

## SWOT ANALYSIS: STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS

### **Strengths:**

1. Integrated Marketing Strategy: Utilizing both direct mail and online advertising effectively targets existing customers while attracting new ones, fostering loyalty and retention while expanding the customer base.
2. Dual Channel Engagement: Engaging with current customers through direct mail and reaching potential customers online maximizes outreach and conversion rates, contributing to business growth.
3. Flat-rate and Hourly Compensation: Having a mix of compensation methods for technicians ensures consistency and flexibility, contributing to cost predictability and employee satisfaction.
4. High Technician Productivity: Current technicians consistently achieve over 100% productivity, indicating efficiency and effectiveness in completing tasks.

### **Weaknesses:**

1. High Expense Structure: Expenses are relatively high compared to gross revenue, mainly due to vacancies and pricing policy discrepancies, impacting profitability.
2. Undersized Facility and Staff Shortage: Limited space and insufficient staff lead to bottlenecks, inefficiencies, and missed opportunities, affecting quality, customer satisfaction, and profits.
3. Inconsistent Service Processes: Lack of consistency in recommending factory maintenance menus, utilizing multipoint inspections, and upselling additional services affects service quality and revenue generation.

## **Opportunities:**

1. Improving Labor Rates: Conducting competitive market surveys indicates opportunities to adjust maintenance and repair labor rates to align with market standards, potentially increasing revenue.
2. Addressing Vacancies: Filling open positions will reduce backlog, improve workflow efficiency, and enhance overall productivity and customer service.
3. Enhancing Service Processes: Daily reviews of repair orders, multipoint inspections, and sales outcomes can identify inconsistencies and opportunities for improvement, leading to higher customer satisfaction and revenue.

## **Threats:**

1. Competitive Market: Competitors offering similar services at different price points pose a threat to maintaining market share and profitability.
2. Staff Turnover: High staff turnover can disrupt operations, leading to decreased productivity, increased training costs, and potential loss of customers.
3. Facility Limitations: Continued struggles with an undersized facility may hinder expansion efforts and limit the ability to meet growing customer demand.

**Overall, leveraging strengths such as the integrated marketing strategy and addressing weaknesses like high expenses and facility limitations while capitalizing on opportunities to improve labor rates and service processes can mitigate threats and position the business for sustainable growth and success.**

## OBJECTIVES:

1. Improve customer pay effective labor rate.
2. Improve overall shop efficiency.
3. Increase the number of lines per RO.
4. Change advisors pay plans to focus on hours sold vs. sales dollars.

## STRATEGIES:

1. Change shop loading from number of appointments to hours available.
2. Increase efficiency and ELR by scheduling the proper mix of work daily.
3. Start an express lane to drive customer retention rates.
4. Hold daily production meetings with advisors and techs to hold each team member accountable.

## TACTICS:

1. Daily RO reviews to ensure pricing policy compliance.
2. Regularly review market pricing to ensure we remain competitive.
3. Look at moving to 10-hour shift 4 days a week to increase productivity.
4. Meet weekly with the Service Manager to discuss progress.
5. Daily appointment reviews to ensure we are selling all available hours.
6. Advisor coaching and service lane selling tactics to be discussed weekly.

## ACTION PLAN:

HIRE 4 TECHNICIANS	SERVICE MANAGER	MAY 1, 2024
UPDATE MAINTENANCE MENU	SERVICE MANAGER	MAY 1, 2024
INSTALL LABOR GRID IN DMS	SERVICE MANAGER	MAY 1, 2024
INSTALL A PARTS MATRIX	PARTS MANAGER	MAY 1, 2024
GENERATE SOPs FOR STAFF	SERVICE MANAGER	MAY 1, 2024
SELL ALL AVAILABLE HOURS	SERVICE MANAGER	MAY 1, 2024
REVIEW ROs DAILY	SERVICE MANAGER	MAY 1, 2024
WEEKLY MANAGER MEETING	GENERAL MANAGER	APRIL 1, 2024
START UP EXPRESS SERVICE	SERVICE MANAGER	MAY 1, 2024
CREATE MONTHLY SPIFFS	SERVICE MANAGER	APRIL 1, 2023
PLAN QUARTERLY SECRET SHOPPING IN LOCAL MARKET	SERVICE MANAGER	MAY 1, 2024
USE ALL AVAILABLE TECHNOLOGY TO IMPROVE EFFICIENCY	SERVICIE MANAGER	JUNE 1, 2024
ADJUST ADVISOR PAY	SERVICE MANAGER	MAY 1, 2024

## **QUESTION 1: MARKETING**

Our ongoing marketing strategy integrates the effectiveness of direct mail and online advertising to serve our existing customer base and attract new ones.

By using dual channels, we engage with our current customers, fostering loyalty and retention. By advertising online, our efforts are geared towards reaching new potential customers, employing data-driven strategies to maximize outreach and conversion. This balanced approach provides us with the potential to grow our business while maintaining strong relationships with current customers.

## **QUESTION 2: COST OF LABOR ANALYSIS**

Our current line technicians are compensated on a flat-rate basis, ensuring consistency and predictability in cost. Additionally, our express technicians are paid hourly, allowing for flexibility with their specific roles and responsibilities. Our current gross (GP) on labor sales is 73%, which can be improved by increasing our effective labor rate (ELR). We will retain this approach to compensation, which has proven effective in meeting the needs of both our employees and the company.

## **QUESTION 3: EXPENSE STRUCTURE**

Our expenses appear to be high relative to our gross revenue. However, the cause is known, and we are addressing the issue by actively seeking and hiring qualified technicians to fill many vacant roles. By investing in our workforce, we will have more hours to sell, increasing gross and decreasing the ratio of gross/expenses.

#### **QUESTION 4: PRODUCTIVITY**

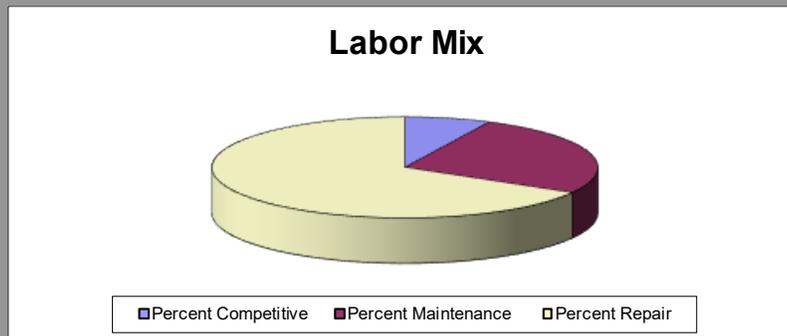
Our current technicians are consistently over 100% productivity. Our current downfall is vacancies. Once the open positions are filled it will reduce the long backlog of work in the pipeline and enable all the technicians to become more efficient. Having such a large backlog of work often leads to inefficiencies within the workflow. I feel confident as we onboard the required staff this will improve.

#### **QUESTION 5: FACILITY**

We have been consistently struggling with an undersized facility and lack of qualified staff. The challenges of limited space and staff are wildly apparent. We have bottlenecks, inefficiencies, and missed opportunities daily. This has a huge impact on profits. With insufficient space and staff, we are left scrambling to meet demand, sacrificing quality and customer satisfaction in the process. Currently we are only at 73% facility utilization. As we continue to hire and fill vacancies we expect to achieve 100% utilization within the quarter.

## QUESTION 6: REPAIR ORDER ANALYSIS

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 402	÷ 6.70	= 60.04	FRH Average			
Maintenance	\$ 2,501	÷ 24.30	= 102.94	FRH Average			
Repair	\$ 9,916	÷ 61.90	= 160.19	FRH Average			
Totals	\$ 12,820	÷ 92.90	= 137.99	Customer ELR			
		Target Labor Rate	162.30	Per FRH			
Total ROs	100	Difference	-24.31	Per FRH			
Cost of Labor							
Total Cost of Labor	3213.00	÷ Total Sales	= 25.06%	Percent Cost of Sales			
Total Cost of Labor	3213.00	÷ Total FRHs	= 34.59	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	12,819.57	÷ Total ROs	= 128.20	Avg Labor per RO			
Total FRHs	92.90	÷ Total ROs	= 0.93	Avg FRH's per RO			
Menu Sales	0	÷ Total ROs	= 0.00%	Percent Menu Sales			
Competitive FRHs	6.70	÷ Total FRHs	= 7.21%	Percent Competitive			
Maintenance FRHs	24.30	÷ Total FRHs	= 26.16%	Percent Maintenance			
Repair FRH	61.90	÷ Total FRHs	= 66.63%	Percent Repair			
One item ROs	0	÷ Total ROs	= 0.00%	Percent One Item RO			
Model Year Analysis							
2025	2024	2023	2022	2021	2020	Older	Total
0	1	13	8	6	8	64	100
0.00%	1.00%	13.00%	8.00%	6.00%	8.00%	64.00%	



# COMPLETED SERVICE EXCEL TEMPLATES

## Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$ 42,116	\$ 31,723	75.32%	42.88%
Customer Other			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 33,162	\$ 26,623	80.28%	33.76%
Materials	\$ 1,219	\$ 1,217	99.84%	1.24%
Internal	\$ 18,055	\$ 13,415	74.30%	18.38%
Sublet	\$ 3,669		0.00%	3.74%
Adj. Cost Of Labor		\$ (3,631)	0%	0.00%
<b>Total</b>	<b>\$ 98,221</b>	<b>\$ 69,347</b>	<b>70.60%</b>	<b>100.00%</b>

### The Picture

Customer Pay Gross Profit %

75.32%

Total Service Dept. G.P. %

70.60%

### Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 69,347		
Variable Expense		0.00%	
Selling Expense	\$ 58,548	84.43%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 28,634	41.29%	
Unallocated Expense		0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 87,182	125.72%	
Net Profit	\$ (17,835)	-25.72%	

The Picture	
Customer Pay Gross Profit %	75.32%
Total Service Dept. G.P. %	70.60%
Parts / Labor Ratio (Cust. Pay Only)	0.00
Total Service Dept. Expenses	\$ 87,182

FACILITY POTENTIAL	
Number of Bays	4
x	
Number of Days	24
x	
Number of Hours	8
x	
Effective Labor Rate	\$ 133.41
equals	
FACILITY POTENTIAL	\$ 102,459

FACILITY UTILIZATION	
Total Labor Sales	\$ 75,464
÷	
Facility Potential	\$ 102,459
equals	
FACILITY UTILIZATION	73.65%

## SERVICE INVENTORY ANALYSIS

	<i>Labor Sales / Month</i>		<i>Effective Labor Rates</i>		<i>Hours Billed</i>
Customer Pay	\$ 42,116	÷	132.33	=	318.3
Customer	\$ -	÷		=	0.00
Customer Other	\$ -	÷		=	0.00
Warranty	\$ 33,162	÷	132.47	=	250.3
Internal	\$ 18,055	÷	150.20	=	120.2
New Vehicle Prep	\$ 3,669	÷		=	0.00
<b>Total</b>	<b>\$ 97,002</b>				<b>688.8</b>

### POTENTIAL

$$\boxed{\$ 97,002} \div \boxed{688.81} = \boxed{\$ 140.83}$$

Total labor sales for month      Total hours billed      Effective Labor Rate

$$\boxed{3.00} \times \boxed{8} \times \boxed{24.0} = \boxed{576.0}$$

# Service mechanical technicians      # Hours/Day      Working Days/Month      Hours Available to Sell

$$\boxed{576.0} \times \boxed{\$ 140.83} = \boxed{\$ 81,116} \quad \boxed{\$ 101,394.75}$$

Hours Available to Sell      Effective Labor Rate      Labor sales potential @100%      Labor sales potential @ 125%

How proficient are your technicians ?

$$\boxed{688.8} \div \boxed{576.00} = \boxed{119.58\%}$$

Total Hours Billed      Hours Available to Sell      Tech Proficiency

Hours Per RO (RO Analysis)      0.9

Percent of One Item R.O.'s (RO Analysis)      0.00%

Customer Pay Effective Labor Rate (DMS Report)      \$ 131.27

Warranty Labor Rate (DMS Report)      \$ 160.00

Total Overall Effective Labor Rate      \$ 140.83

Overall Technician Proficiency      119.58%