



NADA CLASS # 334

Student # 05

By: Dan Dingmann

Luther Kia of Bloomington is located in one of the highest populated areas in Minneapolis. We are located 15 minutes South of downtown Minneapolis and 1.5 miles away from the Airport and Mall of America. Some of our surrounding neighbors include World headquarters for Best Buy, Toro, Donaldson Companies, Caterpillar, Seagate just to name a few. We share a frontage road with BMW, Infinity, Chevrolet along with numbers of large hotels, restaurants, park and rides and light rail. With that being said we are a standalone Kia franchise operating out of a remodeled Saturn store in a land locked area that is very busy during the day and depending what's happening around town nights can be hectic to get around. We have been standalone KIA store for a little over 5 years and have put 5,149 New Kia vehicles in operation leasing about 60-65 percent of them. We have also placed a little under 5000 of pre-owned and CPO in operation over the last 5 years. In the

following pages we will take a look into the daily /monthly operations of our Service department.

ADVERTISING/MARKETING

We are enrolled with Kia KORE program which sends out service reminders and coupons on a regular basis. They are sent to customers that have purchased and not serviced in months 1,3,6,9 with an attractive service offer to grab their attention.

We are also part of a large auto group of about 38 stores and have a very large call center, BDC and a great marketing department that sends out reminders for

- 1. Active Recalls**
- 2. Warranty Repair**
- 3. Open Campaigns**
- 4. Declined Service**
- 5. S.O.P Reminders**

They also communicate quarterly group specials Buy 3 get one free tire events, Lights Out event, Pot Hole specials.

Luther Kia of Bloomington May 2018 Presentation [Read-Only] - PowerPoint

FILE HOME INSERT DESIGN TRANSITIONS ANIMATIONS SLIDE SHOW REVIEW VIEW

Clipboard Slides Font Paragraph Drawing Editing

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Luther
KNOW | ENGAGE | RETAIN | GROW

Action in:
Direct ail:

YOU SPEND	YOU SAVE
\$100-\$199	\$10 OFF
\$200-\$299	\$20 OFF
\$300-\$399	\$30 OFF
\$400 or more	\$40 OFF

Oil & Filter Change Specials:

- \$29.95 (includes 5W-30 oil, oil filter, & 10 min. tire rotation)
- \$21.95 (includes 5W-30 oil, oil filter, & 10 min. tire rotation)
- \$24.95 (includes 5W-30 oil, oil filter, & 10 min. tire rotation)

Pot Hole Check-Up Special: \$39.95 (includes 10 min. tire rotation, 10 min. tire inspection, & 10 min. tire alignment)

Wild Card Service Savings: Save on Any Service or Repair (see table above)

Spring Service Savings: \$29.95 (includes 5W-30 oil, oil filter, & 10 min. tire rotation)

SLIDE 8 OF 8

Start | Inboxes - dan.dingman... | Home - Internet Expl... | http://www.vipmarke... | My Documents | Service Analysis May... | Luther Kia of Bloo...

We just signed up with a local company that specializes in direct mail. With our big lease penetration we typically only see our New car customers in for routine Oil Changes and Tire Rotations. But over the last 2 years we have become the #1 CPO store in the Region and #3 Certified Pre-Owned Kia store in the country.

We needed to find a way to capture this service business and de-bunk the myth of Dealers being too expensive. So we sent out 10,000 checkbooks to Kia and Hyundai owners that have not been here in over a year if ever. We sent this out in May and is good for 12 months the hook was a FREE oil change followed by a \$14.95 and a \$19.95. You will see below

that our ROI has been returned in just 2 months with 10 more to go.

# of Mailers	Mail Date	Exp. Date	Mail Type	Program Length	Monthly Investment	
LKB - 0424	8,951	04/24/2018	05/31/2019	Checkbook	12 mo.	\$1,491.83
LKB - 0425	100	04/24/2018	05/31/2019	Checkbook Overrun	12 mo.	\$16.67

Service Check Type	Within 6 Months	Outside 6 Months	No History	Total
\$14.95 Lube, Oil, Filter	0	30	28	58
\$75 value coupon	0	5	0	5
\$50 value coupon	0	0	3	3
\$100 value coupon	0	3	6	9
FREE SPRING INSPECTION	0	3	2	5
\$25 value coupon	0	3	3	6
Totals	0	44	42	86
Revenue	\$ 0.00	\$ 8,094.41	\$ 10,576.83	\$ 18,671.24

Drop	Labor	Parts	Misc	Discount	% Discount	Total Revenue
LKB - 0424	\$ 8,818.96	\$ 8,113.67	\$ 1,698.66	\$ 4,602.83	24.7%	\$ 18,631.29
LKB - 0425	\$ 16.50	\$ 8.97	\$ 14.48	\$ 18.00	45.1%	\$ 39.95

Drop	Monthly Revenue	Monthly ROI	Avg Ticket	% Redeemed	Days Remaining
LKB - 0424	\$1,552.61	\$60.78	\$219.19	0.95%	323
LKB - 0425	\$3.33	\$ 0.00	\$39.95	1.00%	323

NON-DEALER SURVEY

We currently have 3 fairly New Advisors working our drive isle with a New Service Manger that transferred form a VW store within our group. He held an Assistant Manager role before joining us. He is working with our corporate team and coaching/teaching them word tracks and selling techniques.

One of the biggest hurdles was getting them to get used to the pricing and utilizing SPG. We do not utilize a pricing

board in our drive isle (looking into it) so the exercise of have them each call a local Non -Dealer shop in the area was a great confidence builder. I gave them the set up like we used in class and assigned them a shop to call.

New to the area work at XYZ headquarters and live in Bloomington looking for a shop to service one if not both of my vehicles. The end results showed we were high in some areas that we will look at and competitive in others. We offer more amenities than most including 40 loaner cars, Shuttles and can do Warranty repairs. And everyone can use better phone skills. We measure, coach and train our advisors on key commodities like the ones listed below. Still much needed improvement.

One Line RO	Maint Packages	Tires	Alignments	Batteries	Brake Jobs	Air Filters	Cabin Filters	Wipers	Rank
55.6%	14.8%	3.97%	3.97%	1.32%	3.70%	5.56%	6.88%	2.12%	1
53.6%	13.5%	2.80%	1.87%	0.47%	2.80%	5.61%	7.01%	3.27%	2
57.6%	13.8%	2.54%	2.82%	0.28%	5.07%	4.79%	7.89%	2.82%	3
55.9%	14.1%	3.16%	3.06%	0.74%	4.01%	5.27%	7.28%	2.64%	

52.6%	22.1%	3.51%	3.33%	1.33%	4.33%	4.68%	4.80%	3.94%
40.0%	40.0%	5.0%	5.0%	5.0%	5.0%	8.5%	8.5%	6.0%
50.0%	30.0%	3.5%	3.5%	2.5%	2.5%	5.5%	5.5%	4.0%

FACILITY

FACILITY POTENTIAL	
Number of Bays	13
	x
Number of Days	22
	x
Number of Hours	8
	x
Effective Labor Rate	110
	<i>equals</i>
FACILITY POTENTIAL	\$ 251,680

FACILITY UTILIZATION	
Total Labor Sales	\$ 205,355
	÷
Facility Potential	\$ 251,680
	<i>equals</i>
FACILITY UTILIZATION	81.59%

Our biggest issue right now is the cramped space between hoists and moving cars in and out of drive isle to the shop since this can't be fixed immediately we need to focus on smarter scheduling and adjusting work mix and technicians schedule's. We are open 7am -6pm Monday to Friday and until 4 pm on Saturdays. Which mirrors most non dealer shops in the area.

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 102,919	÷	101.21	=	1016.9
Customer Truck*	\$ -	÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 61,714	÷	129.65	=	476.0
Internal	\$ 40,722	÷	110.18	=	369.6
New Vehicle Prep		÷		=	0.00
Total	\$ 205,355				1862.5

POTENTIAL

$$\begin{array}{c}
 \boxed{\$ 205,355} \\
 \text{Total labor sales for month}
 \end{array}
 \div
 \begin{array}{c}
 \boxed{1862.49} \\
 \text{Total hours billed}
 \end{array}
 =
 \begin{array}{c}
 \boxed{\$ 110.26} \\
 \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{c}
 \boxed{12.00} \\
 \text{\# Service mechanical technicians}
 \end{array}
 \times
 \begin{array}{c}
 \boxed{8} \\
 \text{\# Hours/Day}
 \end{array}
 \times
 \begin{array}{c}
 \boxed{22} \\
 \text{Working Days/Month}
 \end{array}
 =
 \begin{array}{c}
 \boxed{2,112.0} \\
 \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{rcccl}
 \boxed{2,112.0} & & & & \\
 \text{Clock Hours} & \times & \boxed{\$ 110.26} & = & \boxed{\$ 232,866} \\
 \text{Available} & & \text{Effective Labor Rate} & & \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{rcccl}
 \boxed{1,856.7} & & & & \\
 \text{Hours Produced} & \div & \boxed{2,112.00} & = & \boxed{87.91\%} \\
 & & \text{Hours Available} & & \text{Tech Proficiency}
 \end{array}$$

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

I have started a SPIFF plan for everyone that reaches 100% weekly tech proficiency. Lunch, Tickets to games, concerts etc.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 102,919	\$ 79,900	77.63 %	50.12%
Customer Truck			0%	0.00%
Customer Other			0%	0%
Warranty	\$ 61,714	\$ 47,344	76.72 %	30.05%
Warranty Other			0%	0.00%
Internal	\$ 40,722	\$ 31,638	77.69 %	19.83%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 205,355	\$ 158,882	77.37 %	100.00 %

We are above guide in this category with room for improvement. With ongoing training with our new advisors and holding them accountable to writing up every guest the same way 100% of the time should result in more sales and gross.

ADVISOR

- 1. Good consistent walk around with guests**
- 2. Review previous visits (look for declined work)**
- 3. Review the factory schedule**
- 4. Provide timely MPI results to customer**
- 5. Present menus to everyone**
- 6. Walk customer to shop or text pictures of areas of opportunity**
- 7. Get Service Manager involved when needing to sell larger tickets.**

MANAGER

- 1. Listen to what is being said with guests**
- 2. Coach/Train and Motivate**
- 3. Train one on one and as a group**

4. **Work with Advisors on overcoming objections**
5. **Make sure everyone understands the process and hold them accountable**
6. **Review weekly and Monthly results individually and as a group.**
7. **Inspect what you expect**

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 152,946		
Variable Expense	\$ 41,058	26.84 %	Policy high
Selling Expense	\$ -	0.00%	
Personnel Expense	\$ 51,885	33.92 %	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$	32.54	

	49,768	%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 142,711	93.31%	
Net Profit	\$ 10,235	6.69%	

One thing we need to get under control is our Policy expense that is running at about \$9287 over the last 5 months. This figure is up about \$3700 per month over last year. We have replaced a couple of problem technicians and have implemented a weekly review of the warranty schedule. The other things that have driven this account up was an accident involving a customer vehicle and a technicians tool box. This alone resulted in a little under \$20,000 and a Used Car that slid into a snow/ice pile during inspection.

PAY PLANS

One thing we did at the beginning of the year was adjust the Advisor pay plans. We were having a hard time

finding the right candidates. Our biggest struggle was finding people that were willing to work long hard hours and be held accountable to a process, CSI, sell work, take abuse from customers and technicians.

Then they get their hourly wages and not see the results of their hard work until CSI has been published and the final numbers have been checked.

We went to a weekly pay plan that will pay them on hours they sold individually and as a group. We threw some ELR, CSI, and discounting standards in there so they are more aware and rewarded for reaching these goals. The end result is the Advisor can see and track where they are at daily and see how it will pay them weekly. This results is a more structured, consistent check every week and improves ESI.

Service Training

We are currently 90% completed in online service training and 63% of instructor led training. All of our instructor led training are week long classes in Chicago and send at least 1 tech there a month depending on what is being taught. We need to achieve more instructor led training so we do not jeopardize or get punished for any warranty repairs. We are working with Kai and our District manager to ensure we follow they smartest plan of action to getting the team all necessary certifications.

Special Tools

We keep the smaller tools and electronics stored in parts to ensure they are charged every day and don't go missing. The TOOL room however is an absolute mess and is re-organized weekly. Do to the size of our shop we have looked at outside storage

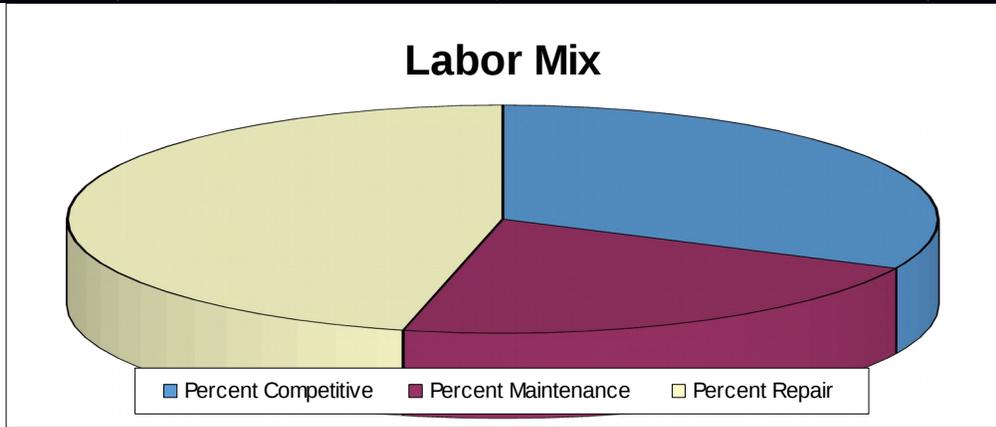
containers to place some of this in. It does create an issue for our techs when trying to complete work in a timely manner.

Repair Order Analysis Summary Report							
		Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive		\$ 2,575	÷	35.80	=	71.93	FRH Average
Maintenance		\$ 2,549	÷	24.10	=	105.76	FRH Average
Repair		\$ 6,579	÷	51.70	=	127.25	FRH Average
Totals		\$ 11,702	÷	111.60	=	104.86	Customer ELR
				Target Labor Rate		131.00	Per FRH
Total Ro's in Sample	100			Difference		-26.14	Per FRH
Cost of Labor							
Total Cost of Labor		2276.60	÷	Total Sales	=	19.45%	Percent Cost of Sale
Total Cost of Labor		2276.60	÷	Total FRHs	=	20.40	Cost per FRH
Repair Order Measurements							
Total Labor Sales		11,702.49	÷	Total ROs	=	117.02	Avg Labor per RO
Total FRHs		111.60	÷	Total ROs	=	1.12	Avg FRH's per RO
Menu Sales			÷	Total ROs	=		Percent Menu Sales
Competitive FRHs		35.80	÷	Total	=	32.08%	Percent Competitive

			FRHs			
Maintenance FRHs	24.10	÷	Total FRHs	=	21.59%	Percent Maintenance
Repair FRH	51.70	÷	Total FRHs	=	46.33%	Percent Repair
One item ROs	36	÷	Total ROs	=	36.00%	Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older
0	5	12	19	8	14	42
0.00%	5.00%	12.00%	19.00%	8.00%	14.00%	42.00%



My first thoughts before I personally went through the 100 RO'S was it was going to be heavy Oil Changes and tire Rotations on 2 year old vehicles. I was plenty surprised on the amount of money generated off of repairs and how many vehicles we are servicing older than 2014. With that being said I looked at allot of these older vehicles with high miles and realized we are leaving way

too much on the table. I am currently working on a process with the Service manager to ensure we capture this work. I know we are going to add an additional Advisor to allow us more time with the customer and reviewing what needs to be done and the importance of getting it done now vs later. I liked the line you used in class for declined service when you say DO me a favor and the work done SOON!

I also have realized the importance of MENU selling and QUICK accurate MPI to reduce the number of 1 line RO's

S.W.O.T

STRENGTHS

- 1. Much better team than last year**
 - 2. Managers that listen and care**
 - 3. Like us trying different AD techniques to drive biz**
 - 4. Friday lunches**
 - 5. Good product**
 - 6. Less warranty more customer pay**
- YOY**

7. Finally enough runners/support staff

WEAKNESS

- 1. Shop Size**
- 2. Tool room messy**
- 3. Tools not put away/charged**
- 4. Used Car Manager does not approve needed work**
- 5. Employee parking**
- 6. Advisors don't know how to sell**
- 7. Pay**
- 8. Training**
- 9. Space to tight**
- 10. CSI**

Threats

- 1. Not finding enough Techs to grow**
- 2. New KIA point in the area**

- 3. Non -Dealer shops getting more aggressive**
- 4. Upcoming Recalls**
- 5. Sales Volume**
- 6. Competitive pricing**

Opportunities

- 1. Inspect all RO for attached MPI**
- 2. Clean it up make it look welcoming**
- 3. More customer friendly
(runners/cashier)**
- 4. Ongoing Advisor Training (million \$ chair)**
- 5. 1 line repair orders**
- 6. Morning service meetings**
- 7. More one on ones with Techs and Advisors**

OBJECTIVES

- 1. Continue to provide ongoing sales training for Advisors**
- 2. Become a more welcoming happy drive isle**
- 3. Menu Sales at 25%**
- 4. Timely and Accurate MPI**
- 5. Decrease the number of 1 line RO**
- 6. CSI above national**
- 7. More units in operation we need to better retention**

Strategies

- 1. Review key metrics with Advisors individually**
- 2. Review proficiency with techs individually**
- 3. Set up sales training and role play with Advisors**
- 4. Work on Overcoming Objections**
- 5. Spend more time in the shop and isle**
- 6. Inspect what I expect**

TACTICS

1. Post individual/group results in shop
2. Daily/ Weekly RO spot checks
3. Spend more time in Shop
4. Spiff top performers more often
5. Be available no matter what

ACTION PLAN

TASK

BY WHOM

DATE

Training

GM/SRV MGR

Ongoing

RO Audit

GM/SRV MGR

Daily

Warr. Schedule

GM/CNTL/ SRV

Weekly

Under Performers

GM/SRV MGR

Monthly

Tracking

SRV MGR

Bi-Weekly

Drive isle update GM
August

CSI GM/ADV/SRV
Daily

Tool Room SRV MGR
August

Synopsis

After attending Service class I have a better understanding on how it operates. I also know that I spend more time in the drive isle and shop than any of the GM'S that I have had over 20 years. With this said it is still clearly not enough time. The good thing about this class is I know have a reason an understanding and a better way to communicate teach and lead rather than just being around and asking silly questions. It has taught me just enough to hold a purposeful meeting not a gathering. I've always said the Advisor has the most painful job in the dealership! They are here 1st thing in the morning and as soon as that first door goes up in the middle of summer or at 25 below zero the chances that that customer not being happy is pretty good. I want to help create and maintain a drive isle that is FUN and Upbeat where customers want to service with us.

I think the pulse and profitability of the Service department starts in the drive isle/phone or the Million Dollar. I will dedicate more time in finding my staff training and find ways to make more money by inspecting results and reviewing good and bad performances and managing process. I will work hard on finding more people to spread up the work load and balance the load when someone needs time off. I will hold my managers more accountable to the metrics and guides that we need to hit.