

# Healey Chevrolet

Dylan Healey: N428

# Marketing

- ▶ Current practices: Email & direct mail campaigns with discounts on selected services. GM my car care plan. Working retention lists. First appointment lists.
- ▶ Goals for improvement: Monthly videos pertaining to service department, targeted marketing for customers that have defected and/or did BG services in the past
- ▶ Plans to achieve your goals: Meet with CMO and team monthly to talk about content creation and creative marketing to bring new and defected customers in via discounted services on select services
- ▶ Plans to evaluate your changes: Look at RO count weekly and monthly. Review service appointments daily and call customers that missed appointments.

# Analyze Cost of Labor: Sept. 2023

- ▶ Current practices: Control cost of labor where employees set their personal objectives. Increase effective labor rate by constantly evaluating door rate.
- ▶ Goals for improvement: Mentorships and continued training
- ▶ Plans to achieve your goals: Bring on internships and apprentices
- ▶ Plans to evaluate your changes: Monitor gross profit percentage and make sure that it stays above guide.

| Service Department Sales And Gross (Labor Only) |            |            |                     |                     |  |
|---|------------|------------|---------------------|---------------------|--|
| Category  | Sales      | Gross      | Gross as % of Sales | %Sales Contribution |  |
| Customer Car                                    | \$ 117,276 | \$ 97,080  | 82.78%              | 39.84%              |  |
| S/CNTR LAB                                      | \$ 18,502  | \$ 14,312  | 77.35%              | 6.29%               |  |
| Q/SRV LAB                                       | \$ 8,422   | \$ 4,674   | 55.50%              | 2.86%               |  |
| Warranty  | \$ 73,869  | \$ 61,043  | 82.64%              | 25.09%              |  |
|   | \$ 3,467   | \$ 2,831   | 81.66%              | 1.18%               |  |
| Internal  | \$ 57,259  | \$ 42,436  | 74.11%              | 19.45%              |  |
| NVI / Road Ready                                | \$ 15,570  | \$ 14,423  | 92.63%              | 5.29%               |  |
| Adj. Cost Of Labor                              |            | \$ (5,419) | 0%                  | 0.00%               |  |
|   | \$         | \$         |                     |                     |  |
| Total   | \$ 294,365 | \$ 231,380 | 78.60%              | 100.00%             |  |

# Changes in Expense Structure

- ▶ Current practices: Expenses are high because we invest in our stores and pay our employees top dollar to keep them happy and retain them. We also love new technology and continue to invest in it.
- ▶ Goals for improvement: Continue to out gross our high expenses by selling more parts and labor. Reevaluate parts personnel.
- ▶ Plans to achieve your goals: Reduce parts personnel expense. Monitor sales, RO count, appointment count, retention lists, BDC outreach, and targeted marketing.
- ▶ Plans to evaluate your changes: Monitor net profit, monitor hours per ticket, and lost sales.

| Service Department Profit Centering |               |         |            |
|-------------------------------------|---------------|---------|------------|
| Expense Category                    | Dollar Amount |         |            |
| Department Gross                    | \$            | 231,380 | % of Gross |
| Variable Expense                    |               |         | 0.00%      |
| Selling Expense                     |               |         | 0.00%      |
| Personnel Expense                   | \$            | 128,168 | 55.39%     |
| Semi-Fixed Expense                  | \$            | 73,469  | 31.75%     |
| Fixed Expense                       | \$            | 30,141  | 13.03%     |
| Unallocated Expense                 |               |         | 0.00%      |
| Dealer's Salary                     |               |         | 0.00%      |
| Total Expenses                      | \$            | 231,778 | 100.17%    |
| Net Profit                          | \$            | (398)   | -0.17%     |

# Productivity

- ▶ Current practices: Rely heavily on proper dispatching. Individualized bonus plans adapted to individual. Most technicians on flat rate.
- ▶ Goals for improvement: Motivate technicians and working with mentees to increase skill set.
- ▶ Plans to achieve your goals: Doing 1 on 1 meetings at the end of December and January which handles motivation and skillset
- ▶ Plans to evaluate your changes: Look at sold hours daily per technician and monitor that change.

| NADA ACTUAL SERVICE ANALYSIS |                                       |   |                              |   |                              |
|------------------------------|---------------------------------------|---|------------------------------|---|------------------------------|
| Performance                  | Labor Sales / Month                   |   | Effective Labor Rate         | = | Hours Billed                 |
| Customer Car*                | \$ 117,276                            | ÷ | 160.00                       | = | 733.0                        |
| Customer Truck*              | \$ 18,502                             | ÷ | 136.83                       | = | 135.2                        |
| Customer Other*              | \$ 8,422                              | ÷ | 51.54                        | = | 163.4                        |
| Warranty                     | \$ 73,869                             | ÷ | 168.44                       | = | 438.5                        |
| Internal New Vehicle Prep    | \$ 57,259                             | ÷ | 109.27                       | = | 524.0                        |
| Total                        | \$ 290,898                            |   |                              |   | 2045.6                       |
| POTENTIAL                    |                                       |   |                              |   |                              |
|                              | \$ 290,898                            | ÷ | 2045.65                      | = | \$ 142.20                    |
|                              | Total labor sales for month           |   | Total hours billed           |   | Effective Labor Rate         |
|                              | 13.00                                 | x | 8                            | x | 24 = 2,496.0                 |
|                              | # Service mechanical technicians      |   | # Hours per day for one tech |   | Working Days/Month           |
|                              |                                       |   |                              |   | Clock Hour Avail             |
|                              | 2,496.0                               | x | \$ 142.20                    | = | \$ 354,940                   |
|                              | Clock Hours Available                 |   | Effective Labor Rate         |   | Labor sales potential @100%  |
|                              |                                       |   |                              |   | Labor sales potential @ 125% |
|                              | How proficient are your technicians ? |   |                              |   |                              |
|                              | 2,045.6                               | ÷ | 2,496.00                     | = | 81.96%                       |
|                              | Hours Billed                          |   | Hours Available              |   | Tech Proficiency             |

# Facility

- ▶ Current practices: Appointment count is not there to fulfill current facility
- ▶ Goals for improvement: Work on increasing appointment count through evaluating marketing strategies and avenues to bring customers in.
- ▶ Plans to achieve your goals: Restart a fleet pursuit to conquer more fleet work. Target marketing to gain new customers or earn customers back.
- ▶ Plans to evaluate your changes: Use \$500,000 as our metric. Strive for \$500,000 and continue to chase it. Monitor hours produced per week.

| FACILITY POTENTIAL   |    |         |  |
|----------------------|----|---------|--|
| Number of Bays       |    | 18      |  |
|                      | x  |         |  |
| Number of Days       |    | 24      |  |
|                      | x  |         |  |
| Number of Hours      |    | 8       |  |
|                      | x  |         |  |
| Effective Labor Rate | \$ | 142.20  |  |
|                      | \$ |         |  |
| FACILITY POTENTIAL   |    | 491,455 |  |
|                      |    |         |  |
| FACILITY UTILIZATION |    |         |  |
| Total Labor Sales    | \$ | 290,898 |  |
|                      | ÷  |         |  |
| Facility Potential   | \$ | 491,455 |  |
|                      |    |         |  |
| FACILITY UTILIZATION |    | 59.19%  |  |
|                      |    |         |  |

# Repair order analysis

- ▶ Details from discussions that you had with the service manager about your repair order analysis.
- ▶ We talked about the ideal breakdown of a healthy service department (60% C &M, 40% R).
- ▶ We are heavy in repair and always have been. We deal with a ton of fleet so that makes sense. Fleets bring in their vehicles when they have big repairs.
- ▶ We talked a lot about keeping customers with us early in the life span to gain and keep trust. This will increase competitive and maintenance which we need to have more of a balance. We are realizing we wither have them early in their ownership of very late when something serious goes wrong.
- ▶ We need more vehicles to work on and we have to establish how we keep customers when their warranty is up

| Repair Order Analysis Summary Report |     |                  |               |                   |                       |
|--------------------------------------|-----|------------------|---------------|-------------------|-----------------------|
|                                      |     | Sales in Dollars | FRH's on RO's | Averages          | Analysis              |
| Competitive                          |     | \$193            | ÷ 2.00        | = 96.50           | FRH Average           |
| Maintenance                          |     | \$10,720         | ÷ 95.80       | = 111.90          | FRH Average           |
| Repair                               |     | \$10,330         | ÷ 68.40       | = 151.02          | FRH Average           |
| Totals                               |     | \$21,243         | ÷ 166.20      | = 127.82          | Customer ELR          |
|                                      |     |                  |               | Target Labor Rate | 189.67 Per FRH        |
| Total Ro's in Sample                 | 100 |                  | Difference    | -61.85            | Per FRH               |
| Cost of Labor                        |     |                  |               |                   |                       |
| Total Cost of Labor                  |     | 4204.40          | ÷ Total Sales | = 19.79%          | Percent Cost of Sales |
| Total Cost of Labor                  |     | 4204.40          | ÷ Total FRHs  | = 25.30           | Cost per FRH          |
| Repair Order Measurements            |     |                  |               |                   |                       |
| Total Labor Sales                    |     | 21,243.00        | ÷ Total ROs   | = 212.43          | Avg Labor per RO      |
| Total FRHs                           |     | 166.20           | ÷ Total ROs   | = 1.66            | Avg FRH's per RO      |
| Menu Sales                           |     |                  | ÷ Total ROs   | =                 | Percent Menu Sales    |
| Competitive FRHs                     |     | 2.00             | ÷ Total FRHs  | = 1.20%           | Percent Competitive   |
| Maintenance FRHs                     |     | 95.80            | ÷ Total FRHs  | = 57.64%          | Percent Maintenance   |
| Repair FRH                           |     | 68.40            | ÷ Total FRHs  | = 41.16%          | Percent Repair        |
| One item ROs                         |     | 65               | ÷ Total ROs   | = 65.00%          | Percent One Item RO   |

# SWOT Analysis

▶ **Strengths:**

- ▶ Veteran service team with a lot of experience
- ▶ Analytical and personable fixed ops director
- ▶ Service gross profit percentage on CP and warranty work
- ▶ Large loyal customer base
- ▶ Family oriented environment and willingness to always be improving

# SWOT Analysis

▶ **Weaknesses:**

- ▶ Upsell percentage
- ▶ 100% video MPI completion
- ▶ Lack of communication between service advisors and technicians
- ▶ Dispatching needs some work
- ▶ Technicians on flat rate have a hard time turning 40 hours
- ▶ Shop size could be bigger to make room for equipment
- ▶ Warranty pay is bad
- ▶ Lack of long-term benefits for long-term employees
- ▶ Inexperienced technicians
- ▶ Labor rate is high for our location
- ▶ Outdates technology
- ▶ 3% credit card processing fee causes issues with customers
- ▶ Customer satisfaction ratings are low

# SWOT Analysis

## ▶ Opportunities:

- ▶ Install parts display board in the service drive
- ▶ Paid training
- ▶ Ability to service all makes and models
- ▶ Social media marketing for the service department
- ▶ Install a non-dealer competitive pricing board in the service drive

# SWOT Analysis

## ▶ Threats:

- ▶ Advisor personalities → they come off unsympathetic
- ▶ Dispatching proper work to the right technicians
- ▶ Lack of experienced technicians in the industry especially as vehicles become more technologically advanced
- ▶ Electric vehicles was a common response amongst my service team
- ▶ Local shops have much lower repair rates
- ▶ Warranty labor dollars are decreasing

# SWOT Analysis

- ▶ **Objectives:**
- ▶ Market our service department on social media via videos at least once per month
- ▶ Place a non-dealer competitive pricing board
- ▶ Proper dispatching so that all technicians have the ability to turn a minimum of 40 hours
- ▶ Regularly train and motivate technicians to enhance their skills and ability to turn more hours
- ▶ Touch up on service advisor sales skills

# SWOT Analysis

- ▶ **Strategies:**
- ▶ Advertise and market our service department on social media via videos and posts as we have a huge presence in our market
- ▶ Reach out to fleet companies and try to earn some more fleet work.
- ▶ Analyze our door rate as employees have voiced concern that it's too high for our area
- ▶ Create social content around fixed ops to gain traction and customer understanding as to "why service with us"
- ▶ Place "10 reasons to service with us" all around the service department

# SWOT Analysis

- ▶ **Tactics:**
- ▶ Hold regular service meetings monthly
- ▶ Hold meetings with technicians quarterly to set goals and recognize improvement
- ▶ Track appointments with targeted marketing campaigns to see how they are working.
- ▶ Actively track technician proficiency
- ▶ Track lost sales and see where we can make adjustments in our selling efforts

# SWOT Analysis

## ► Action Plan

| TASK  | Position responsible   | Check in/completion schedule |
|---|------------------------|------------------------------|
| Dispatching review                          | Service Manager        | 12/1-12/10                   |
| Door rate review                            | Service Manager and Me | 12/1                         |
| Technician review and goals meetings        | Service Manager        | 1/1-1/31                     |
| Meet with CMO on increasing content         | Service Manager and Me | 1/1                          |
| Ideas to increase service appointment count | Service Manager and Me | 12/1-12/10                   |
|   |                        |                              |
|   |                        |                              |

# Homework Synopsis

- ▶ **Synopsis:**
- ▶ Overall, it seems that our service team is happy and they really enjoy their working environment, however, they did voice ways to improve which I included in my SWOT analysis.
- ▶ We need to have more meetings to get everyone to buy into our vision and motivate our fixed personnel
- ▶ Work is needed on the ease of doing business with us, as well as simply being nice and understanding of our customers concerns
- ▶ Grosses are great; however, we need to increase our appointment count which is going to be our biggest focus.
- ▶ Increase appointment count, increase overall gross, more work for technicians, everyone is happy.