

MB Hanover  
Analysis

Qualitative

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*1877 Washington St, Hanover MA 02359 781924-4200*

# Service Department Analysis for

## **Mercedes-Benz of Hanover**

By

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## **Strengths**

1. Good location and strong customer base that is loyal.
2. Great team of Techs with a lot of knowledge with MB products and many years of experience.
3. Very large shop capacity that allows room for growing.
4. Good work flow (enough work)
5. We have the backing of a large corporation with a lot of support in our fixed ops, knowledgeable team that over see many dealerships and share the knowledge with us.

6. Our shop foreman has many years of experience in MB and is second to none, his knowledge and leadership is apparent in the team work you see in the shop.
7. We have state of the art facility and equipment which will help us reach the next level of business.

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### **Weaknesses**

1. Communications between Advisors and customers could/should be better.
2. Not all advisors are strong in recommending and selling work, need more training.
3. Employee turnover is a problem.
4. Customer satisfaction index is below average for the most parts.

5. Service hours are not the same as sales hours.
6. There is no signs explaining our advantages over the competition especially the independents.
7. There is a little division between the front end of the service (advisors and support staff) and the tech, which drives the moral to be a bit challenged.
8. Loaners, we seem never to have enough so we need to have a better way to control them.

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## Opportunities

1. Great Brand in Mercedes-Benz.
2. Upsell, if the advisors were a bit stronger in selling we could have plenty of additional income.

3. Tech development, invest in new techs acquisition, training, and keeping.
4. Room for growing.
5. Start advertising that we can work on all makes and models.
6. Install a non-dealer competitive pricing board in the service drive.
7. Aggressively market the service department.

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## Threats

1. Losing techs to competition.

2. Losing customers due to not having enough loaners available when customers show up.
3. Many independent shops in the area that have longer service hours than ours.
4. Poor communication will eventually effect the customers and they will not come back.
5. Constant turn over especially in the Advisor positions, the customers like to see the same familiar face when they return for work.

## **MB Hanover Strategies / Tactics**

## ***Objectives /***

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# Objectives

1. Improve communications between Advisors, techs and Customers.
2. Improve communications between departments.
3. Reduce the number of one-line RO.
4. Increase the number of daily RO written.
5. Improve technician productivity, efficiency, and proficiency.
6. Track lost sales.

# Strategies

1. Shop competition, especially independents and post non-dealer competitive pricing board.
2. Start an express lube to drive traffic.
3. Hire a trainer for the ASM to learn how to communicate better with their customers and improve the upsell.
4. Increase the number of hours produced by the shop foreman.
5. Have a service staff meeting and discuss with ways to better communicate and explain the challenges every area of the business has so they can all have better understanding of what everyone does and give each other the benefit of the doubt when necessary.

# Tactics

1. Adjust technicians shift schedule to consider traffic flow.
2. Increase service advertising budget to attract more customers.
3. Implement a tech apprentice program to help the up and coming new techs to be trained fully by a master tech who's got a reason to train.
4. Adjust shop foreman's pay plan to be based on production.
5. Have a weekly meeting with both service and parts manager to measure the performance against our previous numbers and against other MB dealerships, then decide what actions must be taken.
6. Hire a trainer for the advisors.

# Action Plan

<u>Task</u>	<u>By whom</u>	<u>Completion date</u>
Adjust technician schedule to maximize growth September 15 <sup>th</sup>	Service Manager	
Extend service hours of operations on Saturday till 31 <sup>st</sup> Five Tuesday and Thursday till eight to mirror the sales department hours	GM, SM, MCOO	December
Advertise new hours with discounts for December 31 <sup>st</sup> evening and Saturday service.	Gm, Mkt dept.	
Install non-dealer competitive pricing board September 15 <sup>th</sup>	Service Manager	
Adjust shop foreman's pay plan September 15 <sup>th</sup>	GM, SM, Mike B.	
Create tech bonus program September 30 <sup>th</sup>	GM, SM, MCOO	
Install Express service	GM, SM	December 31 <sup>st</sup>
Weekly meetings with all department managers every Thursday	GM	
Track daily fill rate and lost sales, to insure proper inventory mix	Parts Manager	Daily
Adjust any parts markup factors requiring alteration September 15 <sup>th</sup>	Parts Manager	
Install plaques showing the technicians' pictures September 30 <sup>th</sup> And their expert level and their years of experience.	GM, SM, Mkt dept	

Hire a trainer to train the service advisors on selling GM, SM  
September 30<sup>th</sup>

And the proper way of doing a walk around with the  
Customers when they arrive to build rapport and point  
Any issues they see that the customer might not see.

## **MB Hanover** *Objectives /* *Strategies / Tactics*

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### **Synopsis**

It is evident that the lack of evening hours and shortened Saturday hours in service are having a dramatic impact on the profitability of that department. In addition, the lack of labor sales means less parts sales, thereby reducing the parts department profitability as well.

The addition of the express Lube, Extended service hours, Tuesday and Thursday until 8pm and Saturday until 5pm (we might extend that to have the service hours mirror the sales hours all week if this shows good results) will make us more convenient to our customers. Additional staff may need to be hired to ensure proper facility utilization. Technician proficiency will be tracked daily.

With the additional gross profit that will be generated with the new service hours, an immediate increase in fixed absorption percentage should be evident, therefore increasing the net profit of the store.

The posting of the non-dealer competitive pricing board should make up-selling much easier in the service lane and eliminate the guess work that the customers might be thinking it would be cheaper to take it to an independent shop.

Changing the pay plans to focus on productivity instead of showing up for work, should result in a staff that is focused on serving the customer. Additional training for the service advisors will help in eliminating or reducing the one-line repair orders.

All service personal need to understand that CSI does not stand for Customer Satisfaction Index. Instead, it stands for Customer Supplies Income. Because without those customers, we won't be in business tomorrow.

Finally, installing those plaques showing the technicians' length of experience and their qualifications (master tech) along with their pictures allows the customers to see who is working on their cars especially when we have a big window in the service waiting area overlooking the shop.