



NADA Service Homework

Park Mazda N438

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Marketing

- Current practices
 - BDC outbound, Social Retargeting and Geo (FB & IG), Google, Email, Direct Mail, Billboard
- Goals for improvement
 - Increase conversions on new Express Lube offering (Park Automotive)
 - Target “at-risk” and lost customers with an offer to come back (increase CP R.O count)
- Plans to achieve your goals
 - Robust marketing campaign already in motion for Park Mazda and Park Automotive (Express) (50% off O/C)
 - Review campaigns weekly with Marketing Director and monthly with Fixed Ops Manager. Tweak as needed, shifting spend to higher performing campaigns and messaging.
 - Increase spend in 2024 from 4% to 6% of service gross (we have capacity!)
- Plans to evaluate your changes
 - Monthly review of campaign performance, spend and tracking CP R.O count. The goal is to be up 10% in C.P R.O count in 2024. January was down 15%, however February is tracking to be up 19% (weather factors here).

Analyze Cost of Labor

- Current practices
 - Heavy internal reliance (used cars) Detail is combined in this number
 - Low warranty sales via Mazda
 - High Unapplied Time due to low tech skill
- Goals for improvement
 - Increase CP R.O count in 2024 by 10% (Increase overall service sales)
 - Reduce unapplied time (tech skill increase)
- Plans to achieve your goals
 - Introduce an express lane and target local off-make & pre-owned sales
 - Robust marketing plan for at-risk (9+mo) and lost customers
 - Apprentices in school to advance skill, send home if no work
- Plans to evaluate your changes
 - Measure C.P R.O count monthly
 - Review Marketing campaigns
 - Shop Foreman comp change to pay on a reduction of unapplied time

Jan-24				
Service Department Sales And Gross (Labor Only)				
Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 92,362	\$ 73,435	79.51%	42.35%
Customer			0%	0%
Customer Other	\$ 2,133	\$ 1,306	61.23%	0.98%
Warranty	\$ 6,639	\$ 4,899	73.79%	3.04%
Warranty Other			0%	0%
Internal	\$ 116,962	\$ 88,065	75.29%	53.63%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor		\$ (10,357)	0%	0.00%
Total	\$ 218,096	\$ 157,348	72.15%	100.00%

Changes in Expense Structure

- Current practices
 - High personnel expense (January is slow, but applies for YTD)
 - Need to decide if we are going to sell our way out or cut expense
- Goals for improvement
 - Staffed up BDC and built to GROW business in 2024 (unfilled capacity)
 - Train new advisors and BDC (in-progress)
- Plans to achieve your goals
 - We're in full swing training all new staff
 - Marketing campaigns are live
- Plans to evaluate your changes
 - C.P R.O count, Hours/C.P R.O and total overall CP gross will determine if we can carry this amount of staff. Monthly review.

Service Department Profit Centering		
Jan-24		
Expense Category	Dollar Amount	% of Gross
Department Gross	\$ 157,348	
Variable Expense		0.00%
Selling Expense		0.00%
Personnel Expense	\$ 107,555	68.35%
Semi-Fixed Expense	\$ 31,467	20.00%
Fixed Expense	\$ 44,259	28.13%
Unallocated Expense		0.00%
Dealer's Salary		0.00%
Total Expenses	\$ 183,281	116.48%
Net Profit	\$ (25,933)	-16.48%

Productivity

- Current practices
 - Low skill tech development (3 licensed, 10 apprentice/detail)
 - Licensed techs not offsetting the proficiency overall (Ex. 125%)
 - Need more CP work
- Goals for improvement
 - Tech development via schooling
 - Improve our selling process via BDC and Advisor
 - Increase CP R.O count & shop loading
- Plans to achieve your goals
 - Techs registered and already in school – check
 - BDC staffing and training – IP. Need more pre-sale.
 - Advisors need training on the selling process
- Plans to evaluate your changes
 - Tracking the amount of hours booked/day (shop loading)
 - Tracking sales per BDC agent and post sales per advisor

Jan-24				
NADA ACTUAL SERVICE ANALYSIS				
Performance				
	Labor Sales / Month		Effective Labor Rate	Hours Billed
Customer Car*	\$ 92,362	÷	162.08	= 569.9
Customer Truck*		÷		= 0.00
Customer Other*	\$ 2,133	÷	162.08	= 13.2
Warranty	\$ 6,639	÷	161.93	= 41.0
Internal	\$ 116,962	÷	123.56	= 946.6
New Vehicle Prep		÷		= 0.00
Total	\$ 218,096			1570.6
POTENTIAL				
	\$ 218,096	÷	1570.61	= \$ 138.86
	Total labor sales for month		Total hours billed	Effective Labor Rate
	13.35	x	8	x 24 = 2,563.2
	# Service mechanical technicians		# Hours per day for one tech	Working Days/Month
	2,563.2	x	\$ 138.86	= \$ 355,927
	Clock Hours Available		Effective Labor Rate	Labor sales potential @100%
				Labor sales potential @ 125%
How proficient are your technicians ?				
	1,570.0	÷	2,563.00	= 61.26%
	Hours Billed		Hours Available	Tech Proficiency

Facility

- Current practices
 - Rebuilt shop early 2023 and expanded 6 bays (17>23)
 - 2022 was a growth year in CP R.O's, but gave back gains in 2023
- Goals for improvement
 - Increase C.P R.O count (10% YOY) and Hours/C.P R.O (1.4>1.6)
- Plans to achieve your goals
 - Added Express Business (new), Robust Marketing & Retention Plans
 - Adding internal BDC
 - Sales training for BDC and Advisors
- Plans to evaluate your changes
 - Tracking the C.P R.O count monthly
 - Tracking Hours/C.P R.O Monthly

FACILITY POTENTIAL	
Number of Bays	23
	x
Number of Days	24
	x
Number of Hours	8
	x
Effective Labor Rate	\$ 138.86
FACILITY POTENTIAL	\$ 613,207

FACILITY UTILIZATION	
Total Labor Sales	\$ 218,096
	÷
Facility Potential	\$ 613,207
	<i>equals</i>
FACILITY UTILIZATION	35.57%

Repair order analysis

- Details from discussions that you had with the service manager about your repair order analysis.
 - We may be priced too high in categories leading to customer defection.
 - Cost of labor is good, well below 24%
 - Avg FRH/R.O is low, even for Mazda (Tgt 1.6+)
 - 63% One Line R.O's – Advisors not able to sell off MPI
 - 64% of vehicles are over 5 years old
 - We think this is good, mileage, recs
 - Are we retaining fresh business?

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 6,954	= 48.60	= 143.08	FRH Average			
Maintenance	\$ 2,899	= 14.70	= 197.24	FRH Average			
Repair	\$ 13,956	= 71.20	= 196.01	FRH Average			
Totals	\$ 23,809	= 134.50	= 177.02	Customer ELR			
			Target Labor Rate	161.95	Per FRH		
Total Ro's in Sample	97	Difference		15.07	Per FRH		
Cost of Labor							
Total Cost of Labor	4277.41	= Total Sales	= 17.97%	Percent Cost of Sales			
Total Cost of Labor	4277.41	= Total FRHs	= 31.80	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	23,809.33	= Total ROs	= 245.46	Avg Labor per RO			
Total FRHs	134.50	= Total ROs	= 1.39	Avg FRH's per RO			
Menu Sales		= Total ROs	=	Percent Menu Sales			
Competitive FRHs	48.60	= Total FRHs	= 36.13%	Percent Competitive			
Maintenance FRHs	14.70	= Total FRHs	= 10.93%	Percent Maintenance			
Repair FRH	71.20	= Total FRHs	= 52.94%	Percent Repair			
One item ROs	61	= Total ROs	= 62.89%	Percent One Item RO			
Model Year Analysis							
2025	2024	2023	2022	2021	2020	Older	Total
0	0	11	8	10	6	62	97
0.00%	0.00%	11.34%	8.25%	10.31%	6.19%	63.92%	

SWOT Analysis

- Strengths

- Good work Environment (x8)
- Teamwork (x7)
- Good Team Building Events (x4)
- Training offered (x5)
- Facility & Equipment (x4)
- Friendly and Inclusive Environment (x3)
- Good Shop Foreman (x3) & Good Management (x3)
- Capacity (room for growth)
- Video inspections being completed on every R.O (Value, trust)
- Parts and Service GP as a % of Sale is good

SWOT Analysis

• Weaknesses

- Communication between employees (service advisors) & tech (x13)
- Advisors not trained enough (x4)
 - Poor sales ability at the moment
- Completing videos on oil changes/warranty too time intensive (x4)
- Parts department slow & Mistakes (x5)
- Dispatch not putting things in the right queues (x4).
- Too many LOF & LTO customers (lifetime oil change)
- Labour price too high (x6), Parts price too high (x4)
- Lack of evening and weekend hours to better match customer (Sat 9-1)

SWOT Analysis

- Opportunities

- We have capacity to increase
- Parts wholesale
- Adding a bodyshop
- Fleet business
- Adding Express Lube “Park Automotive” to compete with off-make

SWOT Analysis

- Threats

- Several Lube Shops close by
- Competitive pricing from local competitors
- EV training and readiness
- Tech turnover after being trained due to not enough work
- Maintenance intervals are widening on newer models
- Technician shortages

SWOT Analysis

- Objectives

- Increase CP R.O count by >10% in 2024 to fill capacity
- Increase C.P Hours/R.O from 1.4 to 1.6 to also help increase hours in shop
- Increase on brand retention from 53 to 56% in 2024
- Increase off-make service retention from sales by booking complimentary 1st O/C
- Increased Fixed Net from \$475k to \$650k (up 37%)
- Launch Park Automotive – A division of Park Mazda as an Express O/C business

SWOT Analysis

- Strategies

- Robust marketing plan and spend for both Park Mazda (retention for at risk, lost) and to launch awareness of Park Automotive for off-brand
- Training for techs (schooling)
- Training for Advisors & BDC
 - Improve communication and selling skills
- Create a service “Why-Buy” to build value in our service department
- Review pricing matrix in both sales and service

SWOT Analysis

- Tactics

- Go after sales business for first O/C robustly with a service intro, video follow up and complimentary oil change for first visit (new & used).
- Marketing budget for direct mail, email and BDC follow-up for at-risk (9mo) and lost (12+ mo) customers to drive them back into our service department. 50% off oil-change offer OR 50% off tire rotation (test A/B offers)
- Enroll service advisors in training ASAP to see if they have the necessary skills
- Improve our internal communication from advisors and technicians
- Monthly review with Fixed Ops manager and DP to discuss results
- Shop Foreman compensation bonus to reduce unapplied time

SWOT Analysis

- Action Plan

TASK	Position responsible	Check in/completion schedule
Marketing Campaigns	FOM, MD	Jan 1 2024
Advisor Training	FOM, SM	IP Feb 1 - June 30 2024
Review Pricing & Parts Matrix	FOM, DP	Mar 1 2024
Service “Why-Buy”	DP, FOM, MD	Apr 1 2024
Review Advisor Process & Communication	FOM, SM	Mar 1 2024
Sv. Mgr. Daily Checklist	FOM	Mar 21 st 2024
Express Lane - Marketing	FOM, MD	Jan 1 2024

Homework Synopsis

- Synopsis

- It's very clear after going through this exercise of our major challenges. Obtaining new business (and retaining current clients), fixing our advisors selling process, gaining more structure for our Service Manager and increasing tech proficiency.
- The first step is in motion & I believe we can gain (& retain) the business based on the changes made and in progress for 2024. Marketing, Pricing and a commitment to "wanting the business from every client".
- The second step requires a more in depth analysis. What is our current process and are we following it? Is it leading to desired results? Why is there such a lack of communication (SWOT feedback)? Do we have the right personnel? Do they have the right training? These are the tough questions that are being asked and reviewed during this process. The real "gold" from this whole class will be realized when we can identify and fix these challenges (and maintain it).
- We need to identify proper structure for FOM, SM and Advisors with proper accountability and check and balances. Create a daily Service Manager checklist.
- We will work through tech proficiency with our shop foreman, and by generating more work in the shop, we should find out who is productive and who is not.
- We have great opportunity with our capacity, we have many strengths with our people, now it's time to fix this very important piece of the puzzle. Can we do it? Heck yeah we can do it!