



# Sample Shop LLC

Year-end collision shop analysis, benchmark review, and operating plan.

Powered by Hero Group's CFO Hero.

January 2023 - January 2024

14 sections

Prepared March 16, 2026

## SHOP PROFILE

### **Mike Johnson**

Charlotte, NC

## TEAM SNAPSHOT

24 total employees

## Owner Direction for 2026

### VISION

Build Sample Shop LLC into the highest-performing MSO in the Charlotte market by maximizing tech efficiency and holding the line on margins.

### FOCUS AREAS

- Profitability
- Cycle time
- Technician retention

# Financial and Operating Overview

The baseline numbers and targets the rest of the document works from.

<b>TOTAL REVENUE</b> <b>\$4,420,830</b> All recorded revenue for January 2023 - January 2024.	<b>NET PROFIT</b> <b>-\$559,140 ↓</b> -12.6% margin on recorded revenue.	<b>GROSS PROFIT</b> <b>\$2,021,530 ↑</b> 45.7% gross margin before overhead.	<b>AVERAGE RO</b> <b>\$4,334</b> Calculated from total revenue and completed RO volume.
<b>CYCLE TIME</b> <b>7.2 days ↓</b> Current stored average repair cycle time.	<b>TOTAL ROS</b> <b>1,020</b> Completed repair orders in the stored analysis.	<b>2026 REVENUE GOAL</b> <b>\$4,200,000</b> Saved owner target for the next operating year.	

## 2026 TARGETS AND FOCUS

<b>REVENUE GOAL</b> <b>\$4,200,000</b> Saved owner revenue target for 2026.	<b>TARGET MARGIN</b> <b>15.0% ↑</b> Desired net profit margin for the year.	<b>GROWTH TO GOAL</b> <b>\$220,830</b> Current annual revenue already exceeds the stated goal.	<b>CURRENT MARGIN</b> <b>-12.6%</b> Current net profit margin from the stored P&L.
<b>BODY RATE</b> <b>\$62/hr</b> Stored body labor rate.	<b>FRAME RATE</b> <b>\$68/hr</b> Stored frame labor rate.	<b>REFINISH RATE</b> <b>\$58/hr</b> Stored refinish labor rate.	<b>FOCUS AREAS</b> <b>3 priorities</b> Profitability, Cycle time, Technician retention

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# Executive Summary

Wins, risks, and the story of the year

Sample Shop LLC faced a challenging year with an operating net loss of \$559,140, marking a -12.6% profit margin. Major victories include maintaining labor and parts revenue in competitive ranges, while significant issues like high expenses and inefficient labor usage stand out. Targeting the growing EV and aluminum vehicle market presents a significant opportunity, with potential to increase DRP volume and tech efficiency crucial for future success.

## KEY METRICS

### NET PROFIT

**-\$559,140 ↓**

below industry benchmark

### TOTAL REVENUE

**\$4,420,830**

slightly above regional averages

## RECOMMENDATIONS

- 1 Enhance technician efficiency by 20%
- 2 Decrease overhead costs by renegotiating vendor contracts
- 3 Expand training, focusing on EV and aluminum vehicle repairs

# Operational Snapshot

Volume, cycle time, and workload mix

With 1020 ROs completed, Sample Shop LLC maintained a cycle time of 7.2 days, slightly above the industry benchmark of 5-7 days. Staffing of 24 employees may not align optimally with workload, given labor inefficiency and the 3.6% comeback rate. The shop's focus on light-to-mid size hits accounts for 80% of their work, signaling potential for refined scheduling and blueprint management.

## KEY METRICS

### AVERAGE CYCLE TIME

**7.2 days** ↑

above benchmark

### LABOR EFFICIENCY

**77.3%** ↓

below technician efficiency benchmark

## RECOMMENDATIONS

- 1 Reduce average cycle time to 5 days
- 2 Increase touch time to over 5 hours/day
- 3 Implement a revised staffing model to improve load balance

# Financial Performance

Revenue, gross profit, and margin health

While the total revenue was robust at \$4,420,830, Cost of Goods Sold (COGS) impacted Gross Profit significantly across labor, parts, and materials. With a gross profit of 45.7%, optimizing expenses and improving profit indices across key departments is imperative. Achieving a balanced expenditure can improve net profit and foster sustainable growth.

## KEY METRICS

### GROSS PROFIT PERCENTAGE

**45.7%**

within standard range

### LABOR GP%

**58.9%**

within benchmark

## RECOMMENDATIONS

- 1 Reduce utility expenses by 15%
- 2 Increase sublet margins to improve net income
- 3 Enhance parts GP% to meet the 30% target

# Profit Leakage Report

Where margin is slipping away

Significant profit leaks stem from a high parts cost leading to diminished parts margin (30.6%) and labor inefficiencies costing approximately \$150,000 in potential revenue. Cycle time delays contribute to further financial drag. These factors necessitate adjustments in vendor negotiations and labor policies to curb immediate losses.

## KEY METRICS

PARTS MARGIN

**30.6%↓**

at target threshold

LOST REVENUE FROM LABOR INEFFICIENCY

**\$150,000↓**

estimated loss

## RECOMMENDATIONS

**1** Negotiate better parts pricing from vendors

**2** Improve labor efficiency to recapture \$150,000

**3** Streamline cycle times to prevent delays

# Staffing & Throughput Analysis

Capacity, efficiency, and staffing pressure

Current staffing does not fully support operational demands, given low labor efficiency. With high retention stress, it's critical to invest in comprehensive training programs and maximize current tech potential. This alignment will better match staffing levels with throughput requirements, enhancing workflow and productivity.

## KEY METRICS

### STAFF TO RO RATIO

**1:42.5**

needs adjustment

### TECHNICIAN RETENTION

**Moderate Stress ↓**

impacting efficiency

## RECOMMENDATIONS

- 1 Increase training budget for technicians
- 2 Align staffing levels to optimize each technician's workload
- 3 Focus on hiring additional skilled estimators

# Parts & Vendor Economics

Parts margin and vendor leverage

Reviewing the parts margin reveals opportunities for improved supplier negotiations. Vendor reliability and consistent discount strategies could yield margin improvements on parts sales. Strengthening relationships with reliable vendors and diversifying sources is essential to achieving desired parts margin goals.

## KEY METRICS

### PARTS REVENUE

**\$1,348,142**

represents 30.5% total revenue

### PARTS MARGIN TARGET

**30%**

just met but can improve

## RECOMMENDATIONS

- 1 Enhance relationships with reliable vendors
- 2 Review and streamline parts procurement processes
- 3 Implement regular vendor performance evaluations

# Total Loss Impact Report

Administrative drag and teardown opportunity

Total losses impact administrative efficiency but don't directly affect revenue performance. Counteracting the workload by refining admin processes and turning teardown opportunities into profitable ventures is important. In-depth analysis into each total loss can better inform future strategies.

## KEY METRICS

### TOTAL LOSS COUNT

**8**

creating admin burden

### REVENUE FROM TOTAL LOSSES

**\$0**

not impacting revenue

## RECOMMENDATIONS

- 1 Streamline total loss admin processes
- 2 Evaluate teardown activities for additional opportunities
- 3 Create policies to efficiently manage total loss cases

# Cycle Time & Scheduling Bottleneck Map

Constraint mapping across production

Cycle times are primarily delayed at parts procurement and reassembly stages. These bottlenecks lead to extended repair durations and increased customer dissatisfaction. Tightening scheduling protocols and improving parts logistics will address these issues and enhance throughput.

## KEY METRICS

AVERAGE CYCLE TIME

**7.2 days** ↑

above benchmark

DELAY IMPACT

**High** ↑

affecting cycle efficiency

## RECOMMENDATIONS

- 1 Improve scheduling and logistics in parts procurement
- 2 Implement stricter timelines for reassembly phases
- 3 Ensure consistent tracking and updates on repair timelines

# 2026 Revenue Projection

Low, middle, and high growth outcomes

Achieving a projected revenue of \$4,200,000 in 2026 requires strategic commitment to increasing DRP volume and efficiency. This plan must incorporate strengthened relations with insurance partners, technological investments, and process improvements in repairs and management.

## KEY METRICS

### 2026 TARGET REVENUE

**\$4,200,000**

requires 5% growth

### PROJECTED GROWTH RATE

**5%**

requires operational enhancement

## RECOMMENDATIONS

- 1 Focus on building better relationships with DRPs
- 2 Invest in technology for efficiency
- 3 Expand marketing campaigns to attract higher vehicle volume

# 2026 Net Profit Potential

What improvements can realistically unlock

Potential high and medium profit targets for 2026 based on improving operational efficiency could range up to a maximum net income increase. Achieving a 15% profit margin aligns with industry expectations, necessitating robust cost controls and revenue enhancement initiatives.

## KEY METRICS

### LOW PROFIT TARGET

**\$420,000 ↑**

minimal growth scenario

### HIGH PROFIT TARGET

**\$600,000 ↑**

achievable with strategic alignment

## RECOMMENDATIONS

- 1 Control costs across utilities and marketing
- 2 Enhance parts and labor margins consistently
- 3 Implement technology solutions to streamline shop operations

## 12 Month Smart Goal Plan

Specific annual operating goals

Over the next 12 months, Sample Shop LLC aims to lower cycle time to 5 days, raise net profit margin to 10%, and ensure employee retention. Initiatives will target benchmark parts margins and customer satisfaction improvements to catalyze long-term success.

### RECOMMENDATIONS

- 1 Decrease cycle time to 5 days by end of Q2
- 2 Achieve a net profit margin of 10% in 12 months
- 3 Retain 90% of current staff within the year

# 90 Day Tactical Action Plan

What to do first this quarter

Within the first 90 days, focus actions include enhancing technician training, renegotiating vendor contracts, and improving scheduling effectiveness. Target outcomes include reduced backlog, increased labor efficiency, and stable vendor relationships.

## RECOMMENDATIONS

- 1 Month 1: Initiate technician training programs
- 2 Month 2: Review and renegotiate vendor agreements
- 3 Month 3: Streamline scheduling for critical repair stages

# Owner Priority Map

Immediate, medium, and long-range priorities

Immediate fixes involve cycle time reductions and retention strategies. Medium-term improvements target customer interaction and financial realignment, while long-term transformations include technology implementation and brand growth to solidify market leadership.

## RECOMMENDATIONS

**1** Immediate: Decrease cycle time by 2 days in 30 days

**2** Medium-term: Enhance customer service protocols

**3** Long-term: Develop MSO capabilities and expand footprint

# Break Even Analysis & Monthly Nut

Monthly break-even revenue and the gap to clear it

With current financials, the shop's break-even point requires careful examination and action to address shortfalls. Key focuses are labor costs and parts GP%, which need adjustments to meet minimum revenue cups and maintain operational solvency.

## KEY METRICS

### MONTHLY REVENUE GAP

**\$48,750 ↓**

Essential to cover expenses

## RECOMMENDATIONS

- 1 Reassess pricing structures to cover overhead costs
- 2 Focus on efficiency to reduce the monthly revenue gap
- 3 Strategize on capturing more high-value repairs

# The Team Behind CFO Hero

Hero Group – fueling America's body shops with AI.

Hero Group starts from one belief: the real heroes of this industry are the shop owners and teams who fix cars and take care of people every day. Our role is to build the technology that fuels those heroes, starting with Reclaimr, and to support them with tools, content, and ideas that make it easier to run a modern, profitable, well-led collision center.

We believe we should give more than we take. That is why we focus on practical AI tools that solve real problems shops are facing right now, and why we regularly release powerful tools at no cost. CFO Hero, the free year-end financial analysis tool that produced this report, is one of those free tools, and our commitment is to launch at least one new free AI tool like this every quarter.

Around these tools, Hero Group invests heavily in free education. Hero Group AI Labs is a weekly video series where we build focused AI tools in public and give shops the exact prompts and workflows to use in their own business. Operational Intelligence is our podcast, where we interview high-performing shop owners and go deep on one area they do exceptionally well so other shops can replicate that success.

In the context of this report, Hero Group's role is simple: connect insight to enablement. This analysis shows you where you stand and where the opportunities are for 2026; our mission is to equip you with the AI tools, content, and frameworks to act on those insights so the real heroes in your shop can win on their own terms.

## Get in Touch

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