

**Fixed Operations 2 Homework
N327-04/Jordon Jackson**

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$51,566	\$37,158	72.06%	0%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$50,869	\$40,345	79.31%	0%
Warranty Other			0%	0%
Internal	\$16,048	\$9,356	58.30%	0%
NVI / Road Ready	\$7,187	\$5,689	79.16%	0%
Adj. Cost Of Labor		\$(1,807)	0%	0%
Total	\$125,670	\$90,741	72.21%	0.00%

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$90,741		
Variable Expense	\$51,109	0.00%	
Selling Expense		0.00%	
Personnel Expense	\$47,839	0.00%	
Semi-Fixed Expense	\$31,334	0.00%	
Fixed Expense	\$21,163	0.00%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$151,445	0.00%	
Net Profit	\$(60,704)	0.00%	

NADA ACTUAL SERVICE ANALYSIS

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$51,566	÷	125.00	=	412.5
Customer Truck*	\$-	÷		=	0.00
Customer Other*	\$-	÷		=	0.00
Warranty	\$50,869	÷	120.00	=	423.9
Internal	\$16,048	÷	35.00	=	458.5
New Vehicle Prep	\$7,187	÷	35.00	=	205.3
Total	\$125,670				1500.3

POTENTIAL

\$125,670	÷	1500.29	=	\$83.76
Total labor sales for month		Total hours billed		Effective Labor Rate

10.00	x	10	x	26	=	2,600.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Aval

2,600.0	x	\$83.76	=	\$217,785
Clock Hours Available		Effective Labor Rate		Labor sales potential

How proficient are your technicians?

1,500.3	÷	2,500.00	=	60.01%
Hours Produced		Hours Available		Tech Proficiency

FACILITY POTENTIAL

Number of Bays		22
	x	
Number of Days		25
	x	
Number of Hours		10
	x	
Effective Labor Rate		88
	<i>equals</i>	
FACILITY POTENTIAL		\$484,000

FACILITY UTILIZATION

Total Labor Sales		\$125,670
	÷	
Facility Potential		\$484,000
	<i>equals</i>	
FACILITY UTILIZATION		25.96%

OWNER BASE POTENTIAL

3312	x	8	=	26,496.0
5 Year Owner Base		Annual Hours Purchased		Market Potential / Hours
26,496.0	x	\$ 87.84	=	\$ 2,327,409
Market Potential/ Hours		Effective Labor Rate		5 Yr. O.B Sales Potential
\$ 665	x	12	=	\$ 7,976
Avg. Mos. Labor Sales (excluding Internal PDI and NVI)		Annualized		Current Labor Sales Trend
\$ 7,976	+	\$ 2,327,409	=	0.34%
Labor Sales Trend		5 Yr. O.B. Sales Potential		Ouch

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

Prestige Cadillac

Pay Plan

Employee:

Position: Service Advisor

Effective:

Weekly Pay: The employee will receive a \$ 500.00 weekly draw against commission.

Monthly Bonus: Will be calculated at 4.0 % of sales generated by customer pay, warranty, and internal repair orders only. Sales include parts and labor sales.

Additionally: Only if the Advisor accomplishes the final “b” objective score as established by GM/Cadillac, for surveys generated in the month being paid, will they qualify for the following bonuses. They will receive 0.50% for reaching or exceeding these scores.

Note: The following bonuses will only be paid if the CSI/survey return targets that are listed above are achieved.

Additionally: They will receive an additional monthly bonus based on attaining levels of Customer Pay hours per repair order. The pay is unaffected unless the CP hours per RO reaches 3.0 that will qualify for an extra 0.50 % commission. If it reaches 3.25 CP hours per RO, that will pay an additional 0.25 % or a total available additional bonus of 0.75.

Additionally: The advisor will receive an extra .25% of their total sales when they have exceeded \$100,000, and .50% when their total sales exceed \$125,000.

PRESTIGE CADILLAC

Pay Plan

Employee:

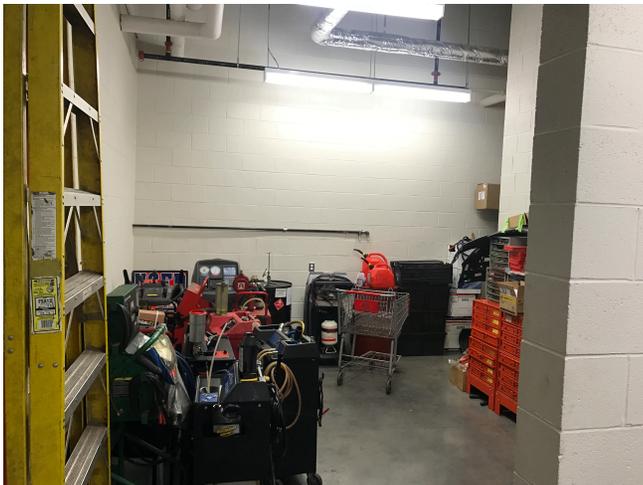
Position: Service Manager

Effective:

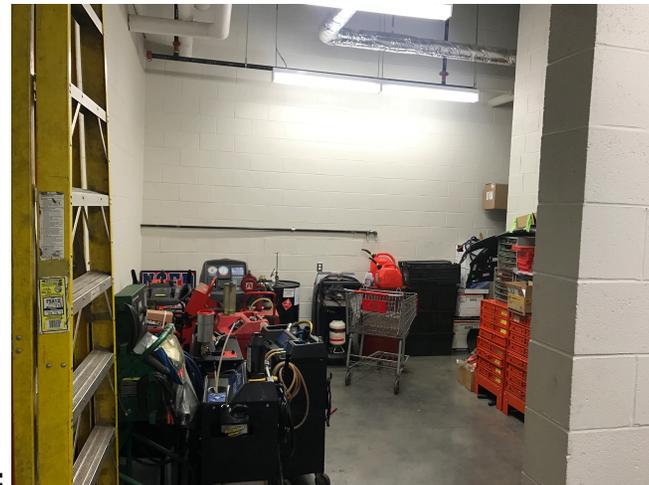
Weekly Pay: The employee will receive \$800.00 per week salary.

Monthly Bonus: Will be paid at the rate of 4.5% of gross departmental profit from \$0 to \$99,999.99. 5.0% of gross departmental profit will be paid, retroactive, if the departmental gross is \$100,000.00 or higher. When the monthly labor gross reaches \$120,000.00, the bonus will be a 5.5% commission. The service gross will be statement gross less service policy (67D).

Special tools room



Before:



After:

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 3,959 +	62.10 =	63.76	FRH Average
Maintenance	\$ 3,475 +	31.80 =	109.27	FRH Average
Repair	\$ 4,802 +	36.00 =	133.39	FRH Average
Totals	\$ 12,236 +	129.90 =	94.20	Customer ELR
Target Labor Rate			122.00	Per FRH
Total Ro's in Sample	100	Difference	-27.80	Per FRH

Cost of Labor

Total Cost of Labor	3438.30 +	Total Sales	=	28.10%	Percent Cost of Sales
Total Cost of Labor	3438.30 +	Total FRH's	=	26.47	Cost per FRH

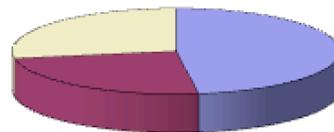
Repair Order Measurements

Total Labor Sales	11,736.20 +	Total RO's	=	117.36	Avg Labor per RO
Total FRH's	129.90 +	Total RO's	=	1.30	Avg FRH's per RO
Menu Sales	+ Total RO's	=			Percent Menu Sales
Competitive FRH's	62.10 +	Total FRH's	=	47.81%	Percent Competitive
Maintenance FRH's	31.80 +	Total FRH's	=	24.48%	Percent Maintenance
Repair FRH's	36.00 +	Total FRH's	=	27.71%	Percent Repair
One item RO's	0 +	Total RO's	=	0.00%	Percent One Item RO

Model Year Analysis

2018	2017	2016	2015	2014	2013	Older	Total
0	13	11	19	17	2	38	100
0.00%	13.00%	11.00%	19.00%	17.00%	2.00%	38.00%	

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair

SWOT Analysis
N327-04 Jordon Jackson

STRENGTHS

- Some really good people work here
- Our sales staff old/new together getting better and better
- Good managers willing to help. Very hardworking. Do what they need to do to get better inventory for dealership.
- Billing office has a staff that cares. As a result, the necessary work is getting done.
- We work as a team. Everyone is very helpful.
- Beautiful facility in a good location that receives many compliments
- Good work environment for growth
- Knowledge skills and experience of team members

WEAKNESSES

- “I believe many team members do things **as they wish** because any repercussions seem few and far between”
- We need to do more advertising to let people know we are here.
 - TV, Newspaper, Radio
- Service not walking customers to their vehicles/not pulling cars up for customers
- Availability of License plates for test drives when managers are busy or a lot of people are in showroom
- We don't advertise to old people.
- We need a front door greeter to assist with new/used customers and customers in waiting room.
- **Product Specialist** fulltime in dealership
- Customer follow-up more than once a day **(10, 12 and 2)**
- More porters
 - Customer focused and faster on their feet
- Not enough loaner vehicles
- Full time cleanup crew for dealership????
- **We need nametags for all employees**
- Hardworking people get worked too hard and then they end up quitting
- Management should have time and not be rushed to do job
- Absence of internal training
- Need sunshade on showroom windows
- Not taking advantage of GM tech center employees buying power
- Lack of presence in marketplace

- Delegate sales manager tasks to other people so he is better able to assist w/ selling cars

OPPORTUNITIES

- Advertising where the other stores advertise.
 - Local TV, Print, magazine, etc.
- Need lot cars with gas ready for customers to test drive
- Need window shades on showroom windows (customers complain)
- Need a new/used car porter. Not one for all departments
- Better porters. More loaners.
- Better lighting in prep department
- Product specialist would free salespeople up to go on to next sale
- Better lighting in prep dept. so they will do a better job
- To get more involved with GM across the street to do regular oil changes of all brands.
- Gold digger Position: Create a position from BDC area responsible for finding income opportunities on a daily basis (i.e. turning service customers into sales customers, purchasing their vehicles, exploring warranty options and/or protection plans)
- Employee forum group/Employee suggestion box
- Need grounded CTAs cleaned and available to show/sell

Action Plan

Objectives

- Encourage a healthy relationship between our new service manager and parts manager
- Increase door traffic to service department
- Improve advisor and technician morale when the lane/shop is slow
- Increase gross on customer pay R.O's
- Better tend to the needs of our customers
- Increase the mix of repair work in the shop
- Keep the shop clean and get team to buy into the importance of cleanliness

Strategies

- Set clearly defined, obtainable goals.
- Track KPI's through weekly meetings and progress reports.
- Establish late service hours at least twice per week.

- Assign daily goals for service advisors and technicians.
- Decrease amount of time customers are left standing.
- Advertise, advertise and advertise!
- Establish bonus/spiff programs for advisors and technicians.

Tactics

- Hire a good service manager committed to improving productivity and proficiency of shop
- Set new schedules that allow us to better tend to our client base
- Work with service concierge to improve the flow of traffic through the lane
- Collaborate with marketing director and BDC to create service specific marketing campaigns
- Review pay plans and adjust to include bonus' for service employees.

Synopsis

Our SWOT analysis yielded interesting results. Interesting being that much of what was talked about is not specific to the efficiency and/or productivity of the service department. Whether for lack of focus or poor instructions given when handing out the SWOT, I decided to work with what was given to me.

Our service department is in between managers right now. This affords our dealership the opportunity to get in and see what is most important to those that work in and with our service department.

We have been underperforming for the last year since moving to a new location. Since that time we have yet to have a true dedicated service manager in the department that is focused on both meeting the needs of our customers and team members.

Step one is to hire a good manager to fill this position.

After that, the manager's goals and expectations need to be laid out immediately so that the goals of the department are understood. I believe we got off on the wrong foot with the last manager we hired. We allowed him to focus on cleaning up the mess that'd been left for him, rather than making clear what the overall goals of the department are and should be.

We have a good team formed in our service department and save for one or two more technicians that can handle A level work, we are primed to have an outstanding 2018. This of course is contingent on hiring a manager that can lead our service team to greatness.