

Service Department Analysis:

Ross Downing Chevrolet

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MARKETING

CURRENT PRACTICES:

- Inbound Service BDC for scheduling and setting expectations.
- Outbound efforts:
 - Retention lists 7-12 mos
 - My Rewards Spend Utilization
 - Reinforcing mailers, coupons, and action items
- CSSR/Epsilon Mailers:
 - Holiday
 - My Rewards & Coupon seasonal
- Digital Marketing (customer portal with customized follow up ; Facebook)

GOALS FOR IMPROVEMENT:

- CSI above region
- Retention Tier 2 consistently achieved
- Priority vehicle targeting

PLANS TO ACHIEVE OUR GOALS:

- Enhancing service BDC to efficiently incorporate all information to maximize programs and priority vehicle outreach or proper scheduling mix.
- Communicate with Parts and Service to maximize appointment

PLANS TO EVALUATE OUR CHANGES:

- Meetings with Service, Parts, and BDC for clearer communication with one another, brainstorming needs for each and how to work together.
- Current project for 2024 is Retention:
 - The focus on tier 2 will help achieve PASE and if worked correctly will also up the CP by way of cross referencing the customer that should be targeted.
 - Retention list sorted to PV (year 2016-2021 w 60k-120k miles)
 - Match to recall
 - 1st Service
 - MyRewards Balance, private offers, existing service contract

CURRENT PRACTICES:

-Techs are paid by flat rate, which we have no plans to change right now.

GOALS FOR IMPROVEMENT:

-Getting techs off guarantee pay because it causes complacency. This will significantly decrease Adj. cost of labor

-Training the younger techs more effectively

-Create more urgency on service drive

PLANS TO ACHIEVE OUR GOALS:

-Implement a process with our Service BDC to target and cold call customers in our data base that own a 2016-2021 model vehicle with 60k-120k miles to help bring in the right work flow.

-We just finished a labor rate study and received an increase from the factory of \$20 an hour for warranty.

-We just changed our Grid rates (went from \$172 to \$175).

PLANS TO EVALUATE OUR CHANGES:

-We have a new platform, Armtus, which is a live data dashboard to monitor several KPI's including one-line RO's, discounting parts/labor, tech sales & efficiency, etc. We will track data daily & make adjustments as needed.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 93,888	\$ 73,286	78.06%	40.31%
Customer			0%	0%
Customer Other	\$ 13,073	\$ 9,676	74.02%	5.61%
Warranty	\$ 33,483	\$ 25,807	77.07%	14.38%
Warranty Other			0%	0%
Internal	\$ 72,439	\$ 57,231	79.01%	31.10%
NVI / Road Ready	\$ 30,363	\$ 25,714	84.69%	13.04%
Adj. Cost Of Labor	\$ (10,329)		0%	-4.43%
Total	\$ 232,917	\$ 191,714	82.31%	100.00%

ENSE STRUCTURE

CURRENT PRACTICES:

- We are not selling all available hours. Our expenses are in line for the most part. We monitor expenses closely, but there is always room to improve.

Service Department Profit Centering		
Expense Category	Dollar Amount	
Department Gross	\$ 191,714	% of Gross
Variable Expense		0.00%
Selling Expense		0.00%
Personnel Expense	\$ 86,058	44.89%
Semi-Fixed Expense	\$ 48,232	25.16%
Fixed Expense	\$ 22,722	11.85%
Unallocated Expense	\$ 15,441	8.05%
Dealer's Salary		0.00%
Total Expenses	\$ 172,453	89.95%
Net Profit	\$ 19,261	10.05%

PRODUCTIVITY

CURRENT PRACTICES:

-Our service manager is very involved & does frequent walk arounds in the shop to monitor the techs and make sure they are staying on task, however we're still falling short of NADA's Guide.

GOALS FOR IMPROVEMENT:

-Need to utilize the DMS for techs to communicate with the

NADA ACTUAL SERVICE ANALYSIS					
Performance					
	Labor Sales / Month		Effective Labor Rate		Hours Billed
Customer Car*	\$ 93,888	÷	133.97	=	700.8
Customer Truck*		÷		=	0.00
Customer Other*	\$ 13,073	÷	62.34	=	209.7
Warranty	\$ 33,483	÷	131.62	=	254.4
Internal	\$ 72,439	÷	111.00	=	652.6
New Vehicle Prep	\$ 30,363	÷	138.96	=	218.5
Total	\$ 243,246				2036.0
POTENTIAL					
	\$ 243,246	÷	2036.02	=	\$ 119.47
	Total labor sales for month		Total hours billed		Effective Labor Rate
	20.00	x	8	x	22
	# Service mechanical technicians		# Hours per day for one tech		Working Days/Month
	3,520.0	x	\$ 119.47	=	\$ 420,540
	Clock Hours Available		Effective Labor Rate		Labor sales potential @100%
					Labor sales potential @ 125%
How proficient are your technicians ?					
	2,036.0	÷	3,520.00	=	57.84%
	Hours Billed		Hours Available		Tech Proficiency

FACILITY

CURRENT PRACTICES:

-Our current facility utilization is not meeting the NADA guide of 75%. Our current service hours do not match our sales hours and our service department is closed on Saturdays. Our shop could benefit from hiring another 2 to 3 experienced techs.

GOALS FOR IMPROVEMENT:

FACILITY POTENTIAL	
Number of Bays	26
	x
Number of Days	22
	x
Number of Hours	8
	x
Effective Labor Rate	\$ 119.47
FACILITY POTENTIAL	\$ 546,702

FACILITY UTILIZATION	
Total Labor Sales	\$ 243,246
	÷
Facility Potential	\$ 546,702
	<i>equals</i>
FACILITY UTILIZATION	44.49%

REPAIR ORDER ANALYSIS

CURRENT PRACTICES:

-Our current practices are not working. Techs are not properly inspecting cars and we have too many one-line RO's.

GOALS FOR IMPROVEMENT:

-Increase the percent of maintenance work we are doing on vehicles that come through the shop.

-Properly inspecting each vehicle.

-Make sure we are presenting and recommending additional maintenance/repairs to all customers.

PLANS TO ACHIEVE OUR GOALS:

-Monitoring percent of one-line RO's at the end of each day and discussing these with the advisors.

-Service BDC targeting the 2016-2021 model vehicles from our database to get them scheduled to come in for maintenance.

-Reviewing customers vehicle history.

PLANS TO EVALUATE OUR CHANGES:

-Weekly meetings to review numbers and track improvement.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 7,079	71.80	98.59	FRH Average			
Maintenance	\$ 1,769	37.40	47.31	FRH Average			
Repair	\$ 40,136	244.30	164.29	FRH Average			
Totals	\$ 48,984	353.50	138.57	Customer ELR			
Target Labor Rate			137.38	Per FRH			
Total Ro's in Sample	100	Difference		1.19	Per FRH		
Cost of Labor							
Total Cost of Labor	11271.30	Total Sales	23.01%	Percent Cost of Sales			
Total Cost of Labor	11271.30	Total FRHs	31.88	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	48,984.31	Total ROs	489.84	Avg Labor per RO			
Total FRHs	353.50	Total ROs	3.54	Avg FRH's per RO			
Menu Sales		Total ROs		Percent Menu Sales			
Competitive FRHs	71.80	Total FRHs	20.31%	Percent Competitive			
Maintenance FRHs	37.40	Total FRHs	10.58%	Percent Maintenance			
Repair FRH	244.30	Total FRHs	69.11%	Percent Repair			
One item ROs	56	Total ROs	56.00%	Percent One Item RO			
Model Year Analysis							
2025	2024	2023	2022	2021	2020	Older	Total
0	0	6	15	14	7	58	100
0.00%	0.00%	6.00%	15.00%	14.00%	7.00%	58.00%	

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS
-Cold calls to previous customers who have not had service in a	-Lots of mom and pops repair shops in the area.

OBJECTIVES	STRATEGIES	TACTICS
<ul style="list-style-type: none"> -Improve tech proficiency which will help increase labor sales. -Increase ELR -Improve CSI scores -Increase hours per R.O. -Improve stall utilization -Monitor one line repair orders -Increase number of appts per day -Make sure we are getting the right mix of work in the shop. 	<ul style="list-style-type: none"> -Advisors presentation of MPVI -Continuous tech/advisor training -Monitor the discounting daily -Weekly shop meetings (address CSI, ELR, proficiency) -Right jobs go to the right techs -Better advisor communication (specific documentation of customers complaints) -Make sure processes are implemented and followed. 	<ul style="list-style-type: none"> -Mailers, coupons, specials advertised on social platforms, etc. -Weekly teams call with all fixed-ops managers -CSI scores tied to service manager and advisors pay plans -Communications between service manager and parts manager regarding FTFR & parts inventory issues/concerns -Work with service BDC to target customers outside of 72 month data base -Have enough loaner vehicles to accommodate customers -Weekly meetings with the GM and service manager to review KPI's and track progress.

ACTION PLAN

Task	By Whom	Completion Date
Implement new processes in the service BDC to create more appts.	BDC Mgr.	March 1, 2024
Extend hours of operation	GM/Service Mgr.	June 1, 2024
Fixed Ops Meetings	Parts/Service Mgr.	Weekly
CSI follow-up calls	Service Mgr.	Weekly
Create Tech Bonus Program	Service Mgr.	May 1, 2024
Advertise specials & coupons via mailers	BDC Mgr./GM	Quarterly
Implement training for Advisors	Service Mgr.	April 1, 2024

Track FTFR & lost sales	Parts Mgr.	Daily
Monitor tech hrs & proficiency	ASM's/Service Mgr.	Daily
CSI Bonus Program	GM	April 1, 2024

SYNOPSIS

It is evident that we have several areas to improve within our service department. The largest area for opportunity and improvement being our hours of operation. With plans to extend our service department's hours on weekdays, as well as opening our service department on Saturdays, we will be able to accommodate our customers better and make it more convenient for them. This change should immediately drive more customers to our service department, which will increase our labor sales and overall profitability in this department.

Regular training and role playing with the advisors will play a key factor in their interactions with our customers. Keeping them focused on the basic values and beliefs of our company, which focuses entirely on putting our customers first and serving them at the highest level with honesty and integrity, will be key to our success.

Eliminating advisor discounting access, setting monthly goals, and creating pay plans that will bonus advisors for hitting those goals, will hold them to a higher standard. With the additional 2 to 3 techs that we plan to hire, as well as the extended service hours, we should see a rapid improvement with facility utilization. Ensuring that the right jobs go to the right techs, and managers being present in the shop, our tech proficiency will increase

dramatically. Due to our recent increases in warranty labor rate and our updated grid matrix, there will be a significant increase in gross profit for the service department.

Our vision and mission at Ross Downing will remain at the forefront of everything we do which will propel us to succeed and conquer in 2024.