

WOW!
EVERY CUSTOMER
EVERYWHERE

Maximizing Repair Profits in the BHPH market

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State of the Industry

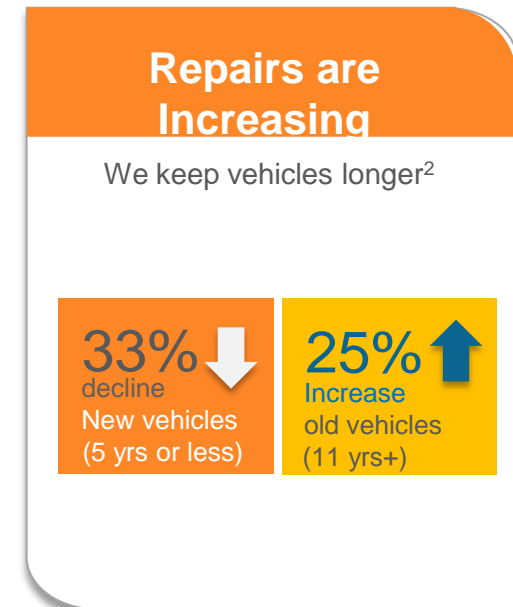
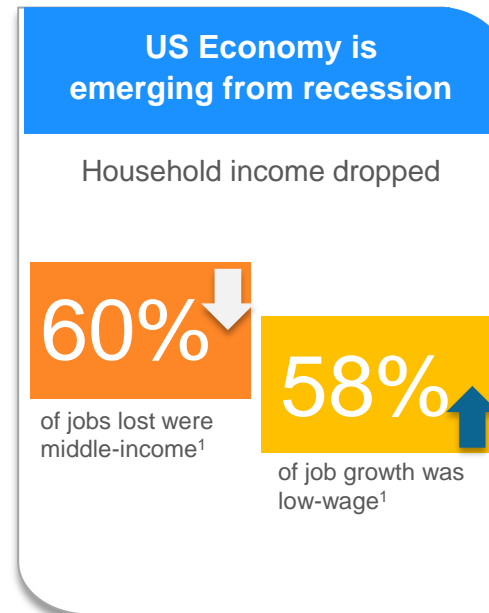
- BHPH Competition
 - Sell more cars to maintain profits
 - Increased acquisition costs
 - Increased repair costs
 - Decrease in average vehicle sale price
 - Used car dealers focusing on repair as profit center
 - New Car Dealers now making 55% of profits from service and repair

DEALER OPERATING INFORMATION: 2011-2013			
SALES	2013 NCM Benchmarks	2012 NCM Benchmarks	2011 NCM Benchmarks
Average units sold per dealer (BHPH deals only)	610	653	687
Average cash in deal per vehicle sold	\$4,926	\$4,971	\$4,863
Average ACV per vehicle sold (includes recon)	\$5,487	\$5,612	\$5,446
Average reconditioning cost per vehicle sold	\$1,026	\$968	\$962
Average gross profit per vehicle sold	\$4,509	\$4,502	\$4,421
Average cash down payment (including trades)	\$1,134	\$1,209	\$1,149
Average amount financed	\$9,664	\$9,627	\$9,427
Average term of loan (in weeks)	143	139	135



State of the Industry

- Mechanical Repair
 - Positive Trends
 - Gender
 - Repair Services
 - Service Opportunity
 - Negative Trends
 - The Cars
 - Work Mix
 - Consumer lack of awareness
 - Event Driven Business Model





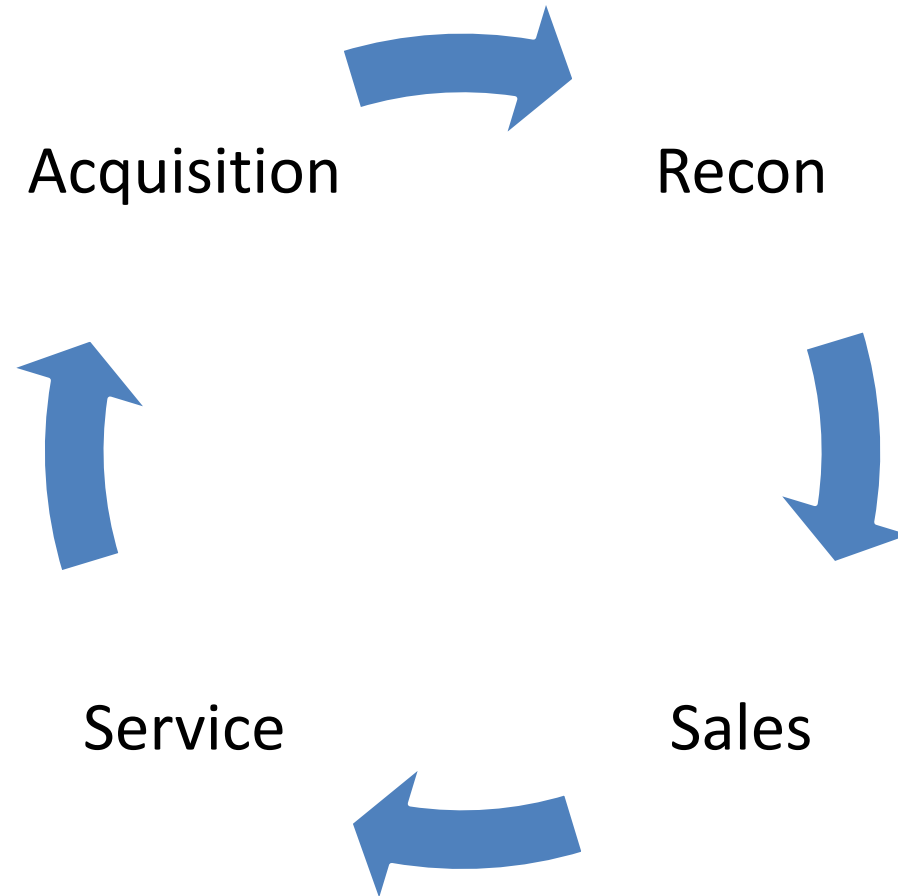
The Goal

- Leverage technology, resources and vendor relationships to improve acquisition and recon process
- Leverage existing production capacity, information, counter relationship-building and sales talent for higher margin, low risk repair work.
- Provide a complete vehicle services offering that addresses the vehicle life cycle.



Implementing Disciplined Service into the Workflow

- Acquisition
- Reconditioning
- Sales
- Service





Acquisition: Identifying the Vehicle Mix

- Acquisition Research
 - Like year ranges
 - Typical Mileage
 - Timing Interval/Cost
 - Part Availability
 - # of Recalls
 - # of TSBs
 - Top 20 part failures/cost
 - *Defined inspection process*
 - *Inspection Job Costs*
 - *Factory Maintenance Cost*





Acquisition: Defined Inspection Process

- Inspection Process Components
 - Goals
 - Defined Process
 - Staff Alignment (Enrolling, Training, and Motivating the team)
 - Training and QC
 - Tools and Technology
 - Marketing and Customer Communication Tools

File Edit View History Bookmarks Tools Help

Shop Operations x +

repair.alldata.com/online2help/shopOps/Shop_Operation Search

Hide

Visual Inspection Worksheet

Before Beginning any diagnosis or repair its important to perform a cursory visual inspection. This is a "hands off" inspection. Do not make adjustments or repairs until you have extracted all Diagnostic Trouble Codes.

Vehicle Information

Date:	Name:	Invoice No:	
Year:	Make:	Model:	Engine:
Mileage:		VIN:	

Underhood Inspection

OK=Satisfactory	NA=Needs Attention	OK	NA	Comments
		<input type="checkbox"/>	<input type="checkbox"/>	
Drive Belts		<input type="checkbox"/>	<input type="checkbox"/>	
Battery Cables and Connections		<input type="checkbox"/>	<input type="checkbox"/>	
Starter Operation		<input type="checkbox"/>	<input type="checkbox"/>	
Intake System Integrity		<input type="checkbox"/>	<input type="checkbox"/>	
Vacuum Hoses		<input type="checkbox"/>	<input type="checkbox"/>	



Acquisition: Inspection Job Costs


- Inspection Estimates
 - Develop estimates for each potential job on your inspection forms
 - Save jobs in POS or estimating system for future use
- Use real cost
 - Aftermarket Parts
 - OE Labor recommendation
 - Use preferred supplier

Print Customer Estimate Print

CUSTOMER ESTIMATE

Estimate Date: May 8, 2015

Customer Name:
Address:
Contact Number:



SCOTTS TEST CUSTOMER
Wall Street, California, CA 95777
901-495-7754

2009 Kia Optima 4 Cylinders 8 2.4L MFI DOHC			
Description	Qty	Cost	Total
Duralast_Gold / Brake Pads - Front	1	\$85.98	\$85.98
Labor: Brake Pads - Front: Replace Front Pads	1.0	\$85.00	\$85.00
Labor: Brake Pads - Front: Replace Front Pads: Replace Rear Pads	1.0	\$85.00	\$85.00

Estimate Items			
Description	Qty	Cost	Total
AutoZone / Non-chlorinated brake cleaner	1	\$12.87	\$12.87
Prestone / 12 oz. DOT 3 brake fluid	1	\$11.97	\$11.97
Permatex / Ultra disc brake caliper lube	1	\$8.97	\$8.97
shop supplies labor percent	1	\$8.50	\$8.50

Parts:	\$85.98
Accessories:	\$33.81
Miscellaneous:	\$8.50
Labor:	\$170.00
Tax:	\$10.94
GRAND TOTAL:	\$309.23

All parts are guaranteed for 30 days
If vehicle is left on site for more than two days before or after work is done, there will be a minimum storage fee of \$5 per day
Quotes are only good for 7 days.

Thank you for your business!



Acquisition: Factory Maintenance Costs

- Identify mileage range you will own vehicle
- Develop estimates for each factory maintenance interval
- Use data to compare cost of ownership
- Save data to develop maintenance and service packages

The screenshot shows the AutoZone website interface in a browser window. The main content area features a large banner for 'THE NEW AUTOZONEPRO.COM' with a 'CLICK TO PLAY' button. Below the banner are sections for 'SHOP SAVINGS', 'TOOLS & EQUIPMENT QTLY', and 'GOING THE EXTRA MILE'. A sidebar on the right promotes becoming an 'AUTOZONE COMMERCIAL CUSTOMER'. In the foreground, a smaller browser window displays the 'ALLDATA REPAIR \$3000' website, which contains a detailed maintenance cost table for a 2009 Kia Optima. The table lists various maintenance items and their costs across different mileage intervals.

	3000 - 10000	12000 - 21000	22500 - 33000	35000 - 42000	45000 - 52500	54000 - 66000	67500 - 75000	78000 - 84000	87000 - 97500	99000 - 108000	110000 - 117000	120000 - 129000	130000 - 140000	141000 - 150000
Maintenance Items					40000		40000		50000		51000		52500	
Air Filter Element					Inspect									
Ball Joint					Inspect									
Battery					Inspect									
Body and Frame					Inspect									
Brake Fluid					Inspect									
Brake Hose/Line					Inspect									
Brakes and Traction Control					Inspect									
Cabin Air Filter / Purifier									Replace					
Clutch Fluid					Inspect									
Constant Velocity Joint					Inspect								Inspect	
Coolant														
Cooling System					Inspect									
Doors, Hood and Trunk					Lubricate									
Drive Belt														
Engine Oil					Replace		Replace				Replace			
Evaporative Canister Filter														
Exhaust System					Inspect									
Fluid - ATF														
Fluid - MT														
Fuel Filter Cap					Inspect									
Fuel Filter					Inspect									
Fuel Supply Line					Inspect									
Fuel Tank					Inspect									
Heating and Air Conditioning					Inspect									
Hoses					Inspect									
Oil Filter, Engine					Replace		Replace					Replace		
Positive Crankcase Ventilation					Inspect									





Acquisition: Evaluating vehicles for purchase

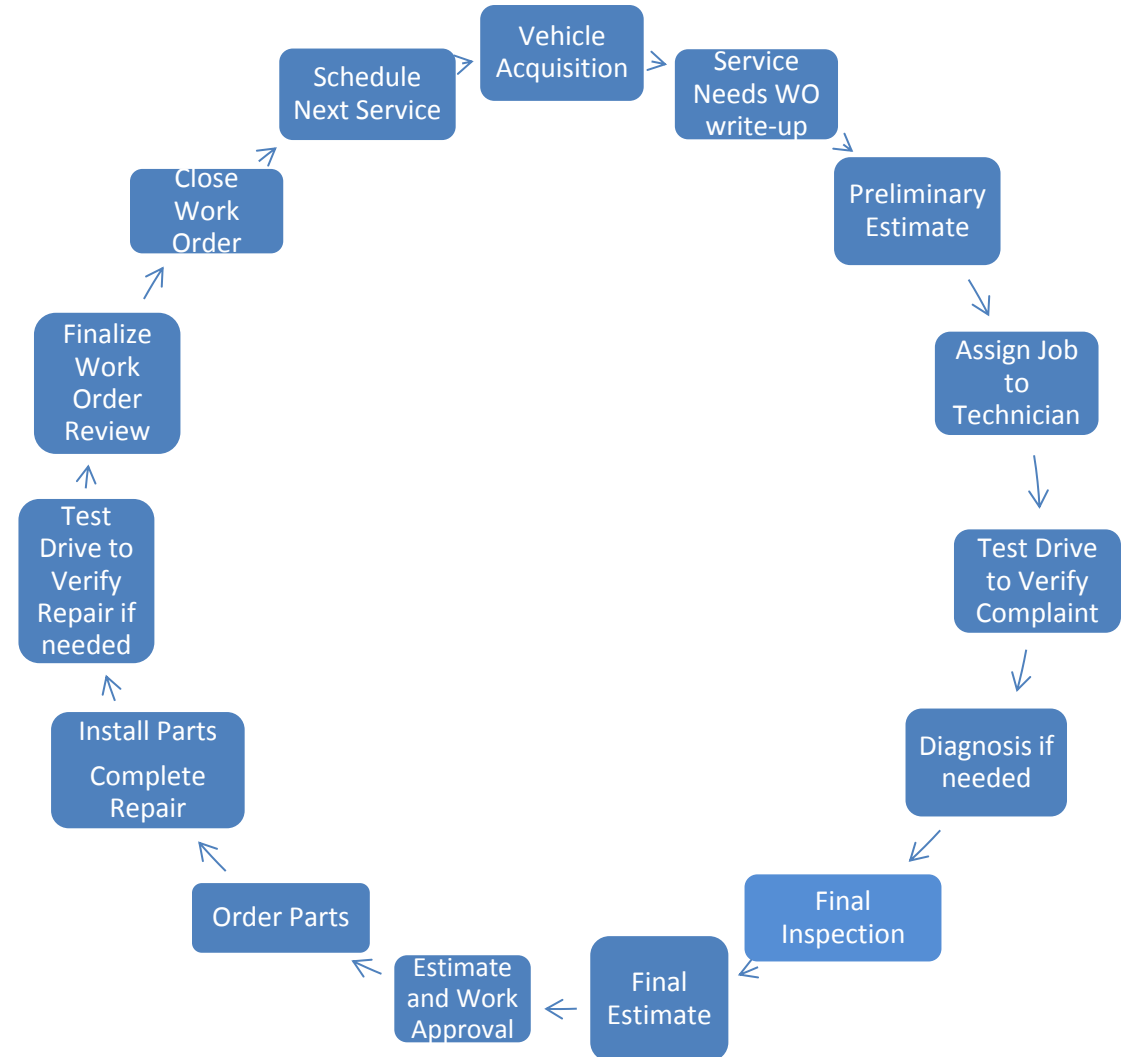
- Expand your existing visual inspection process
 - Tools
 - Tablets and Phones
 - OBDII Functionality/Scan
 - Predictive analytics
 - Customer Interest TSBs
 - Lists items the manufacturer has identified as being commonly wrong with a vehicle that are easily noticeable by the driver
 - Recall Completion
 - Pending legislation will require recalls to be completed before a dealer can sell a used car
 - Estimates
 - Use stored estimates from vehicle mix evaluation to evaluate recon cost during purchase inspection
 - Develop additional estimates at inspection point
 - Determine part availability (save shopping carts!)
 - Order parts for obvious repairs





Reconditioning: Inspection to Repair

- Completing the repair process
 - Confirm jobs from pre-purchase inspection
 - Perform visual, driving, undercar and underhood evaluation of vehicle
 - Develop estimates for additional jobs to be performed and complete final costing.
 - Prepare final estimate for approval
 - Identify and note any potential issues that do not require immediate repair
 - Leverage POS and estimating systems to store detailed work orders for each vehicle.





Sales


- Create additional value for the vehicle from the service you performed
 - Educate customer on work performed to vehicle and value of work at time of sale
 - Leverage OE data
 - Establish yourself as the car care expert
 - Educate customer on cars service needs
 - Offer extended warranty services
 - Leverage part provider warranties
 - Offer pre paid maintenance and service packages
 - Leverage existing staff and facilities
 - Compensate sales teams
 - Leverage collection teams
 - Use OEM information resources to provide customer documentation on vehicle needs.

Print Customer Estimate

CUSTOMER ESTIMATE

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Customer Name:
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Contact Number:



SCOTT'S TEST CUSTOMER
Vista Street, California, CA 92077
501-455-7754

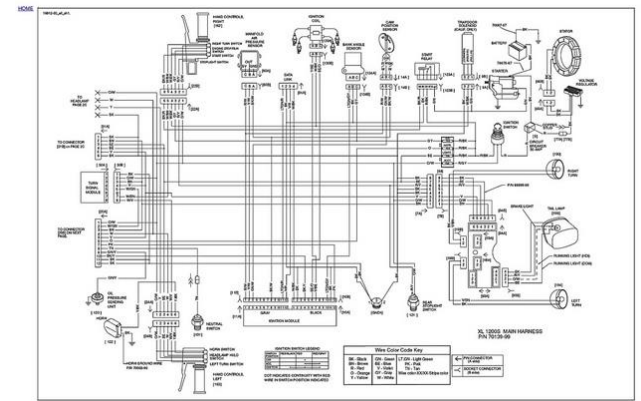
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5-29



Service

- Ensure your customer brings the vehicle back to you!
- Customer Pay Service Offerings
 - Do not sell, educate
 - Courtesy inspections
 - Tires/Oil changes etc. 30% margin
 - Alternator, Shocks/Struts – 40% margin
 - Maintenance services – 60% margin
- Marketing and Customer Communication
 - Promote:
 - “Car Care”
 - Lowest Lifetime Operating Cost
 - Vehicle reliability and safety
 - Extending life of vehicle or ownership
 - Use Static Stickers!!!
 - Customer Area Displays
 - No-charge, Value-added service
 - Vacuum, window wash, wiper fluid

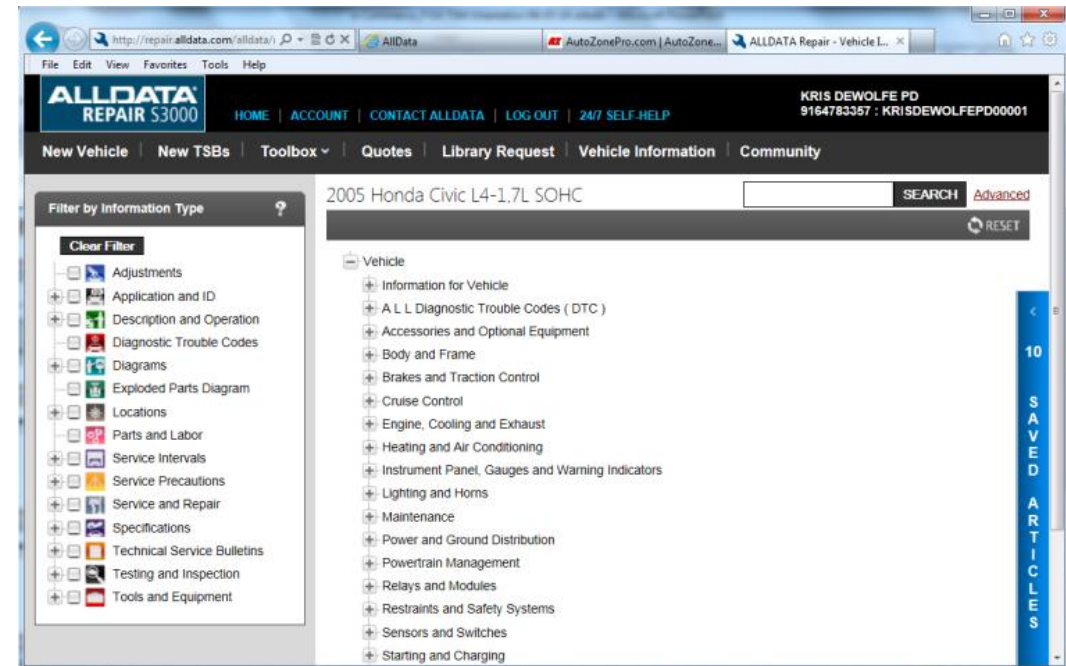




ALLDATA

ALLDATA Repair:

- OEM repair information
 - Factory repair procedures
 - Specifications, Diagrams, etc.
- Reduce diagnostic time
 - OEM Diagnostic information and testing procedures
- OEM wiring diagrams
- OE parts and labor
- Liability Pass through
- Tech Assist and Community Access





ALLDATA

ALLDATA Mobile

- **Portability:** Take your OEM repair information with you during repairs.
- **Fast, Easy Searches:** Touchscreen icons accelerates searches.
- **Zooming:** Clear and up close views of diagrams, images and schematics.
- **VIN Recognition:** Saves times by Automating vehicle selection.
- **OBDII Diagnostics:** Reads P-Codes, live sensors, pre-check emissions, and more.
- **DTCs linked to OEM data:** Automatically presents repair instructions for clearing P-Codes.
- **Stores Vehicle information:** Vehicle history captured and stored for future reference.





AutoZone Commercial

- 5,476 total stores
- 100% company-owned stores (no franchise operators)
- Warehouse \$2.2B+ of inventory in the USA
- Every AZ supplier is audited for quality control & continuous improvement purposes
- 8 distribution centers, 142 Hubs, & 71 "Super" Hubs
- Expanded parts coverage for fleet vehicles



AutoZone Commercial

- Original Equipment Manufacturer (OE) equivalent parts
- All parts will be “better” & “best” category classifications
- AutoZone uses a Good, Better, Best approach
 - Batteries: Johnson Controls
 - Rotating Electrical: Remy, MPA
 - Bearings & Seals: Timken
 - Belts & Hoses: Dayco
 - Gaskets: Fel Pro
 - Friction: Bosch
- SourceIT: 3rd Party & OE Dealer Sourcing





AutoZone Commercial

- Original Equipment Manufacturer (OE) equivalent parts and replacement modules for popular BHPH models
 - Ford Taurus
 - Chevy Cobalt
 - Chevy Impala
 - Dodge Caravan
 - Chevy Malibu
 - PT Cruiser





AutoZone Commercial

- BHPH National Account Pricing
 - Electronic Ordering - 2% Rebate
 - Labor Claims Credited in 48 Hours
 - Referral Program –Free Advertisement
 - 100% Labor Guarantee
- Warranty and Claims support
- No Core Charges

Value Added Services



AutoZone eliminates annoying paperwork and charges for core return parts. It's simple: we pick up cores from your shop within three days, and you pay no core charges. In addition to saving money, you'll save time not having to deal with core returns.



Every successful shop owner knows the benefit of having a rock-solid warranty program. With AutoZone, our local management team will resolve your warranty labor claims in 48 hours or less. That's right - the industry's leading 2-day turnaround program.



ALLDATA brings OE factory diagnostics and troubleshooting information to your shop. No matter what you work on – domestics, European, German, or Asian – you have the same repair data that the dealerships use.





AutoZone Commercial

- Dedicated Onsite Commercial Specialist
 - Locations that exceed (\$40k/month)
 - Full Time Equivalent
 - Onsite during normal business hours
 - Manages parts sourcing, consignment, stocking programs, cores, deliveries, returns and provides support for your financial systems





Thank you!