

Road to Retention

RO Analysis

Marketing

Merchandising

Measuring

3-2

RO Analysis: (Competitive, Repair & Maintenance % Trends)

OVERVIEW

Everyone by now has heard of the famous RO Analysis but there are many definitions of this analysis. Most consultants agree that a Repair Order Analysis should be completed periodically to determine the health of your dealership and to provide a roadmap to programs that will improve profitability. The analysis indicates if a dealership is selling maintenance services as compared to industry standards. Most dealerships do not perform a periodic Repair Order Analysis due to the significant amount of time required to complete the analysis. The normal way to complete an RO Analysis is to take a sample of 100 Repair Orders and to document almost all detail on a spreadsheet. The "100 RO sample" is not used because it is accurate but rather because it takes to long to do an entire month or year. With Dynatrons EBIS Reporting Suite, almost any variation of an RO Analysis can be performed quickly for any period of time. In addition, the unique "drill down" and "filter" features within EBIS help analyze results to determine required improvements.

Our RO Analysis Road to Retention phase provides you with a set of reports that are updated daily and pre-built for you in EBIS. You can access these reports at any time. Your Dynatron representative will run these reports for you once and review each of them with you. In addition, your Dynatron representative will also show you how to access these same reports or graphs via EBIS.

- RO Analysis – Dealer Labor Mix (Graph & Report)
- RO Analysis – Dealer Pay Type Mix (Report)
- RO Analysis – Vehicle Year Mix (Graph)

BENEFITS

- Provides overall service department operating data that can be benchmarked to industry averages
- Retain the initial set of reports provided to you. These provide a baseline from which you can monitor your improvements.
- Improves profits by targeting specific advisors that may need additional training on selling additional maintenance services. RO Analysis reports show dealership totals but can be easily reviewed by Advisor to identify which advisors need training on selling additional services

IMPLEMENTATION KEYS

- A Dynatron representative will print and email the RO Analysis reports for your dealership from EBIS and review each report with you
- A Dealership user should be trained on these EBIS features:
 - ⇒ Loading and printing reports & graphs
 - ⇒ Common drill downs
 - ⇒ Changing date ranges
- A Dealership user can request an updated set of reports at any time from Dynatrons HOTLINE.
- Identify advisors that need training to help pull the dealership up to industry averages. These advisors should be trained further on using Dynatrons online Menu system and also on offering and selling specific maintenance services

DYNATRON SOFTWARE

One Solution for Customer Retention and Profitability

ROAD TO RETENTION

Marketing
 Customer Relationship Management
 Personalized Communications
 Promotions to Capture Lost Opportunities

Merchandising
 Online Menus
 Appointments
 RO History

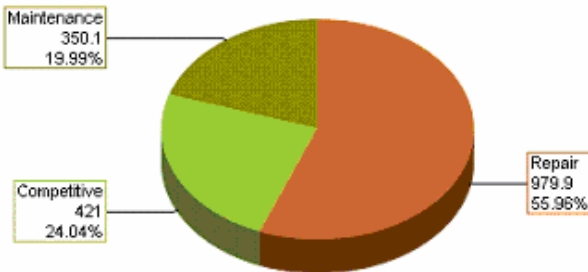
Measuring
 Analyze Your Numbers
 Prove Your Profits
 Built in Accountability

RO Analysis

* RO Analysis - Dealer Labor Hrs Mix *

From 4/1/2003 To 4/30/2003

Customer Pay : Pts & Lbr Rev Not Zero : Service Only



RO Analysis—Dealer Labor Hrs Mix (Graph & Report)

50% or higher of your Flagged Hours should be Competitive and Maintenance. Or conversely, Repair hours should be 50% or lower. If your Maintenance and Competitive percent is lower than 50% your advisors need to be trained on selling additional services. View the EBIS report: RO Analysis— Advisor Labor Mix to see which advisors are below 50% and therefore need training. Dynatron's ESP reports can be viewed weekly to monitor specific service selling percents by advisor. Training on Dynatrons Online Menu system will ensure consistent presentations to visiting customers for your available services. Advisors should also be trained on properly presenting suggested maintenance services.

The Dealer Labor Mix report shows the same percents in the % of Hrs column but also shows critical metrics for each of the categories. Dynatron puts lube oil filter services in the competitive category. Looking at your effective labor rates and

gross profit percents for each of these categories is helpful to understand your overall dealership metrics.

* RO Analysis - Dealer Labor Mix *

From 4/1/2003 To 4/30/2003

Customer Pay : Pts & Lbr Rev Not Zero : Service Only

| Op Code Group 1 | # ROs | % of ROs | Hours | % of Hrs | Hrs/RO | Lbr Rev | Lbr \$/RO | Lbr GP% | Labor GP/RO | Pts Rev | Pts \$/RO | Pts GP% | Eff Lbr Rate | Lines/RO |
|-----------------------------|--------------|-------------|-----------------|-------------|-------------|---------------|--------------|-------------|--------------|---------------|--------------|-------------|--------------|-------------|
| Connor Pontiac | | | | | | | | | | | | | | |
| Competitive | 683 | 47.0 | 421.00 | 24.0 | .62 | 14,844 | 21.73 | 50.7 | 11.01 | 9,015 | 13.20 | 26.1 | 35.26 | 1.20 |
| Maintenance | 334 | 23.0 | 350.10 | 20.0 | 1.05 | 17,044 | 51.03 | 62.4 | 31.85 | 14,798 | 44.31 | 34.8 | 48.68 | 1.78 |
| Repair | 435 | 30.0 | 979.90 | 56.0 | 2.25 | 65,299 | 150.11 | 71.1 | 106.74 | 58,840 | 135.26 | 41.0 | 66.64 | 1.51 |
| Connor Pontiac Total | 1,452 | 58.3 | 1,751.00 | 49.8 | 1.21 | 97,186 | 66.93 | 66.5 | 44.48 | 82,653 | 56.92 | 38.3 | 55.50 | 1.43 |

** RO Analysis - Dealer Pay Type Mix **

From 4/1/2003 To 4/30/2003

Pts & Lbr Rev Not Zero : Service Only

% of Sales Goals: C=70%+, I=15%, W=15%

| Pay Type | # ROs | % of RO | Hours | % of Hrs | Hrs/RO | Lbr Sales | % of Sales | Lbr \$/RO | Lbr GP% | Pts Rev | Pts \$/RO | Pts GP% | Eff Lbr Rate | Lines/RO |
|-----------------------------|--------------|--------------|-----------------|--------------|-------------|----------------|--------------|--------------|-------------|----------------|---------------|-------------|--------------|-------------|
| Connor Pontiac | | | | | | | | | | | | | | |
| Customer | 1,021 | 58.6 | 1,751.00 | 63.7 | 1.71 | 97,186 | 59.8 | 95.19 | 66.5 | 82,653 | 80.95 | 38.3 | 55.50 | 2.03 |
| Internal | 132 | 7.6 | 162.20 | 5.9 | 1.23 | 5,342 | 3.3 | 40.47 | 55.7 | 2,861 | 21.67 | 27.1 | 32.93 | 1.39 |
| Warranty | 588 | 33.8 | 834.90 | 30.4 | 1.42 | 59,960 | 36.9 | 101.97 | 72.5 | 92,879 | 157.96 | 32.6 | 71.82 | 1.71 |
| Connor Pontiac Total | 1,741 | 100.0 | 2,748.10 | 100.0 | 1.58 | 162,488 | 100.0 | 93.33 | 68.3 | 178,393 | 102.47 | 35.1 | 59.13 | 1.87 |
| Total | 1,741 | 100.0 | 2,748.10 | 100.0 | 1.58 | 162,488 | 100.0 | 93.33 | 68.3 | 178,393 | 102.47 | 35.1 | 59.13 | 1.87 |

RO Analysis—Dealer Pay Type Mix

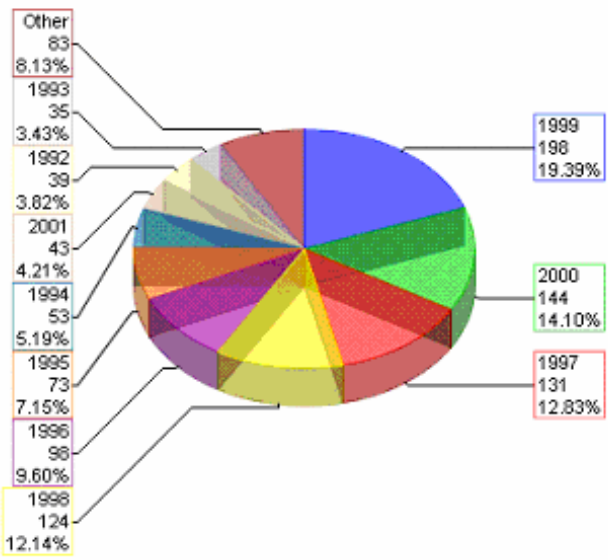
A healthy dealership will have 70% or higher Customer Pay repair orders.

The balance of your repair orders should be split between Warranty 15% and Internal 15%. If your CP % is lower than 70% you can view this report by Advisor to see what each advisors percent is. Advisors under 70% can be coached on presenting online menus and additional maintenance services. Especially for customers that are visiting for warranty repairs.

* RO Analysis - Vehicle Year Mix *

From 4/1/2003 To 4/30/2003

Customer Pay : Pts & Lbr Rev Not Zero : Service Only



RO Analysis—Vehicle Year Mix graph

The health of your service department depends on a proper mix of vehicle years. Here is what our Consultants advise is a good mix: 40% should be the most current 4 model years, 40% should be the next 4 model years, and 20% should be remaining years

The reason Group 1 needs to be 40% is it shows that the dealer is retaining customers for customer pay during the warranty period and this will help keep the Group 2 bucket full. A Dealer should also have 40% of 0 to 30,000 mile traffic for the same reason.

Group 2 is a dealer's primary customer pay years. If any group is going to be slightly higher, this is the group it should be. If they are able to retain this group along with 40% of their 30,001 - 60,000 mile vehicles, they should be able to hold a majority as customers to 100,000 miles.

The final 20% is a great source of future car sales. The mileage ranges will vary from 60,001 and up. The only danger sign is when over 10% fall into the 100,000 + mile bucket. The 100,000 + vehicles can create issues in the service department if not monitored very closely.

Implementing Dynatrons Road to Retention marketing wizards are critical to improve or maintain this vehicle/customer mix. Specifically, Retention (Red/Yellow/Green) and our Sales to Service wizard campaigns should be implemented.