

Questions Dealers Must be Asking Fixed Operations Managers



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Overview

This workshop, will provide dealers with the specific steps they should follow to ensure that their Fixed Operations Managers are producing a profit while delivering world class Customer Experiences. We will provide formulas and examples to measure Fixed Department performance along with guidelines that Fixed Managers should be establishing and following in their departments. Dealers will leave this session with a comprehensive understanding of what is required to manage a successful Fixed Operation and a Diagnostic Tree to follow when it is necessary to diagnose why a fixed department is not delivering to expectations.

Learning Objectives

1. Upon completion of this workshop. Participants will be able to accurately diagnose and correct low profit problems in their Service, Parts, and Collision Shop.
2. Participants will learn how to identify if a problem actually exists in their fixed department. Additionally they will learn how to "*properly*" analyze fixed department performance and recognize when a performance problem actually exist.
3. Participants will go on a journey of discovery that will help them collect the pertinent information needed to accurately diagnose and correct performance problems in their fixed departments.
4. After attending this session participants will have the knowledge necessary to turn their fixed departments into consistent profit producers with world class customer satisfaction scores.



Successfully Managing Fixed Department Managers requires that you ask the right questions. If you are not asking the right questions of your Service, Parts and Collision Managers you will never get the desired results

Example: "Why are Service Sales off this month?"



The most likely answer you will get is



"Boss I checked and it is slow All Over!"

The questions you should be asking are:

- Repair Order Counts ↑ or ↓
- Parts & Labor Sales per R/O ↑ or ↓
- C.P. Effective Labor Rate ↑ or ↓

Dealership Name		Current YTD Avg Month C.P. R/O Count	Current YTD Avg. Month. C.P. Labor Sales	Current YTD Avg. C.P. Effective Labor Rate	Current YTD Avg. Labor \$ C.P. Per R/O	Current YTD Avg. Parts \$ Per C.P. R/O	Current YTD Avg. P&L SLS Per C.P. R/O
Hometown Motors	2017	5474	\$520,316	\$77.92	\$95.07	\$80.16	\$175.24
	2016	5214	\$498,894	\$80.96	\$95.19	\$81.83	\$177.02
	Difference	259	\$21,422	(\$3.04)	(\$0.11)	(\$1.67)	(\$1.78)

Service Managers must be required to track customer pay repair trends in order to determine when a problem is occurring.

From Service Technicians Vehicle Inspections (MPI) reports you should be asking?

How many dollars of
"declined" sales have
your Advisors recorded
this month?



Has anyone contacted these
customers after they left
and attempted to sell them?

No Service Department can be successful unless they manage their Customer Effective Labor Rate. This requires that the Manager is constantly monitoring and adjusting Competitive, Maintenance and Repair rates to ensure they produce a profit?

REPAIR RATE REQUIRED TO REACH DESIRED LABOR RATE

	RATE	PERCENTAGE	PORTION OF TOTAL
COMPETITIVE	\$70.00	11%	\$7.70
MAINTENANCE	\$90.00	45%	\$40.50
REPAIR	\$130.22	44%	\$57.30

TOTAL \$105.50

As the Mix of work coming into the Service Department changes your Customer Pay Effective Labor Rate will either increase or decrease based on the percentage of Competitive, Maintenance and Repair Work that is done. The Service Manager must monitor this utilizing a 100 R/O survey and adjust rates as needed to keep Customer Pay Effective Rate within the desired targets.

Service

- Customer Satisfaction Scores at or above Reg. Avg.
- Technician Proficiency 95% PLUS
- Average \$150.00 in Labor Sales Per C.P. R/O
- Sell \$1.10 in Parts for every Labor Dollar Sold
- 75% Gross Profit on Labor
- 20% Net Profit on Labor

Dealers should establish Goals for key Service Department Performance items then every month compare actual results to your goals. This is a vital step in having a high performance Service Department Operation.

Recap of Current Operations			
	Goal	Service Dept.	Difference
Customer Pay as a % of Total Sales	70%	68.68%	-1%
Labor Hours per C.P. R/O	2	1.5	-0.5
Labor Gross as a % of Sales	75%	81.39%	6.39%
Parts Gross (car) as a % of Sales	45%	42.87%	-2.13%
Total Service as a % of Sales	70%	78.62%	8.62%
Sublet Gross as a % of Sales	10%	11.49%	1.49%
Personnel as a % of Gross	45%	54.00%	9.00%
Semi-Fixed as a % of Gross	20%	14.69%	-5.31%
Fixed as a % of Gross	15%	22.13%	7.13%
Net as a % of Gross	20%	12.00%	-8.00%
Technician Proficiency	120%	100.42%	-19.58%

Parts Management Limits

In the typical dealership the Parts Manager has no limit on the amount and type of inventory they can purchase. In most cases "No-One" ever looks at Parts Inventory aging, until, it is "too old" to sell.

Parts are not like fine wine...



They do not get more valuable with age!



Questions that the Parts Manager must be asked every month are:

- ❖ What is your percentage of Non-Stocking Parts Inventory?
- ❖ What is your Percentage of inventory between 6 months and 12 months?
- ❖ What is your percentage of inventory over 12 months?
- ❖ What are your sales per employee at cost?

Formula to calculate parts sales per employee: $\text{Parts sales \$ minus gross \$} = \text{Sales at Cost} \div \text{\# of employees} = \text{\$ Sales per employee at cost}^*$

Guide = \$35,000 per month - \$40,000 per month for high line Parts Departments
- Higher for large Wholesale Dealers

**Note: do not count the Manager in this equation*

Parts

- Customer Pay R/O Parts Gross = 45%
- Internal Parts Gross = 45%
- Warranty Parts Gross = 30 to 40% (depending on Manufacturer)
- Counter Retail Parts Gross = 45%
- Wholesale Parts Gross (average dealer) = 25% Large Wholesale dealer = 17%

Establishing Goals for key Parts Department Performance items then every month comparing actual results to your goals is a vital step in having a high performance, Profitable Parts Department Operation.

Recap of Current Parts Operations			
December	Goal	Parts Department	Difference
GROSS TURNS	8.00	7.50	-0.50
TRUE TURNS	5.00	3.18	1.82
STOCK ORDER PERFORMANCE	75%	85%	10%
NON STOCK PARTS VALUE	5%	9%	4%
EXCESS STOCK	20%	44%	24%
OBSOLENCE OVER 6 MOS	25%	9%	-16%
OBSOLENCE OVER 12 MOS	10%	3%	-7%
LEVEL OF SERVICE	80%	87%	7%
TOTAL GROSS AS % OF SALES	33%	32%	-1%
PRODUCTIVITY PER EMPLOYEE	\$35,000	\$39,792	\$4,792
DEPARTMENTAL EXPENSE AS A % OF Sales	10%	24%	14%
NET PROFIT/LOSS AS % OF Sales	20%	11%	-9%

Collision Repair Cycle Time

Key to Collision Volume, Growth and Profits



Top Collision Shops Avg. \$750.00 per day +

The key to improved Collision Department sales is improving cycle times in order to do this management must monitoring estimates, sales, and deliveries every day.

Management must utilize an Estimate Tracking Log to monitor;
How many estimates did you write this week?

How many estimates did you sell this week?

Estimator: _____

Monitoring the Average Repair amount tells you how the insurance companies in your market view your Collision Shop.

- ❖ Averages > \$3,000 may indicate insurance companies taking advantage of your Shop - *Insurance companies prefer Dealership Collision Shops because Dealer warranties are more desirable than Independent Collision Shop Warranties*

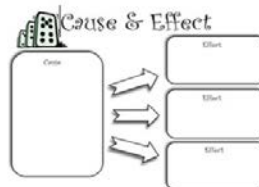
Another Key Performance Item that must be measured daily is the number of hours each Collision Technician is producing. This measurement tells how well the Shops Production Management System is working.

- ❖ Goal Metal Tech's = 13.6 billed hours per day or 170% Proficiency
- ❖ Goal Painters = 16 billed hours per day or 200% Proficiency

Establishing Goals for key Collision Department Performance Items then every month comparing actual results to your goals is a vital step in having a high performance, Profitable Collision Department Operation.

Recap of Current Collision Operations				
December	Goal	Body Shop	Difference	
Proficiency	170%	130.00%	-40.00%	
Labor Gross Profit	70%	58.00%	-12.00%	
Parts Gross Profit	38%	31.50%	-6.50%	
Paint & Material as a % of Gross	45%	38.00%	-7.00%	
Sublet as a % of Sales	5%	16.00%	11.00%	
Sublet as a % of Gross	10%	2.10%	-7.90%	
Personnel Expense as a % of Labor Sales	25%	51.60%	26.60%	
Semi Fixed Expense as a % of Labor Sales	15%	14.50%	-0.50%	
Fixed Expense as % of Labor Sales	10%	5.90%	-4.10%	
Net as a % of Labor Sales	20%	8.20%	-11.80%	

Is the Service, Parts, Collision Department Structured for Profit?



Formula: Tasks x Volume = Staffing

Number One Problem I encounter is insufficient staff to generate a profit

Formula for determining Labor Sales required to produce 20% Net Profit:

Current Dept. Expenses, divided by current Gross Profit Percentage, minus desired Net Profit Percentage

Example: 75% Gross Profit on Labor

$$\begin{aligned} & - \text{.20 Desired Net Profit} \\ & = \text{.55 Divisor} \end{aligned}$$

Example:

$$\begin{aligned} & \text{Average Month Expenses} = \$125,000 \\ & \div \text{Labor Gross 75\% minus 20 points} = \text{.55 (divisor)} \\ & = \$227,273 \text{ Labor Sales required to produce 20\% net profit} \end{aligned}$$

Once you know the amount of Labor Dollars your shop needs to generate in order to produce 20% net profit you can now calculate the number of Technicians that will be required in order to generate the labor sales needed.

1 Technician 40 hrs. wk. x 4.3 wks. Per. month = 172 Billed Hours @ 100% Proficiency

$$172 \text{ Hours Month} \times \$100.00 \text{ hr.} = \$17,200 \text{ Revenue}$$

Example:

$$\begin{aligned} & \$227,273 \text{ Labor Sales required to produce 20\% Net Profit} \\ & \div \$17,200 \text{ Average Monthly Sales Per. Technician} \\ & = 13 \text{ Technicians required to Produce 20\% Net Profit} \end{aligned}$$

Once you know how many Technicians will be required to achieve the desired net profit you can then calculate the number of Support Staff that will be needed to support the production of labor.

Guide for Support to Staffing Ratio = Minimum 1 support for every three Technicians...

Do not Count Manager in this equation.

Example:



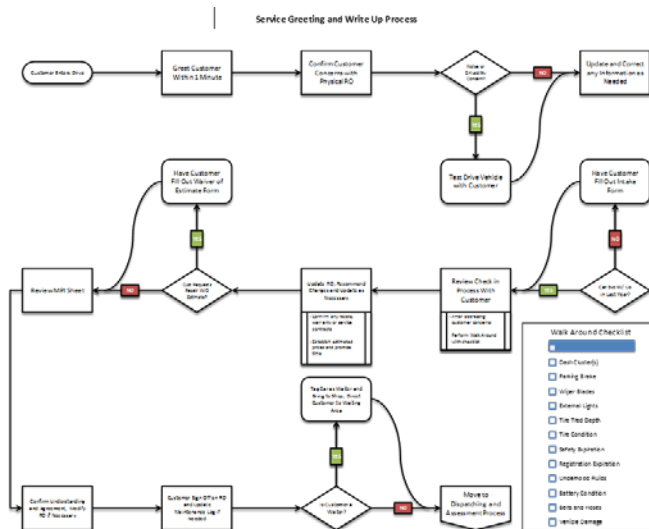
$$\begin{aligned} & 12 \text{ Technicians Needed} \\ & \div 3 \text{ to 1 Ratio} \\ & = 4 \text{ Support Staff Needed} \end{aligned}$$

The Problem most Fixed Departments face is;

*Not the things they need in order to be successful
It is the things they have but are not using*

That is preventing them from being successful

Some of the common items we see Managers not using are:
Clearly Defined Customer Write up Process



Every step in handling Customers in Service, Parts and Collision must be clearly defined and charted so that everyone involved knows what is expected of them.

Service Menus are an absolute must. Advisors cannot sell without selling tools.

5K SILVER - MAINTENANCE SERVICE A - Engine Oil and Filter Change - Check and Top Off All Fluid Levels - Lubricate Chassis - Check and Adjust Tire Pressures - Rotate Tires and Inspect for Proper Wear - Reset Maintenance Required Light - Inspect Engine Air Filter - Inspect All Hoses for Cracking or Leaks - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Inspect Shocks and Suspension - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Check Exterior Lighting and Haze for Proper Operation - Inspect Exhaust System for Damage and Leaks CONVENTIONAL OIL \$87⁵³ Synthetic Oil - \$110.30	5K GOLD - MAINTENANCE SERVICE A - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$110⁴¹ Synthetic Oil - \$133.47	5K PLATINUM - MAINTENANCE SERVICE A - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$155⁶¹ Synthetic Oil - \$178.67
15K SILVER - MAINTENANCE SERVICE B - Engine Oil and Filter Change - Check and Top Off All Fluid Levels - Lubricate Chassis - Check and Adjust Tire Pressures - Complete Brake Inspection - Rotate Tires and Inspect for Proper Wear - Reset Maintenance Required Light - Inspect Engine Air Filter - Inspect All Hoses for Cracking or Leaks - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Inspect Shocks and Suspension - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Check Exterior Lighting and Haze for Proper Operation - Inspect Exhaust System for Damage and Leaks - Premium Engine Oil Booster - Road Test Vehicle CONVENTIONAL OIL \$107⁵⁴ Synthetic Oil - \$130.60	15K GOLD - MAINTENANCE SERVICE B - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$165¹⁹ Synthetic Oil - \$188.25	15K PLATINUM - MAINTENANCE SERVICE B - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$380⁴⁴ Synthetic Oil - \$403.50
30K SILVER - MAINTENANCE SERVICE C - Engine Oil and Filter Change - Check and Top Off All Fluid Levels - Lubricate Chassis - Check and Adjust Tire Pressures - Complete Brake Inspection - Rotate Tires and Inspect for Proper Wear - Reset Maintenance Required Light - Inspect Engine Air Filter - Inspect All Hoses for Cracking or Leaks - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Inspect Shocks and Suspension - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Check Exterior Lighting and Haze for Proper Operation - Inspect Exhaust System for Damage and Leaks - Premium Engine Oil Booster - Road Test Vehicle - Complementary Car Wash CONVENTIONAL OIL \$217⁸⁵ Synthetic Oil - \$240.91	30K GOLD - MAINTENANCE SERVICE C - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$337³² Synthetic Oil - \$360.38	30K PLATINUM - MAINTENANCE SERVICE C - Premium Engine Oil Booster - Complementary World Class Multi-Point Inspection - Complementary Car Wash - Some Models May Require Additional Services: - Aligning Tire Inflation - Complete Spark Service Tires - Inspect Engine Air Filter - Inspect Spark Plug Wires - Inspect Fuel Tank, Cap and Lines - Inspect Drive Belts for Damage and Wear - Inspect Wiper Blades and Inserts for Proper Operation - Check Operations and Lubricate Exterior Door Locks, Latches and Hinges - Inspect Shocks and Suspension - Check Exterior Lighting and Haze for Proper Operation CONVENTIONAL OIL \$708²⁰ Synthetic Oil - \$731.26

Menus tell the customer the manufacturer's minimum maintenance requirements and give customers options for basic, premium and platinum maintenance for their vehicle.



No-Merchandising Displays

Merchandising Displays work as silent salesmen. Good displays, in addition to price sell Features, Advantages and Benefits.



No-Wall of Fame

A Wall of Fame demonstrates to customers the commitment your business has to providing your customer's with the best trained employees in your market area.



Special Tools

not organized and not secure. Technicians cannot repair vehicles without Special Tools. If Special Tools are not organized and controlled Service and Collision Vehicles will not be properly repaired.

Item	Qty	Unit Price	Total Price	Notes
Oil Filter	1	\$10.00	\$10.00	
Spark Plug	1	\$15.00	\$15.00	
Washer	1	\$5.00	\$5.00	
...	...	...	...	...

Not Sharing Results

Employees must know where they stand in relation to the expectations of the job they are doing. Managers must post results for everyone to see how they are performing their job in relation to the other employees and the department's goals.



Service Pricing Guide Makes quoting estimates faster and easier for all employees. Pricing Guides also ensure all customers pay the same price for every service or repair they purchase.

Ongoing Recruiting Program. Every Great Manager has a "Farm Team" of employees trained and ready to take over when an opening exists. Losers wait until an opening exists then tries to fill it, usually forcing the Manager to accept sub-par candidates.



Dress Codes Demonstrate a company's commitment to precision in everything they do. Dress codes also instill confidence in employees.



Parts Inventory Daily Bin Counts Ensures that the Parts Inventory remains correct all the time. They also help prevent year end Parts Inventory writes offs when year-end Inventories are completed.

Exceptions Reports are available for Parts, Service and Collision from the Dealership Management Software. The reports show when an employee discounts items below the Pre-set price and it shows when Labor Times are changed from the dealership time guide. Exceptions report should be reviewed by the dealer daily.

Month End Reconciliation to GL not done.

Parts Department Monthly Summary and Comparison to G/L Values

Hometown Motors		Month		10/1/2017		
		Parts & Accessories		Tires	Oil	Total
1. Parts on Computer Printout		\$ 541,113.21	\$ 79,661.78	\$ 33,688.93	\$ 654,463.92	
2. New Cores		\$ 6,120.00	\$ -	\$ -	\$ 6,120.00	
3. Used Cores		\$ 1,666.00	\$ -	\$ -	\$ 1,666.00	
4. NPI's		\$ -	\$ -	\$ -	\$ -	
5. Estimated Parts		\$ -	\$ -	\$ -	\$ -	
6. Other		\$ -	\$ -	\$ -	\$ -	
Total Inventory Value		\$ 548,899.21	\$ 79,661.78	\$ 33,688.93	\$ 662,249.92	
Work in Process						
A. Work in Process		\$ 145,937.66	\$ 3,474.00	\$ 793.44	\$ 150,205.10	
B. WIP Closed R.O.s not in Accounting R&R Only		\$ -	\$ -	\$ -	\$ -	
C. Pending Counter Invoices		\$ -	\$ -	\$ -	\$ -	
D. Open Counter Invoices		\$ -	\$ -	\$ -	\$ -	
E. Approved Returns (Factory)		\$ 16,925.15	\$ -	\$ -	\$ 16,925.15	
F. Approved Returns (O/S Vendors)		\$ -	\$ -	\$ -	\$ -	
G. Parts Booked - Not Received		\$ 22,789.41	\$ 3,844.67	\$ -	\$ 26,634.08	
Total In Process		\$ 185,652.22	\$ 7,318.67	\$ 793.44	\$ 193,764.33	
Grand Total Inventory Value		\$ 734,551.43	\$ 86,980.45	\$ 34,482.37	\$ 855,824.25	
Items Not Booked to G/L						
Manufacturers Packing Slips & Invoices Not Posted		\$ -	\$ -	\$ 6,059.00	\$ 6,059.00	
Outside Vendor Packing Slips Not Posted to G/L		\$ -	\$ -	\$ -	\$ -	
Prepaid Special Orders - Not Received		\$ 87,178.44	\$ -	\$ -	\$ 87,178.44	
TOTAL notbooked to General Ledger		\$ 87,178.44	\$ -	\$ 6,059.00	\$ 93,237.44	
G/L Value as of Inventory Date		\$ 612,643.85	\$ 73,631.39	\$ 3,612.84	\$ 689,788.08	
Non Invoiced Packing Slips/Prepaid Special Orders		\$ 87,178.44	\$ -	\$ 6,059.00	\$ 93,237.44	
Adjusted Book Value		\$ 699,722.29	\$ 73,631.39	\$ 9,671.84	\$ 783,025.52	
Overage / (Shorlage)		\$ 34,829.14	\$ 13,349.06	\$ 24,810.53	\$ 72,988.73	
					Variance %	9.32%

At the end of each month the Parts Manager needs to compare the dollar amount of Inventory in the Parts Department to the Amount of Inventory the office is showing on the General Ledger. Any discrepancies must be corrected.



Special Orders Follow up The Dealer should make a point of visiting the parts Special Order Bin at least once every month. Look at how the bin is organized. Pull out Parts that have been on the shelf for more than 30-days and give to the Parts Manager to contact the customer and get the part installed.

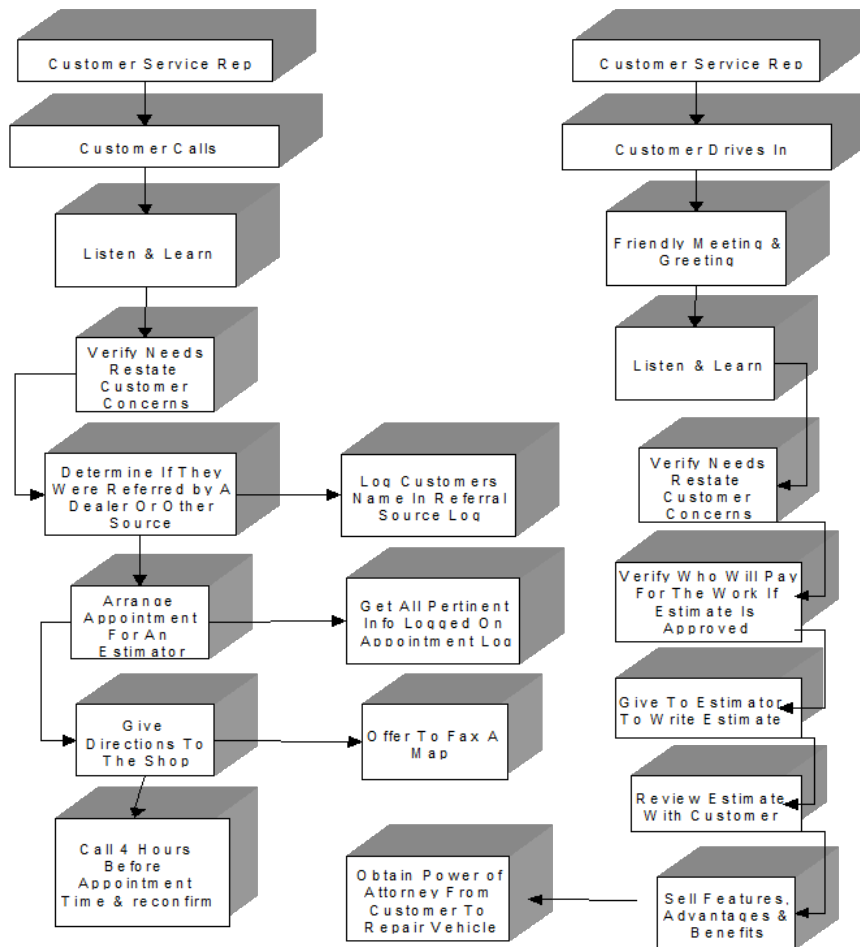
Other Parts Management Items the Dealer should look at include:

- ✓ Lost Sales Posting; Goal = 5 lost sales per parts counterperson daily
- ✓ Emergency Purchases Posting. Must not be coded as a stock purchase
- ✓ Phase in – Phase out not used properly. Management should have different PI and PO parameters set for each category of parts; Wholesale, Retail, Accessories

Collision Tools not being used

Estimate Process Not Clearly Defined

Estimate Write Up and Approval



Collision Employees must have a clearly defined process flow chart to follow when greeting customers and writing estimates. Without a process every employee is free to handle customers any way they want to handle them.

Estimate Tracking

ESTIMATE TRACKING LOG

Estimator: _____

ESTIMATE #	CUSTOMER NAME/PHONE #	SHO. EST.		INS. EST.		VEHICLE HERE	TOW CO.	REPAIR ORDER#	APPROV. DATE	PROMISE DATE	LOST JOB INFORMATION		
		DATE AMT.	BY	DATE AMT.	CO.						LOST	REASON	LOST TO
ESTIMATES WRITTEN		ESTIMATES APPROVED											
MONTH TOTAL		TOTAL ESTIMATES APPROVED				* TOTAL ESTIMATES WRITTEN		= ESTIMATE CLOSING RATIO (GUIDE 70%)					

Each Estimator must keep an Estimate Tracking Log and Estimate Closing results must be reported to the Dealer Daily.

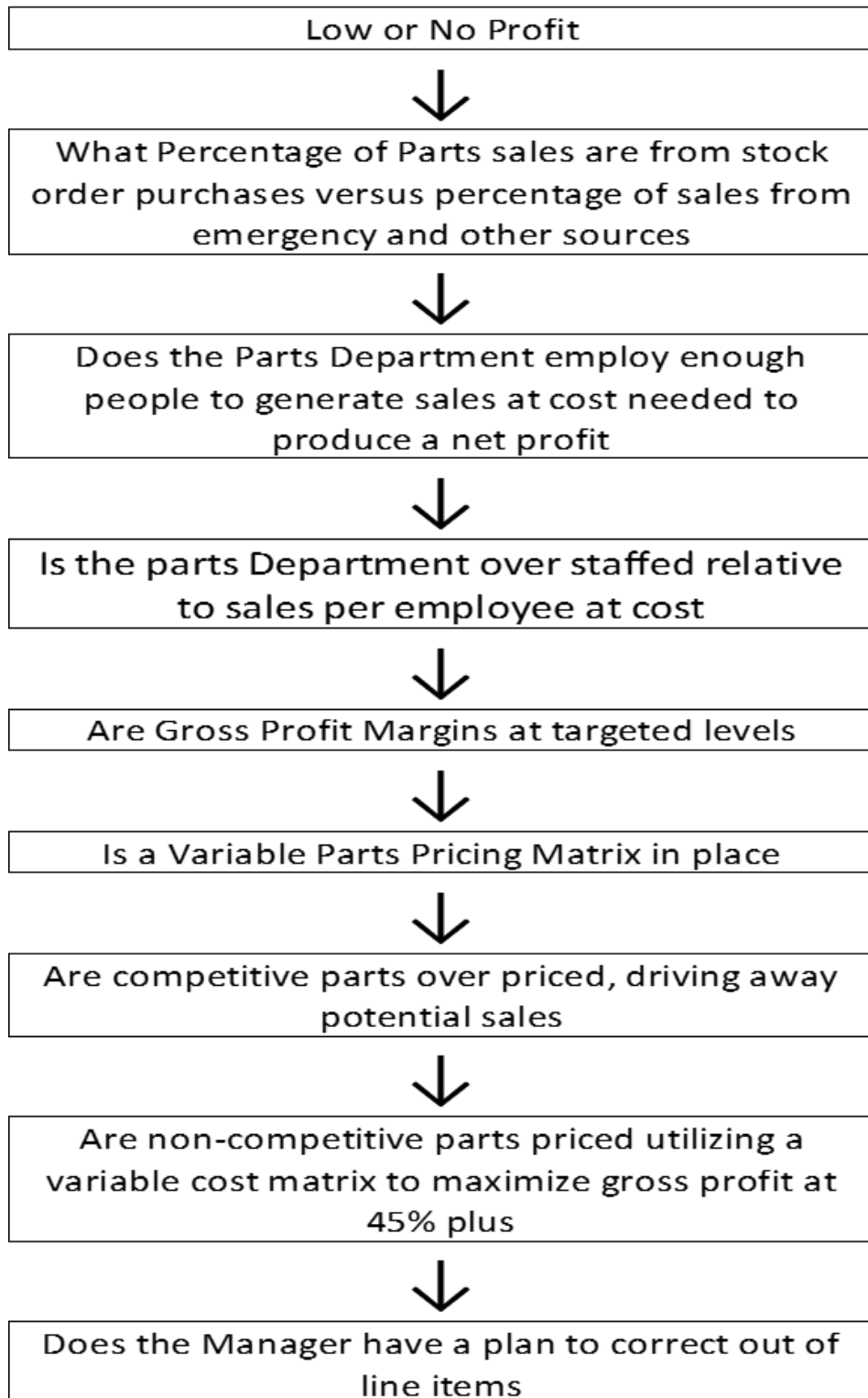
Materials Usage Tracking is essential to achieving 45% gross profit on Materials used in Collision Repairs. The Collision Manager must maintain a material usage report for each technician and the report needs to compare the dollar amount of materials used for every billed hour the Technician produced.

	JAN	FEB	MAR	APR
Bob				
\$/PURCH	\$106.61	\$116.52	\$61.47	\$97.31
FRH/PRD	378.7	277.3	368.3	249.4
COST/FRH	\$0.28	\$0.42	\$0.17	\$0.39
GOAL				
SHOP/AVG	\$0.56	\$0.65	\$0.29	\$0.54

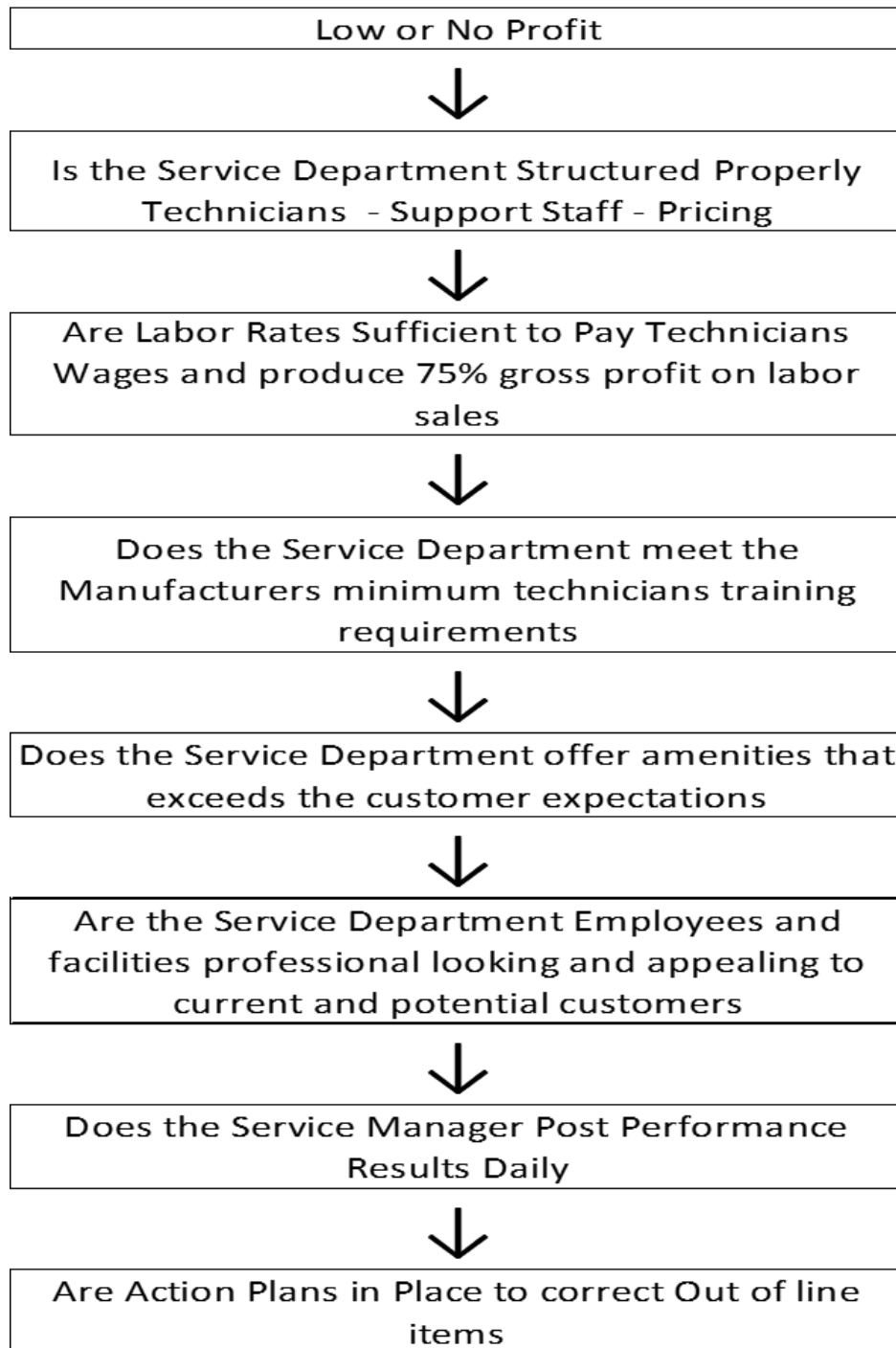
The ability to diagnose problems in the Service, Parts and Collision Department is an essential ingredient to success fully managing Fixed Department Managers.

***Following are Diagnostic Charts for
Parts, Service & Collision***

Parts Diagnostic Tree



Service Diagnostic Tree



Collision Diagnostic Tree



Low or No Profit



Are sales sufficient to cover expenses?



Is estimate closing ratio 70% plus?



Are average cycle times better than 4.5 days



Is Paint & Material Gross 45%



Is Parts Gross 32% Plus



Is technician Proficiency for the shop 170% Plus



Is the support to technicians ratio at least 1
Estimator for every 2 Metal Technicians



Does the shop have good relations with
Insurance companies?

Keys to Successfully Managing Fixed Operations

Manage by Facts Using reporting tools in DMS & other Reports



Trust but Verify

Every Task Must be centered around Customers Expectations

Customers Must Come FIRST

Constantly Look for New Ways to Delight Customers



Manage by the numbers

Recap of Current Operations				Recap of Current Parts Operations			
	Goal	Service Dept.	Difference	December	Goal	Parts Department	Difference
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Personnel as a % of Gross	45%	54.00%	9.00%	OBSOLENCE OVER 12 MOS	10%	3%	-7%
Semi-Fixed as a % of Gross	20%	14.69%	-5.31%	LEVEL OF SERVICE	80%	87%	7%
Fixed as a % of Gross	15%	22.13%	7.13%	TOTAL GROSS AS % OF SALES	33%	32%	-1%
Net as a % of Gross	20%	12.00%	-8.00%	PRODUCTIVITY PER EMPLOYEE	\$35,000	\$39,792	\$4,792
Technician Proficiency	120%	100.42%	-19.58%	DEPARTMENTAL EXPENSE AS A % OF Sales	10%	24%	14%
				NET PROFIT/LOSS AS % OF Sales	20%	11%	-9%

Recap of Current Collision Operations			
December	Goal	Body Shop	Difference
Proficiency	170%	130.00%	-40.00%
Labor Gross Profit	70%	58.00%	-12.00%
Parts Gross Profit	38%	31.50%	-6.50%
Paint & Material as a % of Gross	45%	38.00%	-7.00%
Sublet as a % of Sales	5%	16.00%	11.00%
Sublet as a % of Gross	10%	2.10%	-7.90%
Personnel Expense as a % of Labor Sales	25%	51.60%	26.60%
Semi Fixed Expense as a % of Labor Sales	15%	14.50%	-0.50%
Fixed Expense as % of Labor Sales	10%	5.90%	-4.10%
Net as a % of Labor Sales	20%	8.20%	-11.80%

In Closing, Fixed Managers must stop waiting for Sales to deliver Customers to them and start going after new and used vehicle purchasers.

- Letter from Service Manager inviting them to visit Service Department for a “Quick Check” and review of vehicle maintenance needs
- Letter from Parts with list of accessories available for their vehicle and an incentive to purchase them now
- Letter from Collision Manager informing them “What to do in case of an accident”