

# Service Department Analysis for Jaguar Land Rover Carlsbad

Thomas Wallace, III

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Class #41 - Advanced Service Management Seminar

## Synopsis

Repair orders reviewed for analysis	163500 - 163714
Repair order timeline	April 3 <sup>rd</sup> - April 15 <sup>th</sup>

During the completion of this project we were able to identify that a lot of our current practices are working well. One example is not discounting labor on any maintenance or competitive work which has allowed our maintenance and repair FRH average to be almost exactly the same as our door rate. However, it did highlight that we had one service advisor who was acting outside of instructions and providing discounts that are not authorized. We would like to get our customer ELR to a goal of our current warranty labor rate (\$274).

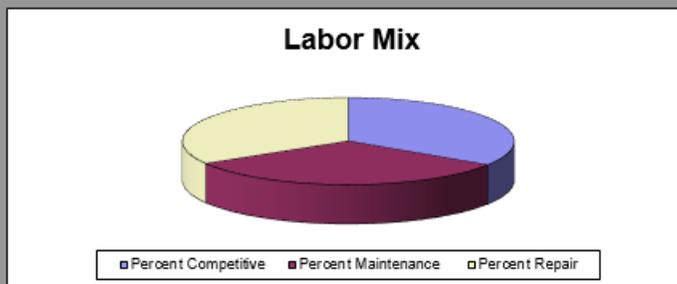
Our RO Analysis also continues to highlight that we have been chasing the wrong metric as we had previously been solely focused on *total* hours sold. With 34% of our work being competitive and the average competitive hour being sold for \$109 that highlights our need to move forward chasing a metric of customer pay *dollars* per RO. Our FRH's per RO was high at 4.8 while we came in at \$1,009 average labor per RO. We have made our goal \$1,500 average labor per RO moving forward. Another goal that has become clear is to severely decrease our percentage of one item ROs. Our goal is to get below 25% for one item ROs.

We plan to accomplish these goals by implementing the following practices.

1. Slowly increasing our door rate by \$2/month over the next 6 months which will help us achieve a higher customer ELR.
2. Provide technicians with a minimum requirement of 75% video MPI per month in order to increase our ability to provide recommendations and increase our CP labor dollars.
3. Implementing and maintaining sales training with our service advisors at the same level as our vehicle sales team.
4. Providing an 'unrealistic approach' to extreme hospitality to showcase our value over other dealerships and independent shops that we lose clients to.
5. Making all future service appointments at the time of pickup and handover. This allows us to ensure the client has an appointment on the books with us before leaving.

We plan to evaluate our changes by checking in with our advisors and technicians weekly. We will be implementing weekly meetings where we go over the metrics we are chasing and giving monthly goals to achieve. We will provide feedback in writing if their goals are not achieved and work with them together to help increase their production until they are above the target metric. This will allow us to stay focused on our goals and review our progress weekly. The service manager will continue to run a repair order analysis monthly (preferred) or quarterly (at a minimum) in order to track our progress on raising customer ELR. This will also allow us to quickly make corrections with advisors if they are acting outside their empowerment. The service manager will also perform spot checks of 10-20 ROs weekly in order to ensure that all processes are being followed by staff and provide guidance where adjustments are needed.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Average	Analysis			
Competitive	\$ 15,908	÷ 146.60	= 108.52	FRH Average			
Maintenance	\$ 40,521	÷ 138.10	= 293.42	FRH Average			
Repair	\$ 42,424	÷ 144.10	= 294.41	FRH Average			
Totals	\$ 98,853	÷ 428.80	= 230.53	Customer ELR			
Target Labor Rate			274.35	Per FRH			
Total ROs	98	Difference		-43.82	Per FRH		
Cost of Labor							
Total Cost of Labor	18066.10	÷ Total Sales	= 18.28%	Percent Cost of Sales			
Total Cost of Labor	18066.10	÷ Total FRHs	= 42.13	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	98,853.27	÷ Total ROs	= 1008.71	Avg Labor per RO			
Total FRHs	428.80	÷ Total ROs	= 4.38	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	146.60	÷ Total FRHs	= 34.19%	Percent Competitive			
Maintenance FRHs	138.10	÷ Total FRHs	= 32.21%	Percent Maintenance			
Repair FRH	144.10	÷ Total FRHs	= 33.61%	Percent Repair			
One item ROs	50	÷ Total ROs	= 51.02%	Percent One Item RO			
Model Year Analysis							
2025	2024	2023	2022	2021	2020	Older	Total
0	2	7	8	4	22	57	100
0.00%	2.00%	7.00%	8.00%	4.00%	22.00%	57.00%	



# Qualitative Analysis

## Strengths

1. Strong team atmosphere. Our employees enjoy working together and at this store.
2. Moral is high. Most people see the ability to have a long future with us and voiced that.
3. We have a high functioning team. The service advisors are long term employees that have a wealth of brand knowledge. We have a shop foreman and two team leads for technicians that are well versed in the Jaguar Land Rover brand.
4. We have enough service work for everyone to be busy every day.
5. High customer satisfaction surveys scores
6. High numbers of support staff to assist with operations.
7. We work in a great location less than one mile from the ocean. We have a beautiful, modern, up to date facility.
8. We are one of only two Jaguar Land Rover stores in all of San Diego County. We have the opportunity to pick up a lot of business from underperforming stores around Southern California.

## Weaknesses

1. Poor communication within the different branches of our department and to other departments within the store.

2. Difficult diagnoses as a brand (Jaguar Land Rover) and little support compared to other brands in our industry.
3. Lack of training for technicians. We have very few opportunities to complete training due to the small number of classes that get released by the manufacturer.
4. Recruitment of seasoned technicians is difficult as we lose a lot to larger dealerships/brands in the area.
5. We are constantly fighting against a backlog of work in the shop. We have more work than we can handle at times and it negatively effects clients as they have to sometimes wait weeks to bring their vehicles in.

## **Opportunities**

1. We have a huge opportunity to grow. If we can acquire new technicians and continue to take in work from other dealers in the area then we can retain that service business and contribute to increased new / used vehicle sales.
2. Increase tire sales and ultimately increasing customer pay labor sales overall.
3. Become known as the most hospitable dealer in our county.
4. Develop and grow technicians through our apprentice program.

## **Threats**

1. Although we work in an area with very few Jaguar Land Rover dealers, there are a high number of independents that work on British vehicles. There is the threat of losing both clients and employees to these shops.
2. Increasing expenses make it continually harder to increase net profit.
3. Low facility utilization.
4. Service intervals are two years or 21,000 miles on many of our vehicles.
5. Manufacturer consistently lowering times paid on warranty work.

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<b>Objectives</b>	<b>Strategies</b>	<b>Tactics</b>
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<ul style="list-style-type: none"> <li>• Improve communication in service as a whole</li> <li>• Increase customer pay ELR</li> <li>• Achieve an average customer pay dollars per RO of \$1,500</li> <li>• Train advisor staff as sales person</li> <li>• Increase technician proficiency</li> <li>• Increase moral for service and create a happy team</li> <li>• Follow up on declined services</li> </ul>	<ul style="list-style-type: none"> <li>• Service and Parts team building exercises and events together</li> <li>• Raise door rate to \$315</li> <li>• Providing monthly sales minimum goals to advisors and reviewing them weekly</li> <li>• Continue to train advisors with NADA and CNCDA training</li> <li>• Focus on providing technicians with special tools and training they need to improve skills</li> <li>• Measure tire tread in the drive</li> </ul>	<ul style="list-style-type: none"> <li>• Raising door rate \$2 per month for 6 months</li> <li>• No discounts on oil changes or labor pricing</li> <li>• Incentivize dollars over hours</li> <li>• Weekly meetings with technicians and highlight proficiency with low performers at top of list</li> <li>• Target tire sales to increase CP dollars</li> <li>• Align bonuses to CP dollars per RO and not hours overall</li> </ul>
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# Action Plan

<i>Task</i>	<i>By Whom</i>	<i>Completion Date</i>
Raise Door Rate by \$2 / month	Service Manager	July 1 <sup>st</sup> , 2024
Restructure bonus to CP \$ / RO	GM / Service Manager	July 1 <sup>st</sup> , 2024

RO Review of 10 RO's	Service Manager	Daily
Weekly Service Advisor Meeting	Service Manager	Weekly
Weekly Technician Meetings	Service Manager	Weekly
Create price comparisons for tires	Service Manager	July 1 <sup>st</sup> , 2024
Sign advisors up for NADA training	Service Manager / GM	July 1 <sup>st</sup> , 2024
Implement Video MPI % requirements	Service Manager	July 1 <sup>st</sup> , 2024
Survey all techs regarding possible second shift schedule for extended hours	Service Manager	August 1 <sup>st</sup> , 2024
Implement quarterly team building exercises to create communication	Service Manager / GM	July 1 <sup>st</sup> , 2024