

NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 115,468	÷	116.00	=	995.4
S/CNTR	\$ 19,725	÷	116.00	=	170.0
Q/SRV	\$ 90,982	÷	75.00	=	1213.1
Warranty	\$ 54,411	÷	106.40	=	511.4
Internal	\$ 86,516	÷	116.00	=	745.8
New Vehicle Prep	\$ 11,364	÷	116.00	=	98.0
Total	\$ 378,466				3733.7

POTENTIAL

$$\begin{array}{r}
 \$ 378,466 \\
 \text{Total labor sales for month}
 \end{array}
 \div
 \begin{array}{r}
 3733.72 \\
 \text{Total hours billed}
 \end{array}
 =
 \begin{array}{r}
 \$ 101.36 \\
 \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 17.00 \\
 \text{\# Service mechanical technicians}
 \end{array}
 \times
 \begin{array}{r}
 8 \\
 \text{\# Hours/Day}
 \end{array}
 \times
 \begin{array}{r}
 25 \\
 \text{Working Days/Month}
 \end{array}
 =
 \begin{array}{r}
 3,400.0 \\
 \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{r}
 3,400.0 \\
 \text{Clock Hours Available}
 \end{array}
 \times
 \begin{array}{r}
 \$ 101.36 \\
 \text{Effective Labor Rate}
 \end{array}
 =
 \begin{array}{r}
 \$ 344,638 \\
 \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians?

$$\begin{array}{r}
 3,733.7 \\
 \text{Hours Produced}
 \end{array}
 \div
 \begin{array}{r}
 3,400.00 \\
 \text{Hours Available}
 \end{array}
 =
 \begin{array}{r}
 109.81\% \\
 \text{Tech Proficiency}
 \end{array}$$

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

FACILITY POTENTIAL	
Number of Bays	34
	x
Number of Days	25
	x
Number of Hours	8
	x
Effective Labor Rate	101.36
	<i>equals</i>
FACILITY POTENTIAL	\$ 689,248

FACILITY UTILIZATION	
Total Labor Sales	\$ 378,466
	÷
Facility Potential	\$ 689,248
	<i>equals</i>
FACILITY UTILIZATION	54.91%

We use a conventional production method in our Service department

The Picture	
Customer Pay Gross Profit %	60.15%
Total Service Dept. G.P. %	63.42%

The Picture	
Customer Pay Gross Profit %	60.15%
Total Service Dept. G.P. %	63.42%
Parts / Labor Ratio (Cust. Pay Only)	0.81

Total Service Dept. Expenses	\$ 271,608
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Our specialty parts room has some room for improvement but overall it is organized and labeled.

Alex Thompson
Thompson Sales Company
N336-34



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Thompson Sales Company
N336-34



Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$	2,329	÷	45.60	=	51.07	FRH Average
Maintenance	\$	5,115	÷	57.10	=	89.58	FRH Average
Repair	\$	24,839	÷	227.20	=	109.33	FRH Average
Totals	\$	32,283	÷	329.90	=	97.86	Customer ELR
			Target Labor Rate			118.00	Per FRH
Total Ro's in Sample		100	Difference			-20.14	Per FRH
Cost of Labor							
Total Cost of Labor		7783.90	÷	Total Sales	=	24.11%	Percent Cost of Sales
Total Cost of Labor		7783.90	÷	Total FRH's	=	23.59	Cost per FRH
Repair Order Measurements							
Total Labor Sales		32,282.62	÷	Total RO's	=	322.83	Avg Labor per RO
Total FRH's		329.90	÷	Total RO's	=	3.30	Avg FRH's per RO
Menu Sales			÷	Total RO's	=		Percent Menu Sales
Competitive FRH's		45.60	÷	Total FRH's	=	13.82%	Percent Competitive
Maintenance FRH's		57.10	÷	Total FRH's	=	17.31%	Percent Maintenance
Repair FRH'		227.20	÷	Total FRH's	=	68.87%	Percent Repair
One item RO's		55	÷	Total RO's	=	55.00%	Percent One Item RO
Model Year Analysis							
2019	2018	2017	2016	2015	2014	Older	Total
0	3	8	4	12	5	68	100
0.00%	3.00%	8.00%	4.00%	12.00%	5.00%	68.00%	

Service Department Analysis for Thompson Sales Company for the month of August 2018

Alex Thompson

336-34

STRENGTHS

1. Many technicians with over 30 years of experience not only as a technician but with Thompson Sales. This creates a great work environment in the shop and allows the less experienced techs the ability to gain the knowledge from their coworkers that can only be found in on job training.
2. We have tenured service advisors who have at least 9 years of experience with Thompson Sales, so they are onboard with our culture and how we want customer to be treated.
3. Thompson Sales has been in this community for 99 years, so we have the benefit of name recognition and a loyal customer base.
4. We use an iPad for all vehicle walk arounds which gives the customer a little more peace of mind when they are expressing their concerns to the advisor and they are immediately noting them in the system.
5. Large loaner fleet for warranty customers.
6. All technicians have a stall with a lift and a flat stall directly next to it.
7. Many of our technicians are doing specialized work to their skill level and desired line of work so this will allow us to get those specialized jobs in and out of the shop quicker.
8. Our BDC does a great job of calling and sending post cards to customers who have open recalls to try and get them into the service department.

9. We have a customer waiting area with a large commercial glass front fridge that contains free drinks and snacks, TVs, coffee area and free Wi-Fi. This seems to be the thing that customers talk about the most when talking about our service department and they always say, "You have the best waiting area in town."

Weaknesses

1. Service advisors have been with us for a long time, so they can become complacent with their day to day duties.
2. We could be open longer to help with customer satisfaction.
3. Shuttle stops driving at 4p every day.
4. Special tools occasionally get lost in the shop and become hard to find when they are left on a technician's toolbox and not put back up where they are supposed to be.
5. Communication between service advisor and customer is lacking and can lead to unnecessary customer confusion.
6. Communication between service and sales is lacking and can cause frustration for the customer when they go to service to get something done that sales has promised but sales has not confirmed it with the service advisor first.
7. Service advisors will sometimes ignore pages or phone calls to finish their current task.
8. If a customer doesn't show up for an appointment, we are not always calling them to see when they would like to reschedule.

9. We work on all makes and models but sometime fall short when we do not have the specialized equipment available to diagnose all the issues the vehicle may be having.

Opportunities

1. Working with local vocational schools to get young qualified technicians before they go to another dealership.
2. Expand our service hours for the convenience of the customer.
3. Advertising for service specials to all potential customers and not only past customers.
4. We are very close to a local hospital and could advertise to them more. We could also pick up and deliver their vehicles back to the doctors and nurses while they are working.

Threats

1. We are not the only dealership in town, so we must stay extremely competitive not only with our pricing but with our customer service also.
2. Local repair shops have less overhead than we do so many times we have to cut our gross on specials even lower to retain our customer.
3. Be backs can be a major problem with customer retention in our service department.
4. Staying in touch with customers while their vehicles are in the shop can cause them to take their vehicle elsewhere the next time it needs service.

5. We must keep a large staff for the summer months but during the winter months our work load lessens, and technicians have less work.

Objectives

1. Increase upsell to get rid of one-line RO's
2. Generate more work to help fill void during down months
3. Track lost sales for parts and declined work
4. Increase technician productivity, efficiency and proficiency
5. Evaluate Service Advisor pay plans

Strategies

1. Post a competitive pricing board to show we are not always the most expensive.
2. Put Green, Yellow and Red tires on the service drive to push tire sales.
3. Have a daily 5-minute shop meeting with technicians to see if there are any issues that can be addressed quickly in the shop.
4. Have a save a deal meeting with the advisors every morning to see if there is anyone the service manager can call to get back in the door.
5. Work with Quick Lube technicians on upselling techniques offer a discount if they get that work done same day at the main shop.
6. Upselling at the Quick Lube will generate more work for the main shop.

Tactics

1. Hire a shop foreman that can help with overall shop workflow and to help groom younger technicians.
2. Have younger technicians work with more tenured technicians to help with on job training.
3. Advertise all service specials. The small shops do so why shouldn't we?
4. All discounting must be ran by the service manager.
5. Have the Service Advisors go through phone skills training.

Task	By Whom	Completion Date
Take away Advisor ability to discount	Service Manager	Immediately
Extend shuttle service to match service hours	Service Manager	Immediately
Track lost sales and fill rate	Parts Manager	Daily
Look over advisor pay plans	Service Manager	10/1/2018
Look over technician pay plans	Service Manager	10/1/2018
Look over Service Manager pay plans	General Manager	10/1/2018
Make sure all pricing is in check with competition	Service Manager	10/1/2018
Extend Service hours by 30 minutes early and late	GM / Serv. Mgr.	11/1/2018
Phone skills training for Service Advisors	Service Manager	10/1/2018
Daily Technician Meetings	Service Manager	Daily
Weekly Parts and Service Manager Meetings	General Manager	Weekly

Synopsis

After reviewing everything from the class and bringing it back to my store it is very evident that we do some things right, but we do other things wrong. The biggest thing that is evident to me is the lack of communication between our service advisors and the customer when their car is in the shop for service. AS we learned in class we need to touch base with the customer at three set points throughout the day.

I do not believe we need to extend our hours drastically, but we could go from 7:30a to 7:00a and then 6:00p to 6:30p Monday thru Friday and 8:00a to 7:30a and then 5:00p to 5:30p on Saturday. That would give us an extra hour each day and would result in an increase in customer satisfaction if they were able to drop off or pick up their vehicle a little earlier or later.

We have a strong group of tenured technicians that operate very close to the NADA guide of 120% proficient which helps with our shop utilization. Our shop utilization seems low but in my opinion that is due the size of the shop and each technician having two stalls. They cannot be constantly working in both stalls, so this is something that I am not going to put too much emphasis on.

We need to look at the Service Advisor pay plans to make sure they are not working their pay plan to make it look like they are selling more hours when they are selling the same job but changing the coding to make it look like they are selling more so they can get a pay increase that week.

We need to do a competitive analysis on our competitions services and pricing to make sure we are inline with what they are selling and how they are pricing. We do not want to be the cheapest in the segment, but we also don't want to be the most expensive.

We need to start having daily meeting between the Service Manager and Service Advisors which can also be used as a save the deal meeting. The Service manager also needs to meet with the technicians to make sure morale is high and to

take care of any problems before they get out of hand. The Parts Manager and the Service Manager also need to make sure they are meeting daily, so they can work together to increase gross for both departments which will lead to a profitable year for both the dealership and the employees involved.

With all this being said there are many things that need to be fixed but it all doesn't need to happen today. It is going to take some time to make sure everyone is on board and has the same end goal as you do. If we start to implement all these things we will increase our bottom line by increasing gross potential and then hopefully decreasing our expenses that we as a department manager are able to control.