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## Manpower Efficiency in Automobile Franchises

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MANPOWER EFFICIENCY  
IN  
AUTOMOBILE FRANCHISES

by  
JAMES R. BERRY

A QUALIFYING PAPER

Submitted in partial fulfillment of the requirements for the  
degree of master of business administration at the Jacksonville  
State University

Jacksonville, Alabama

1971

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SECTION I  
INTRODUCTION

The efficient utilization of manpower is one of the primary concerns of the management of automobile dealerships in controlling expenses and increasing profits. The purpose of this paper is (1) to present an analysis of manpower efficiency, in general, in automotive dealerships within the limits of General Motors Corporation, and (2) to examine and appraise manpower efficiency in one small town dealership.<sup>1</sup>

Because salary and wages represent about one-half of the total expense in a dealership,<sup>2</sup> it is important that dealers take the time and effort needed to increase the productivity of their employees. In other words, manpower efficiency must be improved. Three ways of aiding the attainment of this improvement are through an analysis of (1) job functions, (2) managements' span of control and (3) personnel policies and procedures.

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<sup>1</sup>The data used in this report was obtained from records and accounts (1964-1971) of Charlie Cox Olds-Pontiac Company, Albertville, Alabama.

<sup>2</sup>Expense Management for Profits, Business Management Department, Oldsmobile Division, General Motors, Conference 3, 1968, p. 2.

## SECTION II

### JOB FUNCTIONS

In measuring the efficiency of productive employees, consideration must be given to the number of labor-hours sold as opposed to the gross profit on units sold. This provides management a yardstick with which to evaluate the efficiency of employees. However, for employees engaged in non-productive tasks, evaluation is often difficult. Therefore, measurement of the value received per dollar of expense for compensation is not easily computed.

It is for this reason that an analysis of job functions is the primary step in evaluating the job performance of non-productive employees to find ways of improving their working efficiency. Often, this means making an occasional, detailed analysis of the functions of every non-productive job in the dealership. This information then exists as a basis for making changes that will improve the work efficiency of any employees whose time or abilities are not being used to the best possible advantage.

The effectiveness of non-productive employees, such as service writers and parts counter men who have part-time selling functions, is partly measurable in the terms of the sales volume each one writes. However, this data should not be used as criteria for measuring their efficiency in the performance of other functions of their jobs. The

same application holds true for Sales Managers. Their performance as managers can not be properly measured by the number of cars they personally sell. At first glance, it might appear that the dealership is comprised of "all chiefs and no indians".<sup>3</sup> However, this is not normally the case. The size of any dealership dictates the number of personnel that are placed in positions requiring decision making powers. To select individuals to fill these vital positions requires careful analysis of each aspect of an employee's service and the requirements of the position to be filled. Therefore, each function assigned as a part of an employee's job should be individually appraised for the results attained, taking into consideration: (1) the amount of time used to discharge the function, (2) the pay incentives offered, (3) the ability of the individual, (4) the individual's industriousness, (5) the individual's relations with customers, and (6) the individual's compatability with other employees.<sup>4</sup>

In the event an appraisal indicates that some function of an employee's work is not up to standard, the dealer should counsel with the employee to determine the cause of his inadequacy. Only after insuring that the employee's current efforts are not an improvement over his previous level of production should a definite change be made. The

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<sup>3</sup>Martin H. Bury, The Automobile Dealer, Philadelphia: Philpenn Publishing Company, 1958, p. 126.

<sup>4</sup>Op. cit., Note 2, p. 7.

dealer is responsible for action such as this only after careful study and evaluation of the case. Hasty decisions in these instances only tend to cause friction and unrest among the other employees.

One solution to the problem may be that another employee could perform this function better. Perhaps the current employee needs additional training in order to become proficient in his current position. No improvement will begin, however, until the dealer takes action to make a well thought-out change.

The jobs that require the most frequent analysis are jobs that are difficult to keep filled. These positions are usually the more physically demanding type. However, jobs with newly assigned functions are also observed with more frequent regularity.

The layout of a form for making an analysis of job functions can be any simple worksheet that fits the dealer's needs. To insure that the worksheet is effective, most dealers include several of the following ideas as common objectives for the worksheet. Worksheets are periodically prepared for every non-productive job on the payroll. This worksheet should be filled in by the dealer, preferably in counsel with each department head, but not delegated for their preparation. The ensuing results will be more comprehensive of overall departmental needs, as well as

interdepartmental needs, if all appraisals are completed before any major changes are decided upon. Finally, some time should be taken for careful study and comparison before any decisions are reached. This will insure that the effect of proposed changes will all be improvements. These items are not all that should be included in the worksheet, but they do reflect the type approach that should be taken by a dealer.<sup>5</sup>

Since the major functions of department heads are usually supervisory, the analysis forms of their jobs should be carefully studied to find out if there may be an overlap or duplication of responsibility. For the same reason, a dealer should also prepare an analysis form of his own functions and responsibilities.<sup>6</sup>

Job functions can be controlled only by periodic review and revision by management. Clearly, if the necessary attention is devoted to the determination of needed positions, the essential core of a dealership is assured. From time to time, business conditions dictate the addition or deletion from the normal composition. If management has maintained a current listing of job functions, this change is easily recognized and acted upon. However, in many

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<sup>5</sup>Op. cit., Note 3, pp. 127-134.

<sup>6</sup>See Illustration No. 1 in appendix for representative analysis forms often used in the evaluation of employees in the automobile industry.



cases, the need for change is not observed until it is too late. Since the success of most businesses is measured in dollars and cents, the failure to change when a change is necessary results in loss of sales to the dealer. Usually this loss occurs in the service department. Consequently, a customer will be caused discomfort or delay, thereby creating an unfavorable attitude toward the dealer. This type of incident if allowed to go unchecked may eventually "snowball" into a flurry of complaints which reflects on the dealer's service department.

SECTION III  
MANAGEMENTS' SPAN OF CONTROL

Since the cost of supervision makes up a large portion of the total payroll cost, the second step of evaluation to improve manpower efficiency is to look carefully at each supervisor's span of control.

A manager to whom too many people report, or who is responsible for directly supervising too many employees, can not adequately promote efficiency in their work nor can he operate with maximum effectiveness in his own work.

The capacity of management to increase the productive efficiency of others diminishes quickly when it is spread too thinly.<sup>7</sup>

The use of an organization chart will assist in quickly analyzing each manager's span of control. A simple sketch will often do although many of these charts get to be quite imposing in their splendor.

The practical use of such a chart is not limited to larger dealerships. It is equally useful in smaller ones when certain questions arise--that is, questions such as the feasibility of adding a body shop manager or an assistant service manager. The obvious question to be answered is whether or not efficiency would be increased by these new additions.

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<sup>7</sup>Lee E. Preston, Managing the Independent Business, New Jersey: Prentice-Hall, Incorporated, 1962, p. 26.

Consideration of managements' span of control should include recognition of certain circumstances that can materially affect manpower efficiency. Some factors that affect efficiency are (1) employees working out of view of their supervisor, such as at removed locations, on different floor levels, etcetera; (2) employees not working the same hours as their supervisors; (3) employees whose time must be split between two or more departments; (4) employees whose time is only partly non-productive--the productive portions being recorded as a cost of sales for their labor sold on repair orders; and (5) addition or deletion of employees that are classified as part-time or temporary.

There is not a set form for organizational charts. Depending on the particular franchise, the charts are modified to cover the particular situation.<sup>8</sup> However, in all charts there are basic similarities. These are the "key" positions in any franchise. Managements' span of control always depends on the personnel filling these positions and the attitude with which they approach their jobs. It is with this idea in mind that the dealer formulates his policies and procedures with regard to personnel.

Control by management is imperative in any business. In the automotive industry, control is imperative due to the high

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<sup>8</sup> See Charts One and Two for representative organizational structures. Selected company more closely follows Chart Number One.

cost of the merchandise involved. Controls are inclusive of, but not limited to, sales policy, service policy, and customer relations. Internal policies must be simple, factual, and honest. All areas must report their sales, losses, problems, and excesses immediately to the sales manager. In small dealerships, the dealer may have to supervise these areas. In recent years, the factory has become one of the dealers best customers.<sup>9</sup> Therefore, to prevent problems with the factory, all time entries, replacements, and services must be accurate.

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<sup>9</sup>Op. cit., Note 3, p. 70.

SECTION IV  
PERSONNEL POLICIES AND PROCEDURES

The key to efficient manpower utilization appears to lie in the area of personnel policies and procedures. In discussing this topic, the subject matter is presented as two separate areas: (1) procedures used in the selection of personnel and (2) personnel policies in use after employment.

The particular procedures used by a dealership in selection of personnel will vary from franchise to franchise. However, several topics are normally included in almost every dealership's procedures. Representative of these topics are (1) recruiting, (2) use of the application form, (3) screening of prospective employees, (4) a check of all references, and (5) employee selection on an individual basis.<sup>10</sup>

Recruiting entails selection of the type personnel that would be of maximum benefit to the franchise. Top people are in constant demand by other industries as well as by units of government. In view of this, a dealership needs to emphasize to these personnel the differences that are considered to be "plus" factors for the automotive industry. Not only is recruiting involved in pursuing top personnel, but also it is concerned with the area in which the recruitment takes place. Today's highway systems make it possible

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<sup>10</sup> J. Seton Gray, Common Sense In Business, New York: McGraw-Hill Book Company, 1956, p. 89.

to commute greater distances, and many people are willing to do so in order to work at a better job.

The procedure governing the use of recruiting is the application form and its continual requirement for up-dating. Every dealership, regardless of size, should use an application form that will provide an adequate record of pre-employment history for each employee. The previous five years of an applicant's employment time should be accounted for on the form. Also, supplementary data on family and financial obligations provide useful information to the reviewer. An accepted method of insuring that entries on the application forms are correct is that of reading back to each applicant the details entered and requesting data for any omissions on the form. Retention of these application forms by the dealer provides him with a readily available source of reference in the event of personnel increases or replacement.

After receiving the application form, the process of screening each applicant now controls the personnel procedures. Again, the process of screening depends on the type of personnel that a franchise desires to employ. Cost becomes one of the dominant factors at this point in the personnel selection.<sup>11</sup> The higher payroll cost for people of proven ability is actually a great economy in the long run. The alternative method of employing personnel that are not really competent will result in reduced gross profits and ineffective expense dollars.

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<sup>11</sup> Op. cit., Note 7, p. 168.

However, employment of personnel that are merely less experienced is often quite advisable. Selection of this type person is not often difficult. Usually the less experienced applicant possesses discernable abilities and energies that allow him to learn quickly and work efficiently. It is not unusual to find that employing the right person for the right position is a slow process. A conscientious employer will quite often wait until the fully qualified employee can be found. One of the generally accepted comments from dealers is that an employee who lacks competence or industriousness tends to retard the current efficiency of other employees.<sup>12</sup>

Employing a person without making a check of all his references can be a financially unwise move. Acceptability for fidelity bonding alone is not an adequate substitute for contacting an applicant's references for previous employers, previous and current creditors and others who will attest to his character. In addition, selection of an unemployed applicant should be made only after careful evaluation of the reasons why he left former employers.

Following the investigation of a prospective employee, the actual selection must occur. It is at this time that management must decide which applicant is to be employed. Selection is not limited to new applicants alone. There are

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<sup>12</sup> Ibid., p. 166.

several reasons why a careful review of present employees should be undertaken. First, selection internally promotes improvement of an individual by broadening the experience and viewpoints held, thus increasing the versatility of the employee. Second, promotion from within tends to motivate employees to improve their work and to minimize absenteeism. Third, employees represent known quantities, qualities, and degrees of compatibility in their work; while new employees may represent risks of time, money, and lost business. Finally, the compensation expense to promote a present employee is usually less than to attract his equal from another employer. Management now has several options open to it. One option is to select an individual currently working for the franchise. A second option is to select the most fully qualified individual available from the applicants. Finally, management has the option to select neither of the above options and merely wait for a better set of options before committing the available position.

From the above, it is readily seen that the procedures involved in the selection of personnel are complex but do tend to follow some sort of order. After selecting and employing a person, the franchise must then formulate some sort of working policies under which to guide and evaluate the employee.



Personnel policies, similar to personnel procedures, have several common topics included in almost every dealership. A few of the more generally accepted policies are: (1) Challenge, (2) Opportunity, (3) Training, (4) Grievances, (5) Compensation, (6) Incentive Compensation, (7) Fringe Benefits, and (8) Absenteeism.<sup>13</sup> The above topics cover a wide range of subject material and will be covered in the order listed. Ultimately, the objective is to obtain a working environment that is harmonious, sincere, and stable.

It is the direct responsibility of each and every supervisor within a dealership to provide a continuous challenge to each employee within his section. This can be accomplished easily if the selection of personnel is made in the manner described above. Personnel with energy and ambition believe they can work almost anywhere and provide for their basic income needs, but they seek to work where the job provokes their sustained interest.

Factors that create job challenges are additional training, incentive compensation, delegation of significant authority and responsibility, participation in forecasting and planning activities, and opportunity for advancement.<sup>14</sup> The possibility of advancement is a major factor in creating job challenge. Dealers who do not believe in fostering the desire for advancement among their employees will eventually lose their

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<sup>13</sup> Op. cit., Note 10, p.44.

<sup>14</sup> Ibid., p. 45.

more ambitious employees to their competitors. Therefore, the more competent personnel will tend to shy away from that particular franchise. The feeling among the employees that a possibility for advancement does exist will provide the sustaining force necessary to maintain job challenge. Dealers who provide employees with adequate challenge and opportunity find that the cost of the project is far smaller than the multiple costs that may arise from an increased rate of personnel turnover.

A policy that follows quite closely behind job challenge is training. Training is the most valid as well as the most economical and fastest means of improving the ability of employees to generate greater sales and profit in their jobs.<sup>15</sup> The correct application of training is not only an aid to fostering competition and challenge, but it also builds confidence in the employee that the opportunity for advancement is more than just words of assurance.

During the course of employment, employees sometimes find it necessary to talk with the dealer. The familiar statement that "the door is always open" is not good enough unless the employees feel confident enough of the dealer to use the door. By keeping adequately informed, a dealer is assuring himself of good employee relations.

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<sup>15</sup>Op. cit., Note 3, p. 88.

Usually, it is advisable to allow department heads to handle minor grievances. The knowledgeable dealer, however, will know the general concensus of feeling within the franchise. If he keeps abreast of the grievances within the franchise and works with the supervisors to decrease them, he is able to minimize the minor complaints that tend to impair working efficiency.

Compensation has been referred to by many dealers as the one personnel policy that is always subject to change, especially when the result is unfavorable to the dealer. As previously stated, the franchise is in competition with all other industries for its manpower. Therefore, the dealer must pay the going-rate for qualified labor. Sub-standard pay rates will attract people who are unqualified, lack satisfactory references, or who are transients. Conversely, premium pay rates will often attract personnel who think that they are the only ones who can do the job. It must be remembered that pay rates alone do not attract long-term employees. Job challenges and advancement opportunities also come into focus at this time.

Another form of compensation is incentive compensation. Although productive increases are obtainable through the use of incentives, it is advisable to temper the program in relation to the objectives of the dealer. For example, basing a manager's incentive solely on greater sales and gross profits

is not adequate if expenses incurred rise more rapidly than sales. The logical alternative is to base incentive on the profit remaining in his department after deducting direct expense.<sup>16</sup>

The next commonly used personnel policy is one called fringe benefits. When management considers changes to these benefits, it is recognized that the expense will recur from that date forward. In view of this, each change is reviewed thoroughly. An example of fringe benefits could possibly be a method by which a dealership contributes to employee retirement programs. Some dealerships make direct contributions while others prefer the profit-sharing program. Profit sharing is often preferred due to the direct relation of the expense to the level of profit.

Last, but certainly not least, is the topic of absenteeism. If management has followed the recommendations of the job functions section as listed previously, then all jobs in the franchise are necessary. The presence of absenteeism represents loss of profit and increased expense. Although some amount of absenteeism is expected, the dealer must have some form to indicate the amount of time for which each individual is responsible. This boils down to nothing more than a means of controlling the area of absenteeism.

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<sup>16</sup> Op. cit., Note 2, p. 21.

In the preceding pages, many procedures and policies were discussed very briefly. When these factors are utilized by the dealer and monitored by his supervisors on a daily basis, the result becomes a good public image for the franchise. This is the ultimate goal of all the planning for job functions and managements' span of control. Success in the above areas will usually result in a successful and prosperous dealership.

## SECTION V

## MANPOWER EFFICIENCY IN COX OLDS-PONTIAC COMPANY

From 1964 through 1971, total manpower in Cox Olds-Pontiac has varied from a low of ten employees in 1964 to a maximum of twenty-four employees in 1970. Volume of sales in units increased from 465 units sold, both new and used, in 1964, to a maximum of 1220 units sold, both new and used, in 1971.<sup>17</sup> The amount of manpower necessary to sell, service, and maintain the automobiles sold has always posed a large problem. The addition or deletion of manpower was uncertain at all times during the first two years. It was during this period that the current personnel policies, job descriptions, and control measures were instituted.

Cox Olds-Pontiac Company employs several of the industry guidelines in the analysis of job functions within the franchise. However, due to the size of the company, many of the suggested methods are not applicable. The franchise is operated as an individual proprietorship, is non-unionized, and is located in a rural area. The owner has divided the franchise into three management areas for job classification: (1) Sales, (2) Service, and (3) Parts. Each division is staffed by a section manager. Administrative support is centrally located and staffed by two secretary-receptionists and one bookkeeper. A full time tax accountant is held on retainer for cost accounting and tax reporting purposes. The sales department is staffed

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<sup>17</sup>Op. cit., Note 1.

by a sales manager, full time salesmen, and numerous part time salesmen. Obviously, the number of salesmen employed at any particular time depends on current market conditions. The service department is basically divided into two sections, service and repairs. A service manager, a full complement of factory trained mechanics and support personnel are employed. The repair section is headed by a Body Shop manager, two repairmen and one assistant. The parts department is supervised by a Parts Manager. Under this section are one full time parts assistant and one part-time assistant. The owner of this company, maintains a file on each of his employees. All entries in this file are made by the owner and are always made know to the employee. Not only does the file contain a history of the employee but also a detailed break-out of the job function that he must perform.<sup>18</sup> As a matter of tradition, the job function list is reviewed for currentness and applicability to the present method of service and sales on an annual basis. It is at this time that changes to be made are decided. In a small dealership, the primary concern is the amount of time taken to discharge the function. Faster mechanics are usually placed in stalls where the maximum number of units are processed daily. This enables management to capitalize on the abilities of the individual. To maximize output, the incentive program is used.

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<sup>18</sup>Data filed on this break-out sheet is maintained on the same form as shown in Illustration Number One.

Reference is made to the section on managements' span of control for the details of the incentive program. The job functions most critical to the small dealership are the sales manager and the service manager.<sup>19</sup> The Sales Manager is not only responsible for the conduct of the sales staff, but is also charged with the current ordering of all the stock cars for the dealership. Therefore, it is imperative that his knowledge of what the public wants and is willing to buy is current. At any time, there may be from 30 to 80 cars in stock. This represents from \$120,000 to \$320,000 in cash tied up at one time. The turn over of stock cars must be rapid. To insure this turnover, the product must be attractive and well equipped; but not too expensive. One means of evaluating the efficiency of a sales manager is to compute his turn over of stock cars from the prime model run months of August through May.<sup>20</sup> In 1964, for the ten prime months, a total of 142 stock cars were ordered and subsequently sold. This is an average turn over rate of 14.2 units per month or less than 1/2 unit per day. In 1971, a total of 482 stock cars were ordered. For the prime months, this is a turn over rate of 48.2 units per month or approximately 1 1/2 units per day. Although this

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<sup>19</sup> Alfred P. Sloan, Jr., My Years With General Motors, New York: Doubleday and Company, 1964, p. 393.

<sup>20</sup> Ibid., p. 402.



formula does have deficiencies, it serves an important function. The owner can evaluate at any given time whether or not his business is increasing or decreasing in the area of new car sales. Since these sales are stock car sales, it also indicates the competency of the sales manager to order products that the public wants.

In contrast, the service manager must control expenses as much as any other facet of his job. That is not to say that he does not devote time and energy to making a profit; but his major task is to route, control, and minimize the amount of repetitive maintenance performed on fleet and customer automobiles. Factory damage claims, warranty work, and normal maintenance work are all facets of his job. Therefore, he must be able to plan ahead and stay within reasonable proximity of a set schedule.

The span of control in the dealership being examined is broken down into six areas. The dealer is responsible for supervising all the departmental managers. The total number of managers in the franchise is five. The sales manager is responsible for supervising four full and part-time salesmen and one support type employee. The service manager is directly responsible for five mechanics and one assistant mechanic. The body shop manager supervises two repairmen and one assistant repairman. The parts manager supervises

one parts man and one assistant. Finally, the tax accountant supervises the two secretary receptionists and the bookkeeper.

The incentive program is used extensively by the company. Salesmen employed full time are paid a pre-determined salary plus 10% of the gross profit for each sale. Mechanics are paid on the flat rate established by General Motors plus 50-60% of the gross profit made on the sale of parts and used in individual repairs. The parts manager is paid a set salary plus one per cent of total sales. The body repair manager is paid a flat rate plus a percentage of the gross profits on repairs.

Additions or deletions to the franchise are controlled by the dealer himself. Usually, the affected departmental supervisor is called in to express his views regarding the proposed change.

Usually unseen in the course of these events is the fact that the factory claims and other authorized repair services for the factory provide jobs for several of the franchise employees. New car preparation and processing of paperwork to substantiate the factory claims comprise approximately thirty percent of the service manager's time. In 1970, total cost to receive, inspect, and prepare to deliver a new car was approximately thirty dollars. To prevent new car servicing from interfering with normal service to customers, a policy

was instituted that disallowed any preparation work until the mechanic's worksheet was cleared for the day. This did two things for management. First, it regulated the workload of the mechanics for a given period of time. Customers were assured of prompt attention to their automobiles. Second, it allowed the service manager to plan the preparation service for a specific number of new cars each day. Customers and employees alike seemed to welcome this policy.

The work shift is on a single shift basis and no employee works out of sight of his immediate supervisor for any appreciable period of time. However, employees often are required to stay beyond normal hours to complete a task started earlier in the day. This type of effort is not considered to be overtime by the company due to the provisions of the incentive plan. To qualify for overtime, an employee must be classified in a non-sales position or doing work in a non-sales task. An example of the type work under discussion is the annual inventory of parts. At this time, the mechanics and all other personnel are called upon to provide counting assistance. Several employees are required to split their time in two or more departments. The body repairmen become assistant mechanics in periods of slack workloads in their area. Conversely, mechanics and assistant mechanics lend assistance to these repairmen in accomplishing their heavy repair tasks and repainting jobs. This not only

creates cross training for the employees, but it creates a sense of responsibility and pride within each department.

Small town dealerships are notorious for the addition and deletion of part time help. The positions involved usually are not critical, but very frustrating to fill or keep filled. Examples of this situation at Cox Olds-Pontiac Company are clean-up personnel, drivers, lubrication and minor service mechanics, and parts assistants. For the past three years, the company has been cooperating with the local high school's co-operative program and has employed one or two of the students as office and parts assistants. This has helped fill a couple of the high turn-over positions with at least more ambitious personnel.

## SECTION VI

## APPRAISAL

It is the opinion of the writer that the company selected for analysis is successful and progressive. To pinpoint the areas that have aided in the success of this company is not difficult. In the area of job functions, management has instituted and maintained an active job classification system. The policy of maintaining worksheets on the individuals occupying positions within the company is sound. However, it does contain some doubtful points. The idea of entering data on the worksheets is intended to be constructive; however, in the event an entry is made that reflects poorly on a specific individual, the result achieved could possibly be completely out of line with the desired result. That is, instead of creating a desire to achieve, the entry causes a feeling of despondency and lack of concern by the individual. Perhaps the thought would be that future effort would be useless due to the unfavorable entry already on his record. It is therefore highly advisable that some method of removal be installed to prevent this type of problem.

The worksheets available at Cox Olds-Pontiac Company currently indicate the need for expansion of the service and body repair areas. Within the last twelve months, service

demands have risen to the point that mechanics currently employed are working an average of 48 hours per week. The addition of two full time mechanics would alleviate this problem and provide faster service to the customer. The body repair area is without a doubt the weakest link in the chain. Customer demands have increased 225 per cent over the 1970 level. However, the limitation in this area is space. Current facilities and surrounding areas are inadequate. Management is currently seeking to relocate the body repair area in a separate facility. This is not the best solution to the problem, but it will serve the purpose for which it is currently needed. The cause of the increase in the body repair area is a marked increase in insurance repairs. This can be traced directly to negotiations between the body repair manager and the local insurance adjusters. As a courtesy, the body repair manager makes repair estimates for the local insurance adjusters. This serves a double purpose when the repairs are ready to be awarded. In most instances, Cox Olds-Pontiac Company is one of the three bids that are considered when repair bids are evaluated by the insurance company. Total revenue from the body repair area has more than doubled its 1970 peak. Obviously, managements' span of control is vested in the several department managers. From the above, it is concluded that the body repair area is not only thriving, but is also causing considerable expense due to the expansion required.

The service department is continuing to grow although its growth is limited due to the lack of qualified mechanics. Unlike the other areas, the parts department is directly dependent upon the service and body repair departments for its growth. Therefore, annual sales are not a true measure of the success of the area. The availability of repair parts does reflect the efficiency of the department. In 1970, the prescribed level of inventory at Cox Olds-Pontiac Company increased from a minimum of 4,700 line items in stock to 5,600 line items in stock. Total sales of the department showed that the total dollar value of the inventory was turning over once each four months. This is a very good indicator of a strong and fluid level of inventory. Management has access to these figures once each month. It is by these facts and figures that the relative position of the firm is determined. The correlation between job functions and the span of control in this company is quite evident. Due to the small size of the franchise, the owner can take advantage of each month's figures. Data collected by the different departments is compared against previous months data and the differences are noted. Some variation is allowed for such items as seasonal changes, etcetera. The main point to be observed here is that management is continually aware of the profit and loss statement of the company. Therefore, corrective action is quickly available

in the event of an adverse month in sales, service, or repairs. This provides the company with a high degree of mobility.

The owner and supervisors of this company have made giant strides in adapting the applicable industry guidelines to their franchise. The correct application of such factors as training, incentives and job challenge--with the resultant high morale, esprit de corps, and pride in work of the employees--has made Cox Olds-Pontiac a leader in both sales and service among automobile dealers in the Albertville, Alabama area.



APPENDIX

# JOB FUNCTIONS APPRAISAL<sup>a</sup>

Date \_\_\_\_\_

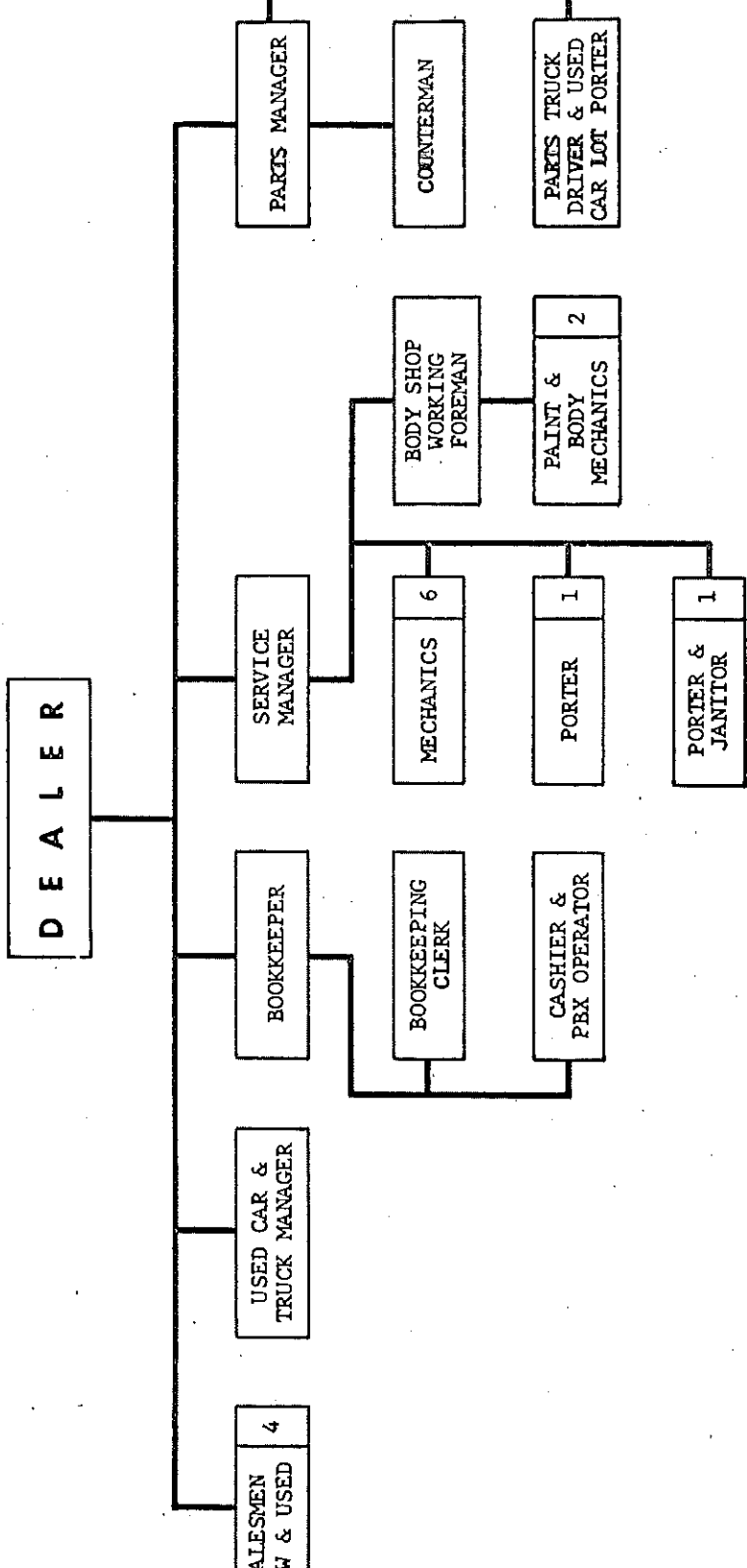
- 1 - Job Title: \_\_\_\_\_ Dept.: \_\_\_\_\_ Reports to (Title): \_\_\_\_\_  
Supervises (Job Titles): \_\_\_\_\_
- 2 - Job Created: Why? \_\_\_\_\_ When? Mo. \_\_\_\_\_ Yr. \_\_\_\_\_
- 3 - Time Split: What Depts.-(%)? \_\_\_\_\_ Partly Productive (%)? \_\_\_\_\_
- 4 - Present Employee: Name \_\_\_\_\_ Date Started This Job: Mo. \_\_\_\_\_ Yr. \_\_\_\_\_  
Pay Rate \_\_\_\_\_ Previous Experience for this Job? \_\_\_\_\_

	Descriptions of Job Functions	Function Performed			
		MO'LY	WKLY	D'LY	HOURS USED
1	_____				
	_____				
2	_____				
	_____				
3	_____				
	_____				
4	_____				
	_____				
5	_____				
	_____				
6	_____				
	_____				
7	_____				
	_____				
8	_____				
	_____				

Changes put into effect and starting dates: \_\_\_\_\_  
 \_\_\_\_\_  
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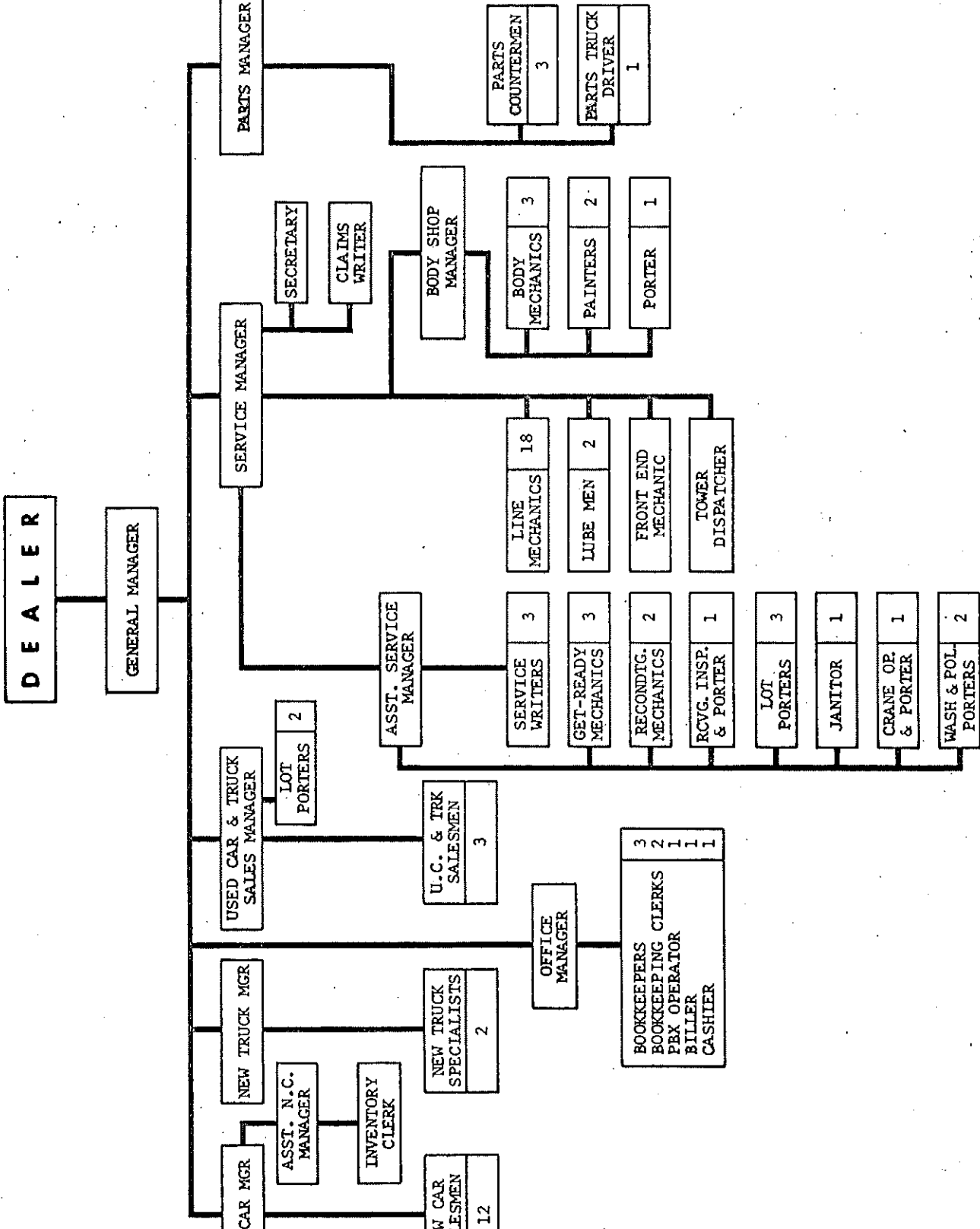
<sup>a</sup>Annual Report of Oldsmobile Sales Division, 1968, p. 28.

CHART NUMBER ONE  
 SAMPLE ORGANIZATIONAL CHART<sup>a</sup>



<sup>a</sup>Compiled by the author from data available from records of Charlie Cox Olds-Pontiac Company, 1964-1971.

CHART NUMBER TWO  
 SAMPLE ORGANIZATION CHART<sup>a</sup>



<sup>a</sup>Compiled by the author from data supplied by Oldsmobile Sales Division. Data represents dealerships with sales of over two thousand cars per year.

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