.
8. Hire a shop runner to eliminate technician time wasted at the Parts counter.
9. Require the Service Manager to sign off on all parts and labor discounts.
10. Conduct meetings three days a week with Service, Parts and Sales Manager. Opportunity will exist to strategize for upcoming sales,

month end business, special order parts back log etc...

11. Require Advisors to call their customer's after work is completed to re-deliver their vehicle and answer any questions.

Action Plan

<u>Task</u>	<u>By Whom</u>
<u>Completion Date</u>	
Hire an outside valet company. March 31 st ,2018	Maryann Kolb, GM and Joe Minns, Svc Mgr.
Demonstrate a proper service March 31 st ,2018 Walkaround	Joe Minns, Svc Manager

Demonstrate a proper
March 31st,2018
Complimentary Maintenance
Inspection

Andy Wrobel, Shop Foreman

Proper use of CMI
March 31st,2018 &

All Service Advisors

Ongoing thereafter

T.O. all customers who
Immediate & Ongoing
Decline work to Svc Mgr.

All Service Advisors

Training Enrollment
March 31st,2018

Svc Mgr. and Service Advisors

Action Plan(cont.)

Task _____ By Whom _____
Completion Date

Establishment of tech teams
July 1st,2018 (new

Svc Mgr. and Shop Foreman

building)

Hire shop runner
July 1st,2018 (new

Svc Manager

buildin

g)

Eliminate ability for Svc
March 31st,2018
Advisors to discount

Dana Carano, Reynolds and Reynolds

Administrator

Conduct Regular Meetings
March 31st,2018 &

All department managers

Ongoing thereafter

Re-delivery Phone Calls
March 31st,2018 &

Service Advisors

Ongoing Thereafter

Synopsis

Bill Kolb Jr. Subaru opened in 1998 and initially sold an average of 50 vehicles per month. The dealership has enjoyed tremendous growth over the years and now sells an average of 250 vehicles per month. As a result, the Service Department has enjoyed unprecedented growth over that time as well. Unfortunately, the only thing that has not grown over the years is our building.

Morale is generally high, and our employees enjoy good working conditions, advancement opportunities and the latest in tools and equipment. Our service team has been together for years, adding to their number, but rarely having to let anyone go.

We have 5 "A" techs and 14 technicians in all. Our Service Advisors have over 80 years combined experience among them. Subaru Distributor Corporation often sends problem vehicles to our shop to have our team help diagnose vehicles that they often cannot.

We are at a point in our history that our past success is starting to catch up to us. The 14 technicians share 10 bays, including the alignment rack. We have had to schedule techs creatively to best work them into the shop. Appointment wait times have, at times, been over a week. We are in danger of losing customers to alternative shops.

We do not have an enclosed Service Drive making the write up procedure less than ideal. Due to the volume of business, the Service Advisors do not conduct vehicle walkarounds. Technicians do not, properly, complete the Complimentary Maintenance Inspection making it more difficult for our advisors to recommend additional

maintenance. One-line repair orders on the last RO Analysis were at 24%. The familiarity of our customers has our advisors offering discounts before the customer even asks. As a result, our Effective Labor Rate averages \$25-30 below door rate.

The four Service Advisors pass RO's through one dispatcher, who doubles as our Service Manager. Our Parts Department has one counter for technicians, wholesale and retail parts. We do not have enough support personnel for the number of productive employees. All three of these tend to increase the wait time for both technicians and customers.

The light at the end of the tunnel is a new 17,000 square foot Parts and Service facility that is currently under construction 2 miles from our current location. The enclosed service drive, Express Service lanes and 21 bays will solve many of our problems including wait time and the overall customer experience. However, we need to evaluate our strategies, staffing, training and expectations prior to moving into the new facility. We need to re-align our employee's goals with our own now, so we can hit the ground running once we move in to the new facility.

If we can implement the goals set forth in this analysis we will be able to greatly improve our Service Business. Increasing the Effective Labor Rate, cutting down on wait times and staffing properly will all greatly benefit the bottom line. Improving the customer experience at the same time is a win for everyone.