

*SERVICE
DEPARTMENT
ANALYSIS FOR
DUNCAN FAMILY
AUTOMOTIVE
GROUP*

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Strengths

- Certified Technicians.
- Good space with room to grow.
- Loyal customer base.
- One of the only quick lube services in the area.
- Tech's that work hard and take pride in their work.
- Great warranty clerk.
- Lots of work available.
- Great local name with great reputation.
- Multiple payment options provided for larger service bills.

Weaknesses

- Old building.
- Old equipment- Shop tools, lifts..
- Some older guys that take on the majority of the work.
- Bad culture.
- Older tech's not teaching younger tech's.
- Getting and keeping good/reliable quick lube tech's.
- Not getting used cars through fast enough.
- Service hours do not match those of sales.
- Hoarding culture.

Opportunities

- Casey's Frontier Chevrolet down the street has a bad reputation.
- New GM Certified Master Tech.
- Largest GM dealership in the area.
- Growing sales.
- New service writer from local competitor.
- Bought some new equipment.
- Big commercial fleet opportunities.
- Potential to be open more hours.

Threats

- New young service manager.
- Falling back into old culture.
- Tech's leaving to go to competition.
- Tech's threatening to leave when they don't feel like they are getting enough hours turned.

Objectives

- Improve gross profit
 - Improved gross on parts sales
- Clean out and clean up shop
- Get updated tools and equipment
- Make the shop more efficient, productive, and proficient.
- Implementing ways to better serve our customers from the moment

they walk in the door.

- Assign one tech to used cars.
- Change our culture.

Strategies

- Make internal rate equal that of door rate.
- Make hours of operation equal or exceed sales hours.
- Labor discounting has been on lock down, but parts needs to change to mirror labor.
- Post competitive prices on the wall.
- Dedicate a Saturday AM to cleaning up the shop.
- Look for updated tools and equipment to help be more efficient.
- Provide more training for the techs both in and out of shop. Have some of the older tech teach the younger techs what they specialize in.
- Get two-way radios (because our shop is split in two buildings) for techs to parts.
- Work towards getting a parts runner.
- Load stalls at night.
- Sales training for the service writers.
- Switch a tech over to do used cars only.
- Create a weekly service meeting.

Tactics

- Change internal rate. Have meeting with managers.
- Have hours of operations changed. Make the appropriate schedule to accommodate it.
- Parts discounting needs to be approved by the Service Manager.
- Shop local quick lubes or the alike and make a board posting your competitive prices. Also, give examples of new and worn tires, brakes, wipers, etc.
- Make a new policy on how clean techs are supposed to keep their work area.
- Evaluate our current equipment and tools and see what is a necessity, items that would help, and wants.
- Find a service writer sales program. I will want to spend time with them as well.
- Have the service manager provide me with sales and gross numbers daily. We will go over them together and review them in managers meeting.
- Help service manager come up with a time and plan for weekly meeting. Help coach him along through these meetings until he gets a thorough understanding.

Action Plan

1. Make internal rate equal door rate.
 - a. By: Controller
 - b. Effective: Immediately
2. Change hours of operation. Open at the same time but close with sales.
 - a. By: Service Manager
 - b. Effective: September 1
3. Have a code put in to discount parts.
 - a. By: Controller/ Service Manager
 - b. Effective: Immediately
4. Call around to local shops and get prices.
 - a. By: Service Manager
 - b. Effective: End of September
5. Have parts collect some used and new parts to put on display.
 - a. By: Parts Manager
 - b. Effective: Immediately
6. Schedule a Saturday cleaning day.
 - a. By: Service Manager
 - b. Must be done by 1st weekend in October
7. Create a technician cleaning policy.
 - a. By: Service Manager
 - b. Effective: Monday after the cleaning Saturday.
8. Make a budget and schedule of what is needed and go over with GM.
 - a. By: Service Manager
 - b. Meet by: End of October
9. Create scheduled training times with Service Writers.
 - a. By: myself/ Service Manager
 - b. Meet before October 1
10. Come up with a template of the info I need the service manager to give me daily.
 - a. By: myself
 - b. Due: September 1
11. Reassign a technician to work full time on used cars.
 - a. By: Service Manager
 - b. Effective. First pay period of September
12. Make everyone aware of the new mandatory Service Meeting on Monday mornings.
 - a. By: Service Manager
 - b. Effective: Immediately
13. Schedule and plan the first Service Meeting.
 - a. By: Service Manager
 - b. Set for September 10

Synopsis

We need to be making more money and we are missing a few easy ways to accomplish this. First would be to make sure the internal rate is equal to door rate. Second, we need to extend hours so that they mirror sales. Last, we need to stop letting the parts counter personnel discount parts prices.

When we bought this store just over a year and a half ago, it was an absolute wreck. It looked more like a junk yard instead of a car dealership. Since then we have cleaned up a lot, especially the outside, but the inside needs some TLC. We need to have a day to go through and deep clean the entire shop. We also need to have some heart to hearts with some of the technicians that try and keep any part off a car "just in case they need one like it sometime."

Along with the shop being super dirty, it is also out dated. Since buying this dealership we have already bought a couple lifts and a new tire balancer. We need to continue to replace these lifts and give the proper tools to our techs to help them be more productive.

Train, retrain, replace is something that has stuck with me since the first class. We need to be training our young guys, so they can work their way up the ladder and eventually replace the veteran technicians as they roll out. That seems to be a threat to the older guys and a weakness to the younger tech's. This is a problem with our culture. We also need to be training our service writers, so they have the correct sales and phone etiquette to best serve our guest.

We have a real problem getting used cars in and out of our service department. They seem to be put on the back burner and not a priority. We can simply switch one of our tech's to doing all used cars and make they get through the shop much faster.

Lastly, and most important, we need a culture change. We started this culture change when we bought the dealership, but it really took a turn when service manager retired. On that day, we promoted the shop foreman to manager and have been making a big difference, but we have a way to go. A culture change is not something that you do over night or in a week. It is something that takes time and consistency. We have been working hard to change everything from how customers are treated to taking chairs away from tech's because they took breaks whenever they wanted (all the time!!!).

I am excited to make some big changes in this service department and get it something I am genuinely proud of!

FACILITY UTILIZATION

Total Labor Sales	\$	68,387
		+
Facility Potential	\$	458,112
		equal/s
FACILITY UTILIZATION		14.93%

FACILITY POTENTIAL

Number of Bays		24
		x
Number of Days		25
		x
Number of Hours		8
		x
Effective Labor Rate		95.44
		equal/s
FACILITY POTENTIAL	\$	458,112

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 41,227	÷	98.00	=	420.7
Customer Truck*	\$ -	÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 9,673	÷	87.33	=	110.8
Internal	\$ 12,121	÷	98.00	=	123.7
New Vehicle Prep	\$ 5,366	÷	87.34	=	61.4
Total	\$ 68,387				716.6

POTENTIAL

\$ 68,387	÷	716.56	=	\$ 95.44		
Total labor sales for month		Total hours billed		Effective Labor Rate		
8.00	x	8	x	25	=	1,600.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Avail
1,600.0	x	\$ 95.44	=	\$ 152,700		
Clock Hours Available		Effective Labor Rate		Labor sales potential		

How proficient are your technicians ?

716.6	÷	1,600.00	=	44.79%
Hours Produced		Hours Available		Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 1,712 +	29.90 =	57.25	FRH Average
Maintenance	\$ 699 +	25.30 =	27.62	FRH Average
Repair	\$ 4,173 +	50.60 =	82.46	FRH Average
Totals	\$ 6,583 +	105.80 =	62.22	Customer ELR
		Target Labor Rate	98.00	Per FRH
Total Ro's in Sample	100	Difference	-35.78	Per FRH

Cost of Labor

Total Cost of Labor	2170.68 +	Total Sales =	32.97%	Percent Cost of Sales
Total Cost of Labor	2170.68 +	Total FRH's =	20.52	Cost per FRH

Repair Order Measurements

Total Labor Sales	6,583.05 +	Total RO's =	65.83	Avg Labor per RO
Total FRH's	105.80 +	Total RO's =	1.06	Avg FRH's per RO
Menu Sales		Total RO's =		Percent Menu Sales
Competitive FRH's	29.90 +	Total FRH's =	28.26%	Percent Competitive
Maintenance FRH's	25.30 +	Total FRH's =	23.91%	Percent Maintenance
Repair FRH's	50.60 +	Total FRH's =	47.83%	Percent Repair
One item RO's	75 +	Total RO's =	75.00%	Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older	Total
0	0	4	12	6	8	70	100
0.00%	0.00%	4.00%	12.00%	6.00%	8.00%	70.00%	