LEARNING GUIDE

PROGRAM TITLE: Service Manager

DUTY: Manage Service Department Workflow

COMPETENCY A-1: Review Work Status

INTRODUCTION:

Several different documents and reporting procedures provide information about the previous day's activities. This guide will provide you with general knowledge and skills of how to review the work status within the Service Department of your dealership. As a Service Manager, it is important to understand the principles and procedures for reviewing the previous day's performance. This guide will help you become aware of the steps you can take to successfully review the work status in the Service Department.

PERFORMANCE OBJECTIVE:

Given the need to review the previous day's performance, review work status so as to meet the RVDA standards of excellence outlined in the Performance Test on pp. 26-27.

ENABLING OBJECTIVES:

1. Practice reviewing the sold units to determine which ones require delivery.
2. Practice reviewing the Daily Operating Control (DOC) report.
3. Practice auditing technician time tickets.

PREREQUISITES, IF ANY:

- Knowledge of delivery practices for sold units
- Knowledge of daily operating procedures
- Knowledge of appropriate time allocations per task in the Service Department

LEARNING EXPERIENCE #1

<table>
<tr><td colspan="2">ENABLING OBJECTIVE #1: Practice reviewing the sold units to determine which ones require delivery.</td></tr>
<tr><td>Learning Activities</td><td>Special Instructions</td></tr>
<tr><td>Read the Information Sheet titled “Delivery Considerations” on pp. 3-8.

Demonstrate your knowledge of your dealership’s delivery procedures by completing the Self-Check on p. 9.

Check your answers against the Self-Check Model Answers on p. 10.

Practice with a co-worker using your dealership’s delivery procedures. Ask your co-worker to use the checklist titled “Delivery of Sold Units” on p. 11 of the Practice Exercise as a guide for assessing your progress.</td><td>

Ask your mentor to suggest a co-worker who can observe and help you with your practice sessions and the Practice Checklist.</td></tr>
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INFORMATION SHEET

DELIVERY CONSIDERATIONS

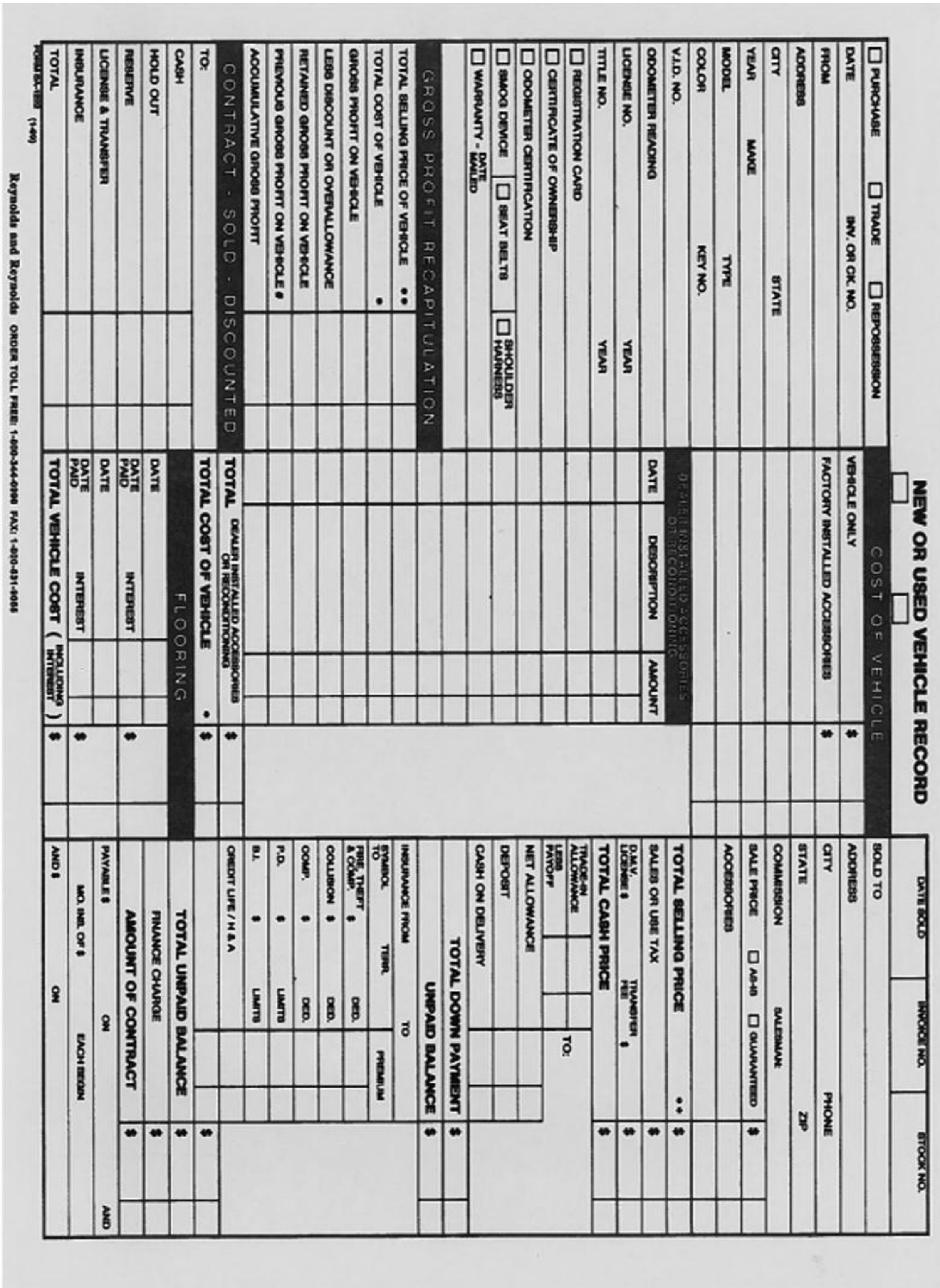
OVERVIEW

Dealerships typically compile *delivery schedules* to show all units sold and pending during a period of time. Each unit listed in such a report should have a note about the unit's finance and insurance (F&I) status. Before preparing a unit for delivery, the sales manager must check the deal jacket (i.e., paperwork related to the sale) and confirm that the deal is okay. The F&I note will show whether the customer has the money to close the deal. See an example of a deal jacket in Figure 1 on page 4.

Once the Service Department receives the authorization from the Sales Department, they can then proceed with scheduling the labor needed and ordering the parts needed to prepare the unit for delivery. Beginning to prepare a unit for delivery prior to authorization can waste time, money, and parts.

Several resources can help the Service Manager decide what work is needed to prepare a unit for delivery. For example, these items can be a big help:

- Delivery, Deal, or Get Ready ticket – to verify what the customer expects
- Pre-Delivery Inspection (PDI) checklist – to keep track of tasks – see Figure 2, p. 5
- RVDA *Service Management Guide* and/or Spader *Flat Rate Manual* – to provide rate information based on how the work is usually done



NEW OR USED VEHICLE RECORD

DATE SOLD | INVOICE NO. | STOCK NO.

PURCHASE / TRADE / REPOSSESSION
DATE / INV. OR CK. NO.
FROM
ADDRESS
CITY / STATE
YEAR / MAKE
MODEL / TYPE
COLOR / KEY NO.
V.I.D. NO.
ODOMETER READING
LICENSE NO. / YEAR
TITLE NO. / YEAR
REGISTRATION CARD
CERTIFICATE OF OWNERSHIP
ODOMETER CERTIFICATION
SMOG DEVICE / SEAT BELTS / SHOULDER HARNESS
WARRANTY - DATE MAILED

COST OF VEHICLE
VEHICLE ONLY $
FACTORY INSTALLED ACCESSORIES $

DEALER INSTALLED ACCESSORIES OR RECONDITIONING
DATE / DESCRIPTION / AMOUNT
TOTAL DEALER INSTALLED ACCESSORIES OR RECONDITIONING $

GROSS PROFIT RECAPITULATION
TOTAL SELLING PRICE OF VEHICLE **
TOTAL COST OF VEHICLE *
GROSS PROFIT ON VEHICLE
LESS DISCOUNT OR OVERALLOWANCE
RETAINED GROSS PROFIT ON VEHICLE
PREVIOUS GROSS PROFIT ON VEHICLE #
ACCUMULATIVE GROSS PROFIT

CONTRACT - SOLD - DISCOUNTED
TO:
CASH
HOLD OUT
RESERVE
LICENSE & TRANSFER
INSURANCE
TOTAL

TOTAL COST OF VEHICLE * $

FLOORING
DATE
DATE PAID / INTEREST $
DATE
DATE PAID / INTEREST $
TOTAL VEHICLE COST (INCLUDING INTEREST) $

SOLD TO
ADDRESS
CITY / PHONE
STATE / ZIP
COMMISSION / SALESMAN
SALE PRICE / AS-IS / GUARANTEED $
ACCESSORIES
TOTAL SELLING PRICE ** $
SALES OR USE TAX $
D.M.V. LICENSE $ / TRANSFER FEE $ $
TOTAL CASH PRICE $
TRADE-IN ALLOWANCE / TO:
LESS PAYOFF
NET ALLOWANCE
DEPOSIT
CASH ON DELIVERY
TOTAL DOWN PAYMENT $
UNPAID BALANCE $
INSURANCE FROM / TO
SYMBOL TO / TERR. / PREMIUM
FIRE, THEFT & COMP. $ / DED.
COLLISION $ / DED.
COMP. $ / DED.
P.D. $ / LIMITS
B.I. $ / LIMITS
CREDIT LIFE / H & A
TOTAL UNPAID BALANCE $
FINANCE CHARGE $
AMOUNT OF CONTRACT $
PAYABLE $ / ON / AND
MO. INS. OF $ / EACH BEGIN
AND $ / ON

FORM (1-89) Reynolds and Reynolds ORDER TOLL FREE: 1-800-344-0996 FAX: 1-800-531-9055

Figure 1 – Example of a deal jacket (courtesy of Reynolds & Reynolds).

INFORMATION SHEET (continued)

DO NOT PEEL APART

PDI PREP SHEET

Date: ____________________

Customer Name: ____________________ Customer No.: ____________ Lot No.: ____________

Make: ____________ Model: ____________ Year: ____________ Mileage: ____________

Chassis Vin: ____________________ Box Vin: ____________________

Sales Person: ____________________ Technician: ____________________

	OK	PBLM	RPD
#1 – IN DRIVER SEAT			
Home: Air______ Elect.______			
Wipers______ Washers______ Washer Aim______ Adjusted______			
Emergency Brake Hold			
Trans Indicator Line-up			
Dash Heater			
Heater Control Cable			
Dash A/C Temp______			
Rear Auto Heater			
Dash Gauges: Fuel____ Oil Pressure____ Temp____ Amp____			
Tech____ Turn Signals____			
Flashers____ Hi-Beam Ind____ Dash Lights____			
Stereo Operation: All Speakers____ Balance____			
Fader____ AM Band Adj____ Tape____			
Backup Camera Clear____ Adj____			
Dr. & Pass. Seat Oper. Slide____ Swivel____			
Dr. and Pass. Power Seat Oper.			
Driver All 6 Functions____			
Passenger All 6 Functions____			
Wiring Clear for Swivel Oper____			
Spotlight: Flood____ Spot____ Vert____ Horz____ Speed____			
Dash Clock____			
Cigarette Lighter____			
Landing Lights____			
C.B. Operation____			
Front Privacy Drape Operation____			
Leveling Jack Operation____			
Jacks Function Properly ____________			
Light System Proper ____________			
Retract Properly ____________			
Fluid Fill ____________			
GPS System			
#2 – INTERIOR CHECK			
Sofa Operation			
Dinette Operation			
Swivel Chairs			
12 Volt Lighting ______ Compartment Interior Lights			
Window and Screen Operation			
Entrance Door Opens and Closes Freely			
Lock Alignment______			
Drivers Door Opens and Closes Freely			
Lock Alignment______			

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Figure 2. Example of a partial PDI checklist (courtesy of Lazydays RV Center).

Having confirmed the go-ahead status, four steps make up the review process that takes place before delivering a unit:

1. Verify the customer's expectations via the delivery, deal, or get ready ticket
2. Check with the Parts Department to verify if the parts required are available
3. Determine the amount of time needed to prepare the unit
4. Prioritize the delivery schedule

Customer Expectations

Use the delivery, deal, or get ready ticket to verify what the customer wants in preparing the work order. Your goal is a smooth delivery process that closes the deal without any problems. No one wants surprises at this point, especially bad ones. A good line of communication with internal and external customers is a must. Be alert to urgency or doubt in the customer's voice. Also, be aware that the time of year can influence how quickly the customer expects delivery. If the customer wants the unit and wants to get on the road very soon, try to make it happen.

The Sales Department and Service Department both need to be involved in meeting customer expectations. When a possible problem appears, communicate the concern to the appropriate personnel according to company policy. Be very careful to complete recalls, correct unsafe vehicle situations, and apply safety practices before delivery. For example, you want to ensure that the right towing hitch (based on hitch class) is installed. Be clear that the customer's best interests are your interests, too.

Parts Availability

To get needed parts as quickly as possible, your dealership probably depends on a computerized parts inventory tracking system, bin system, and onsite stock room. With these services in place, it should be easy to know what is available or to get parts quickly.

Preparation Time

A Service Manager who is good at estimating prep time can do a lot to help the company hit its sales goal. Many factors influence the prep time, including the unit's condition and age, and the availability of parts. Other factors can also affect prep time, including:

- Shop tools available
- Shop capabilities
- Technician skills available in-house
- Shop activities that need to be subcontracted to an outside vendor
- Method for calculating shop availability
- Time required to complete work
- Dispatch schedule – to track shop's daily work load
- Weather – depending on inside vs. outdoor shop space
- Safety factors related to the work

Prioritized Delivery Schedule

Once the deal is authorized, schedule the unit prep based on the delivery date. What influences delivery date? Products, parts, and processes needed to prepare a unit for delivery and good communications with the Sales Department. The units being prepared will end up in an order for delivery. Sometimes that order can be changed – usually to hurry up the delivery. Experienced Service Managers, however, caution not to rush or overlook something that could impact either the customer's or the employee's safety. Be patient, understand the customer's possible concerns, and focus on the goal of completing and delivering the customer's recreational vehicle. Set a delivery date that is realistic.

- Delivery prep can vary considerably from company to company and may vary from the above descriptions.
- Therefore, refer to your company operations manual for the specifics of your store's procedure.

TOOLS, EQUIPMENT, MATERIALS, AND SUPPLIES

The following tools, equipment, materials, or supplies are used when successfully reviewing sold units requiring delivery:

- Deal jacket
- Communication links with customer (e.g., e-mail, fax, phone numbers)
- Computerized inventory system
- Inventory bin system
- Stock room
- Basic shop tools
- Method to determine shop availability
- Method to calculate shop time needed per job
- Shop dispatch schedule
- Dry erase board or electronic equivalent (for tracking work in shop)

WORKER BEHAVIORS

Worker behaviors play a key role in accurately and efficiently reviewing sold units requiring delivery. Accuracy and efficiency will depend on whether you demonstrate the following behaviors or personal attributes:

- Attention to detail
- Good communication skills
- Patience
- Understanding of the sales process
- Ability to sell
- Diligence
- Ability to negotiate
- Problem solver
- Analytical thinking
- Ability to multi-task
- Ability to prioritize
- Decision-making
- Anger management
- Ability to focus on the process

SELF-CHECK

DIRECTIONS: *Check your knowledge of delivery preparation procedures for sold units. For True/False questions, circle "TRUE" if the statement is correct and circle "FALSE" if the statement is incorrect. For multiple choice questions, select the response that is most correct. For short answer questions, write a brief response to the question. Check your answers with those on the Self-Check Model Answers page that follows.*

1. A delivery schedule shows all units sold during some defined time, such as a month.

   TRUE
   FALSE

2. When the shop has time to prepare a unit for delivery, the Service Manager should go ahead and schedule the work.

   TRUE
   FALSE

3. A flat rate information manual, like the RVDA Service Management Guide and/or Spader publication, helps the Service Manager judge how much time it will take to prepare a unit for delivery.

   TRUE
   FALSE

4. What would be a typical reason why the buyer would want a very fast delivery?

   a. Other people seem to be interested in buying the unit.
   b. The buyer is anxious to get on the road.
   c. Insurance rates are supposed to increase soon.
   d. Interior furnishings are in poor condition.

5. What are the four steps that make up the review process that takes place before a unit is delivered?

6. What factors could affect the delivery prep time?

SELF-CHECK MODEL ANSWERS

DIRECTIONS: *Compare your answers to the Self-Check with the Model Answers provided below.*

1.	TRUE	
2.	FALSE	No prep work should be scheduled until the F&I status is checked and the deal has been okayed.
3.	TRUE	
4.	b.	Each part of the country has a prime on-the-road season or a season where people with an RV want to get to some place nicer. This is a prime reason for asking for a fast delivery
5.	CORRECT RESPONSE:	1. Verify customer's expectations via the delivery, deal, or get ready ticket. 2. Check with the Parts Department to verify if the parts required are available. 3. Determine the amount of time needed to prepare the unit. 4. Prioritize the delivery schedule.
6.	POSSIBLE RESPONSES:	• Attention to detail • Good communication skills • Patience • Understanding of the sales process • Ability to sell • Diligence • Ability to negotiate • Problem solver • Analytical thinking • Ability to multi-task • Ability to prioritize • Decision-making • Anger management • Ability to focus on the process

Level of Performance: Your responses to the items on the Self-Check should match the Self-Check Model Answers. If you missed some points or have questions, review the Information Sheet or consult with your mentor.

PRACTICE EXERCISE

DIRECTIONS:

- ***Review*** *your ability to determine which sold units require delivery preparation activities by using the following checklist as a guide.*
- ***Discuss*** *with your co-worker the fundamentals of delivery for sold units.*
- ***Practice*** *a "walk-through" of the delivery procedure for a sold unit.*
- ***Ask*** *your co-worker to use the checklist to evaluate your ability to deliver a sold unit.*

Delivery of Sold Units			
Topics	**Level of Performance**		
	Yes	**With Help**	**No**
When reviewing sold units to determine which ones require delivery, the learner… 1. Described the expected contents and information filed in the deal jacket.			
2. Identified the four activities that comprise the preparation of a sold unit.			
3. Provided examples of how the Sales Department and Service Department can work together to meet customer expectations.			
4. Described the tracking and stocking systems that support timely parts availability.			
5. Itemized the factors that influence prep time.			
6. Identified how best to prioritize the delivery schedule for sold units.			

Level of Performance: When you are finished with this Practice Exercise, you should be able to comfortably discuss and perform any of the actions included in it. Your ratings on the checklist for this Practice Exercise should be **Yes** for all items. If you received **With Help** or **No** ratings for any items, review your performance with your mentor.

LEARNING EXPERIENCE #2

ENABLING OBJECTIVE #2: Practice reviewing the Daily Operating Control (DOC) report.	
Learning Activities	**Special Instructions**
Read the Information Sheet titled "Daily Operating Control (DOC) Reports" on pp. 13-15.	
Demonstrate your knowledge of DOC reports by completing the Self-Check on p. 16.	
Check your answers against the Self-Check Model Answers on p. 17.	
Practice your skills in using DOC reports to review work status while an experienced co-worker observes and offers help, as needed. Ask your co-worker to use the checklist titled "Using DOC Reports" on p. 18 to assess your progress.	Ask your mentor to suggest a co-worker who can observe and help you with your practice sessions and the Practice Checklist.

INFORMATION SHEET

DAILY OPERATING CONTROL (DOC) REPORTS

Each day, a dealership can create a daily operating control (DOC) report. The DOC shows the previous day's activities. Your dealership's account management software can generate a DOC. A typical DOC contains financial data that tells a lot about current, past, forecasted sales, and profits. Many dealerships require the Service Manager to review the previous day's DOC early in each business day.

These steps are part of reviewing DOC reports:

1. Analyze the current financial situation.
2. Review volume (revenue or sales), gross profit (AI), and expenses.
3. Verify the reporting accuracy.
4. Compare revenue and expenses to projections.
5. Determine corrective actions, as necessary.

Steps 2 through 4 are especially necessary when Step 1 shows a loss (that is, a negative number).

<u>Current Financial Situation</u>
By meeting budget goals, your dealership makes its expected income. By meeting profitability goals, staff layoffs are avoided. When the DOC shows a negative (loss) number, the next action is a search for causes. Exactly where does the negative number come from? What has changed in the current financial situation? To answer such questions, a good starting point could be the Service Department budget plus any forecast or planning document. These items should be helpful. Dealership managers often create forecasts or financial plans once each year or once each quarter. Such documents show the expected income, expenses, and trends. DOC reports that show continuing negative numbers over several days or weeks are a danger signal. Negative numbers demand a careful search for causes.

<u>Unexpected Expenses</u>
To figure out the reason for a negative number on the DOC report, find out from the Accounting Department if there were any accounts with problems. Look for trends and totals that do not match budget. The goal is to catch and process any incorrect entries. You might find that there is a flaw in how these numbers are calculated or tracked. The cause could also be an expense that was not in the original budget. Or, to improve the DOC, maybe there are expenses that could be cut – even temporarily. Maybe there are expenses that could be – and are not currently being – negotiated. For items or services that are needed, is there any way their expenses could be reduced?

What can happen if expenses are not controlled?

- Spending freeze
- Increase in expenses that are unexpected
- Change of budget
- Difficulty in meeting sales and profit goals
- Layoffs

Accuracy of Entries

Occasionally, totals in the DOC do not match the budget. A logical step is to check for possible errors. Finding errors could get the budget back into balance. When the numbers show that the month is much worse than expected, ask the accounting department to investigate categories that are materially different from budget.

If errors are not corrected, they could show poor financial results – that might or might not be true. Also, incorrect financial reports could affect the bonuses that staff expect.

Projections vs. Reality

Every dealership hopes that the profitability levels turn out as predicted or higher. Projections come from the budget and forecasts or plans. When DOC reports show a wide gap between projections and reality, questions like these need to be asked:

- Do we need to increase production?
- Do we need to add a night shift?
- How could we cut costs?
- Can we close any repair orders that show no activity?
- Do we need to reduce the work force?
- How do we stop our losses?
- Are we reporting everything accurately?
- Are we going to miss our financial goals?

Corrective Actions

Having determined the reasons for bad numbers in the DOC report, now plan for corrective actions. Any planned change should help improve the bottom line. Deciding on what corrective actions are best can come from thinking about what has worked in the past. Sometimes you will need to search for ideas about what changes to consider. Trade magazines, shows, and speakers might provide ideas. Searching on the Internet might also be useful.

INFORMATION SHEET (continued)

Some changes might require a new forecast and new budget. If you decide, for example, that a media blitz or some new advertising could help get numbers back on track, how much would it cost? What needs to be done to put such costs into the forecast or budget?

TOOLS, EQUIPMENT, MATERIALS, AND SUPPLIES

The following tools, equipment, materials, or supplies can be used when reviewing DOC reports:

- Copy of relevant documents (e.g., DOC report, budget, forecast, projections, receipts, invoices)
- Calculator
- Format for memo, report, or meeting agenda used to inform staff of corrective actions

WORKER BEHAVIORS

Worker behaviors play a key role in accurately and efficiently reviewing DOC reports. Accuracy and efficiency will depend on whether you demonstrate the following behaviors or personal attributes:

- Detail oriented
- Ability to work with numbers
- Analytical
- Good communication skills
- Observant
- Problem solver
- Tenacity
- Patience
- Methodical
- Diplomacy
- Personable
- Solution-oriented

- Company procedures for development and use of DOC reports can vary considerably from company to company and may vary from the above descriptions.
- Therefore, refer to your company operations manual for the preferred steps for reviewing and using data from DOC reports.

SELF-CHECK

DIRECTIONS: *Check your knowledge of using DOC reports to review work status. For True/False questions, circle "TRUE" if the statement is correct, and circle "FALSE" if the statement is incorrect. For multiple choice questions, select the response that is most correct. For short answer questions, write a brief response to the question. Check your answers with those on the Self-Check Model Answers page that follows.*

1. A major reason for reviewing a DOC report is when the previous day's business shows a loss.

   TRUE
   FALSE

2. Accounting errors can be a reason why the DOC report shows incorrect numbers.

   TRUE
   FALSE

3. When looking for a change that would improve the DOC numbers, begin by thinking about what has worked in the past.

   TRUE
   FALSE

4. Where is a good starting point to start looking when a DOC shows a negative (loss) number?

5. Identify five questions that might be asked when deciding how to improve levels of profit.

6. Identify five steps that are part of reviewing DOC reports.

7. Identify at least two outcomes that could result from unexpected expenses.

SELF-CHECK MODEL ANSWERS

DIRECTIONS: *Compare your answers to the Self-Check with the Model Answers provided below.*

1. TRUE

2. TRUE

3. TRUE

4. c. Ask the Accounting Department to investigate categories that are materially different from budget.

5. POSSIBLE RESPONSES:
   - Do we need to increase production?
   - Do we need to add a night shift?
   - How could we cut costs?
   - Can we close any repair orders that show no activity?
   - Do we need to reduce the work force?
   - How do we stop our losses?
   - Are we reporting everything accurately?
   - Are we going to miss our financial goals?

6. POSSIBLE RESPONSE:
   1. Analyze the current financial situation.
   2. Review volume (revenue or sales), gross profit (AI), and expenses.
   3. Verify the reporting accuracy.
   4. Compare revenue and expenses to projections.
   5. Determine corrective actions, as necessary.

7. POSSIBLE RESPONSES:
   - Spending freeze
   - Increase in expenses that are unexpected
   - Change of budget
   - Difficulty in meeting sales and profit goals
   - Layoffs

Level of Performance: Your responses to the items on the Self-Check should match the Self-Check Model Answers. If you missed some points or have questions, review the Information Sheet or consult with your mentor.

PRACTICE EXERCISE

DIRECTIONS:

- ***Observe*** *an experienced co-worker using DOC reports to review work status.*
- ***Practice*** *your skills in reviewing DOC reports while an experienced co-worker observes and offers help, as needed.*
- ***Ask*** *your co-worker to use the checklist below to evaluate your strengths and identify areas for improvement.*
- ***Practice*** *on more than one occasion, if possible, until a* ***Yes*** *rating is achieved on all items.*

Using DOC Reports			
Topics	**Level of Performance**		
	Yes	**With Help**	**No**
When using DOC reports to review work status, the learner… 1. Identified the information content of a typical DOC report.			
2. Analyzed the current financial situation.			
3. Reviewed volume (revenue or sales), gross profit (AI), and expenses.			
4. Compared revenue and expenses to projections.			
5. Determined corrective actions, as necessary.			

Level of Performance: When you are finished with this Practice Exercise, you should be able to comfortably discuss and perform any of the actions included in it. Your ratings on the checklist for this Practice Exercise should be **Yes** for all items. If you received **With Help** or **No** ratings for any items, review your performance with your mentor.

LEARNING EXPERIENCE #3

ENABLING OBJECTIVE #3: Practice auditing technician time tickets.	
Learning Activities	**Special Instructions**
Read the Information Sheet titled "Technician Time Ticket Audits" on pp. 20-22. You may wish to **discuss** with an experienced worker the process of auditing including: • What records you would need • What you would look for in the records • What types of information you might find • What you would do if the findings showed some irregularities **Demonstrate** your knowledge of technician time ticket audits by completing the Self-Check on p. 23. **Check** your answers against the Self-Check Model Answers on p. 24.	
Practice your skills in auditing technician time tickets while an experienced co-worker observes and offers help, as needed. Ask your co-worker to use the checklist titled "Auditing Technician Time Tickets" on p. 25 to assess your progress. **Arrange** to complete this Learning Guide titled *Review Work Status* by asking your mentor to evaluate your performance using the criteria in the Performance Test on pp. 26-27.	Ask your mentor to suggest a co-worker who can observe and help you with your practice sessions and the Performance Checklist.

INFORMATION SHEET

TECHNICIAN TIME TICKET AUDITS

One of the keys to success in the operation of a dealership's service department is understanding the value of the technician's time. In any service department we buy time from a tech, hold it (in inventory) as a flag or stub on the back of the repair order and, finally, sell it to a customer at a profit. To understand how that process works, it is helpful to have three definitions.

Available time – is the time that the technician is on the premises and available for work. It is usually measured by the time clock or time card when any employee, including the tech, reports to work, punch out to and in from lunch or breaks, and punches out at the end of the day.

Actual time – is the time that a technician is "punched" on to a repair order to do billable work. It is measured on flags or stubs that are punched on a time clock in the shop and applied to the back of the repair order.

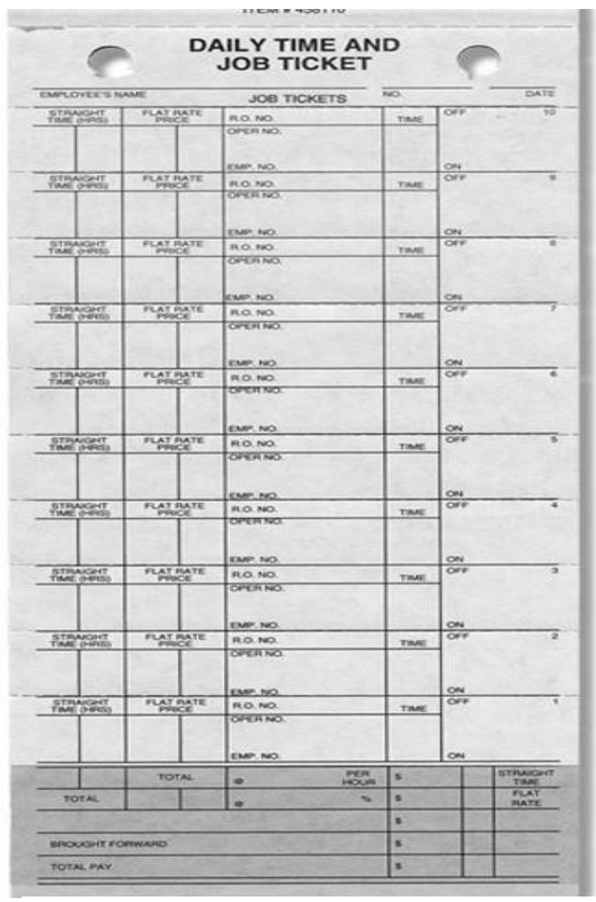
Billable (Collectable®) time – is the time, written on the flag or stub, that we pay the tech under bonuses or flat rate and that we charge to the customers. Flat rate (from a flat rate manual or a labor time guide), or straight time (which is equal to actual clock time) can be billable.

Prior to undertaking an audit, you must understand the flow, accounting and processes involved. For example: are jobs or repair orders transferred from one technician to another because of who has more time available or because of different skill levels?

The process of auditing technicians' time tickets helps keep track of who took what action and when. Your dealership's computer software may include a system for tracking technician time tickets, or your dealership might do the audit manually.

There are several ways to do an audit and many of them require very similar tasks. Generally, three steps are required for auditing technician time tickets:

1. Compare actual (clocked) time to available time (payroll records).
2. Compare actual (clocked) time to billable time.
3. Compare billed time to authorized time.


DAILY TIME AND JOB TICKET

EMPLOYEE'S NAME | JOB TICKETS | NO. | DATE

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 10 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 9 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 8 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 7 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 6 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 5 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 4 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 3 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 2 | OPER NO. | EMP. NO. | ON

STRAIGHT TIME (HRS) | FLAT RATE PRICE | R.O. NO. | TIME | OFF 1 | OPER NO. | EMP. NO. | ON

TOTAL | @ | PER HOUR | $ | STRAIGHT TIME

TOTAL | @ | % | $ | FLAT RATE

$

BROUGHT FORWARD | $

TOTAL PAY | $

Figure 3 - Example of a daily Time and Job Ticket (courtesy of Reynolds & Reynolds)

Optional Activity

Using the three steps required for auditing technician time tickets (found immediately above this box), discuss with an experienced worker the process of time ticket auditing.

Determine and discuss:

- What documents or records would you need?
- What would you look for in the time records?
- What types of information might you find?
- What would you do if the findings showed some irregularities?

Compare actual (clocked) time to available time (payroll records).
Time accounting is very important in any business. Time reporting must be accurate. It can affect profits. Your dealership might track time on a computerized system or on time cards. Managers often compare clock time to the level of pay, to judge if technician costs are in line. To audit time accounting, check time sheets/reports, payroll reports, unapplied labor accounts, and billable hours accounts.

- It is management's responsibility to see the technicians are productive. Look for gaps between available time and the actual time a technician is on the job. Gaps must be investigated to improve service department effectiveness.

- *Time stealing* is when someone charges for more time than he/she actually works. It can be a serious problem. Time stealing can result in disciplinary action.

INFORMATION SHEET (continued)

<u>Compare actual (clocked) time to billable time</u>
Your goal is to maximize billable time compared to actual time. This results in low unapplied labor and high efficiency. Ideally, you want the shop to be effective and get jobs done efficiently. When actual time and billable time are quite different, it is time to look for ways to increase shop efficiency. This is really a way to gauge technician effectiveness. What might be the cause of lost time? What can help increase the speed of completing jobs without sloppy work? How can we improve the bottom line? How do we arrive at a better gross profit? Can we make changes and keep good morale among the technicians?

<u>Compare billed time to authorized time</u>
All work must be properly authorized before repairs are started. In this step, we are verifying billed time on the repair order matches the time quoted and authorized by the customer. Any discrepancies between billed and authorized time should be resolved immediately and before the invoice is presented to the customer.

- A solid understanding of your shop's time reporting system will help you compare the output of work compared to the labor charges.

TOOLS, EQUIPMENT, MATERIALS, AND SUPPLIES

The following tools, equipment, materials, or supplies are needed to audit technician time tickets:

- Time reporting system
- Flat rate manual (standards for time allocations per task)
- Previous time reports
- Time clock/attendance/time-keeping system

WORKER BEHAVIORS

Worker behaviors play a key role in the success of accurately auditing technician time tickets. Success will depend on whether you demonstrate the following behaviors or personal attributes:

- Meticulous
- Attention to detail
- Investigative (look for errors and problems)
- Analytical
- Observant

SELF-CHECK

DIRECTIONS: *Check your knowledge of auditing technician time tickets by responding to the following questions. For True/False questions, circle "TRUE" if the statement is correct, and circle "FALSE" if the statement is incorrect. For multiple choice questions, select the response that is most correct. For short answer questions, write a brief response to the question. Check your answers with those on the Self-Check Model Answers page that follows.*

1. For a technician time ticket audit, you need to know if time tickets are ever moved from a busy tech to another tech who has more time.

   TRUE
   FALSE

2. Time stealing occurs when a worker uses another worker's time card to record the work.

   TRUE
   FALSE

3. A flat rate manual shows how much time to allow for each job done.

   TRUE
   FALSE

4. The time that a technician is "punched" on to a repair order to do billable work is called:

   a. Billable time
   b. Collectable® time
   c. Actual time
   d. Available time

5. What are the three basic steps for auditing technician time tickets?

6. Which time is charged to the customer?

   a. Billable time
   b. Actual time
   c. Available time

SELF-CHECK MODEL ANSWERS

DIRECTIONS: *Compare your answers to the Self-Check with the Model Answers provided below.*

1.	TRUE	
2.	FALSE	Time stealing means that the worker is charging more time than he/she is really putting in to a job.
3.	TRUE	
4.	c.	Actual time is the time that technician is "punched" on to a repair order to do billable work. It is measured on flags or stubs that are punched on a time clock in the shop and applied to the back of the repair order.
5.	POSSIBLE RESPONSE:	1. Compare actual (clocked) time to available time (payroll records). 2. Compare actual (clocked) time to billable time. 3. Compare billed time to authorized time.
6.	a.	Billable time is what we pay the tech under bonuses or flat rate and that we charge to the customers.

Level of Performance: Your responses to the items on the Self-Check should match the Self-Check Model Answers. If you missed some points or have questions, review the Information Sheet or consult with your mentor.

PRACTICE EXERCISE

DIRECTIONS:

- ***Observe*** *an experienced co-worker auditing technician time tickets.*
- ***Practice*** *your skills in auditing time tickets while an experienced co-worker observes and offers help, as needed.*
- ***Ask*** *your co-worker to use the checklist below to evaluate your strengths and identify areas for improvement.*
- ***Practice*** *on more than one time ticket, until a* ***Yes*** *rating is achieved on all items.*

Auditing Technician Time Tickets			
Topics	**Level of Performance**		
	Yes	**With Help**	**No**
When auditing technician time tickets, the learner… 1. Determined if the shop uses any unusual time-keeping practices.			
2. Compared actual time to available time.			
3. Compared actual time to billable time.			
4. Compared billed time to authorized time.			

Level of Performance: When you are finished with this Practice Exercise, you should be able to comfortably discuss and perform any of the actions included in it. Your ratings on the checklist for this Practice Exercise should be **Yes** for all items. If you received **With Help** or **No** ratings for any items, review your performance with your mentor.

PERFORMANCE TEST

Learner's Name		Date
Competency: **A-1 Review Work Status**		**Test Attempt** 1st 2nd 3rd
Mentor's Signature/Approval	**OVERALL EVALUATION**	

Directions	Level Achieved	PERFORMANCE LEVELS
Directions: Your mentor will provide you with one or more opportunities to **review work status.** You are to perform the actions needed to deal with the situation(s) in a way that meets company requirements and ethical business practices. Your mentor will evaluate your performance using the criteria listed below.		4 – Can perform this skill without supervision and with initiative and adaptability to problem situations.
		3 – Can perform this skill satisfactorily without assistance or supervision.
		2 – Can perform this skill satisfactorily, but requires some assistance and/or supervision.
		1 – Can perform parts of this skill satisfactorily, but requires considerable assistance and/or supervision.
	Mentor will initial level achieved.	

PERFORMANCE STANDARDS For acceptable achievement, all items should receive a "Yes" or "N/A" response.	**Yes**	**No**	**N/A**
When reviewing sold units to determine which ones require delivery, the learner… 1. Described the expected contents and information filed in the deal jacket.			
2. Identified the four activities that comprise the preparation of a sold unit.			
3. Provided examples of how the Sales Department and Service Department can work together to meet customer expectations.			
4. Described factors that may influence customer expectations for delivery.			
5. Itemized the factors that influence prep time.			
6. Identified how best to prioritize the delivery schedule for sold units.			

PERFORMANCE TEST (continued)

PERFORMANCE STANDARDS For acceptable achievement, all items should receive a "Yes" or "N/A" response.	Yes	No	N/A
When using DOC reports to review work status, the learner… 7. Identified the information content of a typical DOC report.			
8. Analyzed the current financial situation.			
9. Reviewed volume (revenue or sales), gross profit (AI), and expenses.			
10. Compared revenue and expenses to projections.			
11. Determined corrective actions, as necessary.			
When auditing technician time tickets, the learner… 12. Determined if the shop uses any unusual time-keeping practices.			
13. Compared actual time to available time.			
14. Compared actual time to billable time.			
15. Compared billed time to authorized time.			

Level of Performance: All items must receive a **YES** or **N/A** response. If any items receive a **NO** response, consult with your mentor to determine what additional activities you need to achieve competency in the weak area(s).