

Homework Fixed Ops 2 Service

N441

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MARKETING:

- Where to spend money and how is the age old question for both fixed and variable operations.
- Currently we are doing factory mailers and internal e-mail blasts.
 - This is great for reaching our current and previous (lost) customers. How do we get NEW ones though?
- I got with the Service Director and we are adding service banners to the website; as well as boosting our Google Business Profile.
- Making sure everyone who is looking to service a vehicle in our area of operation should know WE SERVICE ALL MAKES AND MODELS.
 - We are also going to post our competitive service price board on the website and on our CCTV thorough the service department and showroom.

COST OF LABOR:

- Tech pay is import. Parts don't install themselves. Two of our techs have received a bump in pay since I returned from FO2.
- I feel that even more important than tech pay is tech appreciation.
 - I've made it a point to walk through the service department and at least say hi to those guys. They don't "know me"; just that I wear a shirt and tie. My goal is to make sure to start building a relationship with them. I want them to know that they ARE appreciated.

CHANGES IN EXPENSE STRUCTURE:

- Well Bob and Larry THIS is the hardest thing to analyze... The expenses are out of line because of TWO factors.
 - Payroll – The dealer's son is the Service Director and the Foreman is the former Service Director who the store was desperate to keep.
 - Impatience – The owner hates depreciating expenses. He prefers to take the entire hit at once. Only items required by accountant are depreciated. (This is good and bad – Our store doesn't have a cash flow issue so it's not a major concern) "Cash is Oxygen" – Tom. We are fortunate to have plenty of oxygen.
- How do we fix something we can't fix? Outrun the expenses.
 - Sell more. It's both that complicated and that simple.

PRODUCTIVITY

- In order to increase Tech Proficiency I'm 100% sold on Video MPI's.
- I'm getting a lot of push back for trying to implement this to our process.
 - Solutions:
 - Pay the Tech's \$1-\$2 for each video.
 - Pay the Shop Foreman \$1 and the Tech \$1 so he forces them to do it.
 - Baby Steps: Start with quick lube / express hourly techs on PHOTO's of the Engine Air Filter, Cabin Air Filter, Tire Measurement, and Brake Measurement. They are paid to be there and doing whatever is asked of them.

FACILITY:

- Most of the techs with the exception of Goober Lubber's have TWO lifts.
 - Attempt to re-position them to 1.5. An individual lift for each of the main line guys and a shared middle lift between them.
 - EXCEPTION: Two master certified techs. They want 2 they likely get 2.

100 REPAIR ORDER ANALYSIS:

- Just as in the 25 RO's I reviewed prior to VO2 there are TOO MANY one line RO's.
- We will be able to reduce those by 1/3 just by taking photos of the items mentioned above. Then the next level would be moving to videos.

SYNOPSIS:

Regardless of how much we invest in marketing, we have to capitalize on the opportunities while they are here. We have to elevate ourselves above the Jiffy Lubes, Gattos, and Pep Boys of the world. The misconception that they are much cheaper than we are is our own fault. An updated competitive service board and an unmatched level of service can erode that fear of being ripped off at the big bad car dealership. Transparency is the key to regaining that lost market share in service. A picture is worth 1000 words. If we START there it will lend credence to what we are trying to sell. The average consumer NEVER opens their hood, let alone looks under their vehicle while on a lift. There are a lot of WORDS on an RO / Printed MPI. The power of showing the consumer that what you are telling them will aid in building trust. At the very least it increases the chances of them planning for those recommendations on the next visit.

Nobody likes change. I understand this will require baby steps. Thus, I propose starting with the hourly technicians. They aren't "flat rate", so they are going to be compensated from jump. Though service meetings there can be a recognition process. Once the advisors and other techs see the increase I think it will be easy to get everyone else on board. It has to be measured though - hard facts, and hard data. Make it irrefutable.