

# POWERFUL SOLUTIONS

For maximum F&I profitability

## Rate Increases

Holy smokes, things are getting expensive! We've heard it so much we're almost numb to it... price increases originating from supply-chain disruptions, raw-material shortages, and labor shortages!

Consider the price of eggs as an example. Many parts of the country are experiencing close to a 150% increase from just over that of a year ago. And let's face it, eggs are pretty low-tech. They have been around since the dawn of man, yet here we are.

There is no sign of abatement to the drama, either. Name it, and it is likely *far* more expensive now than it was just recently.

While low-tech prices are sky-high, high-tech is stratospheric! Haven't investigated the price of an EV power-cell, for example? Parts may range from \$20,000-\$30,000, plus labor, and we've ALL had experience with batteries failing. EV power-cells are no exception. (In fact, VSC Providers are scrambling to write EV-specific service contracts that address the special needs of these vehicles.)

This may lead one to conclude, "*That* rent is too damn high!"

Well... Internal Combustion Engine (ICE) powertrains are rapidly evolving to address the demands of the upcoming EPA Corporate Average Fuel Economy (CAFE) standards, as well. The race is on! Meeting these requirements will entail engineering crazy-brilliant/advanced/complicated/"black-magic voodoo" equipped vehicles breaking from conventional norms... ALL of which can be equated with much higher costs!

Powerplants are integrating far smaller displacements combined with forced induction. Performance output equals heat and stress, therefore cutting-edge metallurgical and architectural changes are required to handle these needs. Half-ton diesels are coming to market with novel changes like aluminum blocks and heads (to save weight) possessing design parameters forgoing previous performance goals, such as towing capacity. Low-tension piston rings, variable valve timing, multi-speed transmissions, incredibly sensitive electronic systems, etcetera... ALL with complete emphasis on lowering fuel consumption.



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Partnership + Performance = Profit

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Catching-up with all this rapidly changing engineering will require Service Department personnel leaning into the storm. To keep pace with these conditions, Dealer Principals will fund huge investments in the training, technology, and tools required to meet these challenges.

We in the Business Office will be better equipped to serve our Guests, as well, by staying well-informed of *all* these changes. When visiting with a Business Manager, recently, the question was tabled, "What is your current labor rate?" The response given was something along the lines of, "I *believe* it's \$ \_\_\_ per hour..." After counseling with the Service Manager, the labor rate was discovered to have been nearly \$20 per hour higher (than the guess) the year before, \$45 per hour higher this year, and soon to be nearly \$63 per hour higher... *all* in an effort to offset rising costs.

We owe it to ourselves to maintain credibility by knowing our current labor rates, to the penny, while sharing related relevant information (like that referenced, previously, as is applicable to their purchase) with our Guests. This will assure our Guests possess the necessary knowledge to make a well and fully informed decision, as to how *their* financial needs may be ensured by the *vast* protection (from the unknown) that our products provide. Having taken advantage of these protections, our Guests are certain to enjoy a much more positive ownership experience!

Let's face it... as is always the case with radical leaps in technology, unforeseen consequences tend to surface later. Our Guests are unlikely to want the exposure to these circumstances, when they appear at a future date... and it is our job to illuminate this terrain...

Think about it.

**Good luck and good selling!**