INCREASE THE GROSS PROFIT RETAINED ON CUSTOMER PAY LABOR

After verifying that the accounting is correct, (1-6), the remainder of this Action Plan (7-15) focuses on the two ways to increase your Customer Labor Gross Profit retained – (1) increase the Selling Price or (2) decrease the Cost of Sales - what you pay the Technicians.

Date to be completed ______

(1) Check the General Ledger Summary to verify that all entries were posted from the correct Journal Source. Examine the *Customer Pay Repair Order Labor Sales* and *Cost of Sales* accounts for entries from Journals other than Service Repair Orders. If entries are posted from inappropriate Journals, for example an entry to Labor Sales or Cost of Sales accounts show posted from the Vehicle Sales Journal, it warrants immediate investigation.

Date to be completed ______

(2) When you check the General Ledger Summary (1), compare the number of transactions for Customer Pay Labor Sales to the number of transactions for Customer Pay Cost of Labor Sales. Crosscheck the Repair Order Numbers of the Sales printout against the Cost of Sales printout. Apply discounts to either of these accounts (not advertising), so it is possible that one printout will be longer than the other one. Look for "unusual" items - i.e. when you have two entries with the same Repair Order number on one printout, one number should be much smaller than the other. One being the discount and the other being the original transaction amount. To make your analysis of discounts easier create a sub-account for the Labor discounts, map this account to the Customer Pay Labor Sales account on the financial statement.

Date to be completed ______

(3) Compare the Technicians' pay rate in your Service invoicing system against the Payroll pay rate. This process will only take a few minutes, but will quickly catch any variances. Do the following each month:

a. Run a Payroll report that lists each Technician and his or her hourly rate.
b. Compare the Payroll Technicians' rates to those shown in the Technician's Set-up in Service Invoicing.

Adjust any discrepancies in either Service invoicing or payroll.

Date to be completed ______

(4) When coupons and discounts are posted against the Sale price you have a true picture of what you are selling your labor for, instead of what you think you are. **Create a separate Sales account to track your coupons and discounts and show it on the financial statement with the Labor Sales.** This will allow