

NADA Service Homework

Bartowford

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NADA 441

Marketing

- Current practices
 - Utilization of TV, radio, and digital ads, along with service hangtags featuring customer testimonials and reviews, showcasing a 4.9 out of 5.0 rating.
- Goals for improvement
 - Ensure the setup of the first appointment in Service for all new vehicles sold at the time of purchase.
 - Implement confirmation of all Service appointments by the Business Development Center (BDC).
 - Initiate follow-up phone calls from Service advisors to thank customers for choosing Bartow Ford for their vehicle service.
- Plans to achieve your goals
 - Conduct a monthly review of scheduled and kept appointments to track progress.
 - Establish accountability and consistency through weekly meetings
 - Foster a healthy dealership culture and environment to support these initiatives.
- Plans to evaluate your changes
 - Conduct a 90-day review with the Service Manager and BDC Manager to assess progress, revisit goals, and evaluate results.
 - Perform SWOT Analysis bi-annually.

Analyze Cost of Labor

➤ Current Practices:

- Service hours are from Monday to Friday, 7 am to 8:30 pm, Saturday from 7 am to 4 pm, and closed on Sundays.
- The service team consists of 52 technicians, all working on a flat rate basis.
- Internal rates on used cars are set at the retail/door rate.
- Nine porters are employed to shuttle service customers and assist with detailing.
- There are 7 service advisors, with one dedicated to used vehicles and two for the truck shop.

➤ Goals for Improvement:

- Reduce the number of one-item Repair Orders (ROs).
- Implement a complete multi-point inspection on all vehicles.
- Develop a dispatch system for better workflow and work balance.
- Train confident service advisors to encourage and promote sales.

➤ Plans to Achieve Your Goals:

- Continuously develop the dispatch system based on technician strengths and efficiencies.
- Monitor and maintain all factory-required training while encouraging personal development and growth.
- Conduct bi-monthly RO analysis by the Service Manager and monitor hours sold for GM/management review.

➤ Plans to Evaluate Your Changes:

- Implement monthly and consistent tracking and reporting on technician proficiency.

➤ Plans to Evaluate Changes:

- Continuously track overall performance as the dispatch system is developed and refined, ensuring its effectiveness in improving workflow and work balance.
- Hold monthly meetings with factory representatives to review training and discuss items of importance, ensuring alignment with dealership goals and industry standards.
- Conduct regular review of RO analysis with the Service Manager and GM, analyzing key metrics to identify areas for improvement and opportunities for growth.
- Facilitate monthly proficiency reviews with Service Managers and Advisors led by the GM, fostering collaboration and accountability while assessing performance against established goals and objectives.

| Category | Sales | Gross | Gross as % of Sales | %Sales Contribution |
|--------------------|---------------------|-------------------|---------------------|---------------------|
| Customer Car | \$ 499,059 | \$ 360,954 | 72.33% | 49.16% |
| Customer | | | 0% | 0% |
| Customer Other | | | 0% | 0% |
| Warranty | \$ 414,276 | \$ 311,036 | 75.08% | 40.81% |
| Warranty Other | \$ 10,556 | \$ 8,839 | 83.73% | 1.04% |
| Internal | \$ 91,189 | \$ 61,001 | 66.90% | 8.98% |
| NVI / Road Ready | | | 0% | 0% |
| Adj. Cost Of Labor | | \$ (18,442) | 0% | 0.00% |
| Total | \$ 1,015,080 | \$ 723,388 | 71.26% | 100.00% |

Changes in Expense Structure

- **Review Expense Structure:** Analyze the current expense structure in relation to gross revenue and itemize allocation to identify areas of inefficiency or overspending.
- **Revise Pay Plan:** Develop a revised pay plan that incentivizes proficiency and performance. This can help align employee efforts with the company's goals and improve overall efficiency.
- **Personnel Expenses Analysis:** Break down the current "personnel expenses" to understand why it constitutes 52.37% of gross revenue. Identify areas where expenses can be optimized without compromising productivity or quality.
- **Utilization of Available Hours:** With available clock hours of 10,056 and only 9,259 billed, there's significant room for improvement in maximizing billable hours. Implement strategies to increase utilization rates and optimize resource allocation.
- **Collaboration with CFO:** Collaborate with the CFO to review the financial data and identify areas for improvement. Ensure that there's flexibility to make necessary changes to the expense structure and resource allocation to improve overall profitability.

| Service Department Profit Centering | | |
|-------------------------------------|---------------|------------|
| Expense Category | Dollar Amount | % of Gross |
| Department Gross | \$ 723,388 | |
| Variable Expense | | 0.00% |
| Selling Expense | \$ 400,956 | 55.43% |
| Personnel Expense | | 0.00% |
| Semi-Fixed Expense | | 0.00% |
| Fixed Expense | \$ 208,882 | 28.88% |
| Unallocated Expense | | 0.00% |
| Dealer's Salary | | 0.00% |
| Total Expenses | \$ 609,838 | 84.30% |
| Net Profit | \$ 113,550 | 15.70% |

Productivity

- ▶ **New Dispatch System Implementation:** Continue setting up the new dispatch system with a clear focus on enhancing efficiency and profitability.
- ▶ **Consider Hiring a "Parts Runner":** Explore the possibility of hiring a dedicated "parts runner" to improve the efficiency of parts procurement and delivery.
- ▶ **Track Advisors and Technicians Performance:** Implement a system to track the performance metrics of service advisors and technicians regularly.
 - Monitor Lost Sales in Parts:** Establish a process to monitor and track lost sales in parts, identifying reasons for lost opportunities and potential areas for improvement.
- ▶ **Review Appointment Booking Practices:** Review the appointment booking practices to ensure that the appointment coordinator isn't solely relying on the advice of advisors when scheduling appointments.

| NADA ACTUAL SERVICE ANALYSIS | | | | |
|---------------------------------------|----------------------------------|---|------------------------------|------------------------------|
| Performance | | | | |
| | Labor Sales / Month | | Effective Labor Rate | Hours Billed |
| Customer Car* | \$ 499,059 | ÷ | 163.03 | = 3061.1 |
| Customer Truck* | | ÷ | | = 0.00 |
| Customer Other* | | ÷ | | = 0.00 |
| Warranty | \$ 414,276 | ÷ | 180.66 | = 2293.1 |
| Internal | \$ 91,189 | ÷ | 136.28 | = 669.1 |
| New Vehicle Prep | | ÷ | | = 0.00 |
| Total | \$ 1,004,524 | | | 6023.4 |
| POTENTIAL | | | | |
| | \$ 1,004,524 | ÷ | 6023.40 | = \$ 166.77 |
| | Total labor sales for month | | Total hours billed | Effective Labor Rate |
| | 52.00 | x | 9 | x 20 = 9,360.0 |
| | # Service mechanical technicians | | # Hours per day for one tech | Working Days/Month |
| | 9,360.0 | x | \$ 166.77 | = ##### 1951211 |
| | Clock Hours Available | | Effective Labor Rate | Labor sales potential @100% |
| | | | | Labor sales potential @ 125% |
| How proficient are your technicians ? | | | | |
| | 6,023.4 | ÷ | 9,360.00 | = 64.35% |
| | Hours Billed | | Hours Available | Tech Proficiency |

Facility

- Aim to increase facility utilization from the current 46% to 65% by December 2024 and further to 90% by June 2024.
- Ensure that the dispatch system being implemented is designed to prioritize productivity and utilization.
- Provide more consistent training for service advisors on effective sales techniques.
- Continue investing in technician training and development programs, offering incentives to encourage ongoing skill enhancement and proficiency.
- Ensure that the shop is consistently booked to capacity, including scheduling appointments for both service work and used car inventory.

| FACILITY POTENTIAL | |
|----------------------|--------------|
| Number of Bays | 72 |
| | x |
| Number of Days | 20 |
| | x |
| Number of Hours | 9 |
| | x |
| Effective Labor Rate | \$ 166.77 |
| FACILITY POTENTIAL | \$ 2,161,341 |

| FACILITY UTILIZATION | |
|----------------------|---------------|
| Total Labor Sales | \$ 1,004,524 |
| | ÷ |
| Facility Potential | \$ 2,161,341 |
| | <i>equals</i> |
| FACILITY UTILIZATION | 46.48% |

Repair order analysis

- Our data concludes a high percentage of One Line R.O's at 71%. As a collective group, selling service and customer interactive training is critical to successful upselling and providing services.

| Repair Order Analysis Summary Report | | | | | | | |
|--------------------------------------|------------------|---------------|-------------------|-----------------------|---------|--------|-------|
| | Sales in Dollars | FRH's on RO's | Averages | Analysis | | | |
| Competitive | \$ 2,501 | 51.20 | 48.85 | FRH Average | | | |
| Maintenance | \$ 6,070 | 58.00 | 104.66 | FRH Average | | | |
| Repair | \$ 36,288 | 191.80 | 189.20 | FRH Average | | | |
| Totals | \$ 44,859 | 301.00 | 149.03 | Customer ELR | | | |
| | | | Target Labor Rate | 190.00 | Per FRH | | |
| Total Ro's in Sample | 100 | Difference | | -40.97 | Per FRH | | |
| Cost of Labor | | | | | | | |
| Total Cost of Labor | 11772.60 | Total Sales | 26.24% | Percent Cost of Sales | | | |
| Total Cost of Labor | 11772.60 | Total FRHs | 39.11 | Cost per FRH | | | |
| Repair Order Measurements | | | | | | | |
| Total Labor Sales | 44,858.76 | Total ROs | 448.59 | Avg Labor per RO | | | |
| Total FRHs | 301.00 | Total ROs | 3.01 | Avg FRH's per RO | | | |
| Menu Sales | | Total ROs | | Percent Menu Sales | | | |
| Competitive FRHs | 51.20 | Total FRHs | 17.01% | Percent Competitive | | | |
| Maintenance FRHs | 58.00 | Total FRHs | 19.27% | Percent Maintenance | | | |
| Repair FRH | 191.80 | Total FRHs | 63.72% | Percent Repair | | | |
| One item ROs | 71 | Total ROs | 71.00% | Percent One Item RO | | | |
| Model Year Analysis | | | | | | | |
| 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | Older | Total |
| 0 | 2 | 9 | 7 | 11 | 13 | 58 | 100 |
| 0.00% | 2.00% | 9.00% | 7.00% | 11.00% | 13.00% | 58.00% | |

SWOT Analysis- Strengths

➤ Strengths:

- - Availability of 80 service bays.
- - A dedicated customer base spanning over 75 years, showcasing loyalty.
- - Strong product knowledge across the workforce.
- - Presence of 40 OEM certified master technicians.
- - Dedicated and loyal employees contributing to a positive workplace culture.
- - Growing return customer base indicating satisfaction and trust.
- - Collaborative and passionate colleagues who prioritize teamwork.

SWOT Analysis- Weaknesses

- Weaknesses:
 - - Long transfer times between Business Development Center (BDC) and Service Advisors.
 - - Challenges in meeting promised service times and scheduling appointments.
 - - Delays in responding to customer inquiries and missed phone calls.
 - - Limited availability of loaner vehicles for customers.
 - - Inadequate tracking and review processes for key performance areas.
 - - Lack of proactive communication from advisors regarding service progress.

SWOT Analysis- Opportunities

- Opportunities:
 - - Competitive wages for Master Certified technicians, attracting top talent.
 - - Continuous training for employees to maintain expertise.
 - - Regular analysis of Retail Warranty Reimbursement to optimize revenue.
 - - Active community engagement through sponsorships and events.
 - - Improving inter-departmental communication to enhance efficiency.
 - - Strengthening relationships with loyal customers to foster retention.
 - - Positioning as the largest Ford Service Center in Polk County with over 80 bays.
 - - Targeted advertising to measure and enhance effectiveness.

SWOT Analysis- Threats

➤ Threats:

- - Overuse of policy adjustments leading to potential control issues.
- - Risk of acquisition by larger dealership groups in the area.
- - Challenges in replacing retiring technicians.
- - Competitors expanding their mobile service fleets.
- - Communication gaps between BDC and advisors.
- - Continued issues with loaner vehicle availability and scheduling.
- - Non-compliance with standard operating procedures (SOPs) posing risks.

SWOT Analysis- Objectives

➤ Objectives:

- - Reduce the number of one-line Repair Orders (ROs).
- - Increase technician proficiency and efficiency.
- - Enhance the dispatch system for improved workflow management.
- - Regular review of Key Performance Indicators (KPIs) such as ELR and proficiency.
- - Comprehensive training overseen by the Service Manager for all staff.
- - Implement incentives to drive results and consider revising pay plans.
- - Maintain strong employee relationships and uphold the Bartow Ford legacy.

SWOT Analysis-Strategies

- Strategies:
 - - Organize team-building activities to foster camaraderie.
 - - Ensure all technicians remain Factory Certified and receive ongoing support.
 - - Utilize video recordings to enhance communication with customers.
 - - Continue investing in employee development, especially post-pandemic.
 - - Require upfront payment for SOPs with defined inventory holding periods.
 - - Streamline communication and processes for efficiency.

SWOT Analysis-Tactics

➤ Tactics:

- - Enforce multi-point inspections for all service vehicles.
- - Link Service Advisor compensation and bonuses to customer satisfaction metrics.
- - Conduct daily meetings between Service and Parts Managers and Fixed Ops Director.
- - Hold weekly meetings with Fixed Ops Managers and the General Manager.
- - Centralize approval of discounts to senior management.
- - Pre-approve safety items for used vehicle reconditioning.
- - Schedule regular training sessions for all staff.
- - Optimize the dispatch system to minimize downtime.
- - Pre-load the first vehicle to be serviced each morning in the technician's stall.

SWOT Analysis- Action Plan

| TASK | Position responsible | Check in/completion schedule |
|--|------------------------------|---------------------------------|
| RO Analysis | Service Manager | 1 st of every month. |
| Preload Stalls for next days work | Service advisor/technician | Daily. |
| MPI performed on every vehicle that goes into the shop. | Service advisor/technician | Daily. |
| Special Order Part review | Fixed ops director | 1 st of every month. |
| Improve Dispatching and RO follow through | Service manager/shop foreman | July 1 st , weekly. |
| Meetings to improve up-sale rate and lower one-line RO's | Service manager | First Wednesday of every month. |
| Increase ELR by removing service advisor discounts | Service manager | ASAP |

Homework Synopsis

- Synopsis:
 - Bartow Ford, with its 75-year history, holds a significant presence in the community, but there are areas for improvement. The company is committed to addressing challenges such as communication gaps and service availability to enhance customer satisfaction and maintain its reputation. Through targeted strategies and tactics, Bartow Ford aims to strengthen its position and continue delivering exceptional service.