

A.) We currently are doing quite a bit of advertising. We send out mailers with current specials, advertise on television, visit the local technical college, lead field trips with aspiring mechanics through our shop, send out email specials, and hold quarterly new owner clinics where service and maintaining your vehicle are heavily featured. I would like to add some additional advertising such as

B.) Our non-dealer survey helped show how much we really have to offer. We were VERY competitive in all categories usually coming in at the second-best price but across the board. It seems like most places chose one or two categories to be price leaders and we have really hit the mark in ALL categories.

C.) We have a ton of potential with our updated facility. In the month of August we only utilized 22.7% of our facilities potential!

FACILITY POTENTIAL

Number of Bays		32
	x	
Number of Days		26
	x	
Number of Hours		12
	x	
Effective Labor Rate		123.14
		<i>equals</i>
FACILITY POTENTIAL	\$	1,229,430

FACILITY UTILIZATION

Total Labor Sales	\$	279,142
	÷	
Facility Potential	\$	1,229,430
		<i>equals</i>
FACILITY UTILIZATION		22.70%

D.) Another area of opportunity! Tech proficiency in the month of August was only 51.52%.

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car & Truck	\$ 91,005	÷	132.55	=	686.6
Customer QSERV	\$ 26,702	÷	132.55	=	201.4
Customer S/CNTR*	\$ 42,338	÷	132.55	=	319.4
Warranty	\$ 58,675	÷	123.51	=	475.1
Internal	\$ 50,257	÷	99.00	=	507.6
New Vehicle Prep	\$ 10,165	÷	132.55	=	76.7
Total	\$ 279,142				2266.8

POTENTIAL

\$ 279,142	÷	2266.83	=	\$ 123.14		
Total labor sales for month		Total hours billed		Effective Labor Rate		
25.00	x	8	x	22	=	4,400.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Av.
4,400.0	x	\$ 123.14	=	\$ 541,825		
Clock Hours Available		Effective Labor Rate		Labor sales potential		

How proficient are your technicians ?

2,266.8	÷	4,400.00	=	51.52%
Hours Produced		Hours Available		Tech Proficiency

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

E.) Our shop currently uses the Team production method. We have four service advisors (1 internal and 3 mainline) and a four-pit quick lube department.

F.) Our gross as a percent of sales is very low. We need to charge full labor rate to internal right away! We also need to increase our repair and maintenance rates not only to increase our ELR but also to increase gross profit. Finally, we need to greatly reduce one item RO's and perform proper walk arounds with every customer and communicate with the customer constantly.

Service Department Sales And Gross (Labor Only)				
Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Cust Car & Truck	\$ 91,005	\$ 39,415	43.31%	32.60%
Cust QSERV	\$ 26,702	\$ 18,988	71.11%	9.57%
Cust S/CNTR	\$ 42,338	\$ 32,665	77.15%	15.17%
Warranty	\$ 58,675	\$ 50,567	86.18%	21.02%
Warranty Other			0%	0.00%
Internal	\$ 50,257	\$ 29,429	58.56%	18.00%
NMI / Road Ready	\$ 10,165	\$ 9,301	91.50%	3.64%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 279,142	\$ 180,365	64.61%	100.00%

G.) With net profit percentage at 2.89% of gross we had a really bad month. For the year we are at almost 12%. The main issue here is not cutting expenses but MAXIMIZING gross profit! We need more sales, better tech proficiency, and facility utilization.

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 192,285		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 114,256	59.42%	
Semi-Fixed Expense	\$ 52,448	27.28%	
Fixed Expense	\$ 20,031	10.42%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 186,735	97.11%	
Net Profit	\$ 5,550	2.89%	

H.) We are currently looking at changing to multi-level flat rate pay plans for technicians which would better coincide with the team production method we use. Currently we are paying a rate off of a grid based on how many hours they turn in a week. The amounts on the grid differ based on technicians skills and level.

I.) We need to implement more performance programs with clear objectives, tracking, and communication. Currently it is being tracked by the service manager but there needs to be more involvement and communication from the service manager to the service advisors and technicians with regards to what has currently been produced, what our goals are, and how to get there.

J.) We are currently at 92% training for manufacturer and in General Motors eyes we should be around 97% at this time of year so we are a little bit behind and need to get this completed ASAP.

K.) Special tools are neatly labeled and organized on large swing boards. Currently they are checked out on an honor system. No issues at this point!



L.)

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 3,174	÷ 73.12	= 43.40	FRH Average
Maintenance	\$ 3,139	÷ 36.10	= 86.96	FRH Average
Repair	\$ 25,546	÷ 211.10	= 121.01	FRH Average
Totals	\$ 31,859	÷ 320.32	= 99.46	Customer ELR
		Target Labor Rate	125.51	Per FRH
Total Ro's in Sample	100	Difference	-26.05	Per FRH

Cost of Labor

Total Cost of Labor	8497.94	÷ Total Sales	= 26.67%	Percent Cost of Sales
Total Cost of Labor	8497.94	÷ Total FRH's	= 26.53	Cost per FRH

Repair Order Measurements

Total Labor Sales	31,858.54	÷ Total RO's	= 318.59	Avg Labor per RO
Total FRH's	320.32	÷ Total RO's	= 3.20	Avg FRH's per RO
Menu Sales		÷ Total RO's	=	Percent Menu Sales
Competitive FRH's	73.12	÷ Total FRH's	= 22.83%	Percent Competitive
Maintenance FRH's	36.10	÷ Total FRH's	= 11.27%	Percent Maintenance
Repair FRH'	211.10	÷ Total FRH's	= 65.90%	Percent Repair
One item RO's	43	÷ Total RO's	= 43.00%	Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older	Total
0	1	11	5	9	14	60	100
0.00%	1.00%	11.00%	5.00%	9.00%	14.00%	60.00%	

We have a lot of areas of opportunity after looking at the RO analysis. Our total customer ELR is too low because of the labor rates of both maintenance and repair. Our cost of labor is within guide and our average FRH's per RO look good. This analysis points out that our main problem is coming from way too many one item RO's. And with the average vehicle mileage at 98,000 and the majority of the vehicles being 5 years or older the one item RO's should be greatly reduced. These are vehicles that most likely have additional work that is needed other than just what they were brought in for.

M.)

Service Department Analysis for Main Motor

By: Clayton Ward N336

Strengths

1. Our shop capacity was increased greatly in a 2015 remodel. We added an entire quick lube with 4 pit stalls. We added 9 new hoists including one 15,000 lbs and one 12,000 lbs. This increased capacity has allowed us to complete more work and work on a whole new class of vehicles.
2. A completely new write up lane with garage doors keeping noise low and shop out of view. A clean quiet environment to do the write up with the customer.
3. Good leadership! Our service manager has great knowledge of all jobs and takes a hand on approach with employees and customers.
4. Half of our service advisors are women. This provides variety and welcoming environment for all of our customers.
5. Our dealership has been here for almost 100 years so we have a good name in the community and a very large customer base.
6. We service all makes and models, offer a shuttle service, 60+ complimentary loaner vehicles, and are open 6 days a week with late weeknight hours of operation.
7. We don't allow cell phone use in the shop for all hourly employees. This helps illuminate down time.

Weaknesses

1. Poor parts mix. Our first time fill rate is very low which causes inconvenience to the customer and possibly even turned down work.
2. Although the service hours are competitive in our market we still have opportunity with extending Saturday service hours to match sales.
3. Poor perception of technicians pay. We are currently reviewing this and open to making a change.
4. High technician turn over.
5. Service advisors can and do discount parts and labor. This could be a good opportunity to add an additional layer such as (all discounts require service manager approval).
6. No non-dealer competitive pricing board in the service drive.
7. A perception that there is no clear career path.

Opportunities

1. Increase service hours to match sales on Saturday until 6pm and explore Sunday hours.
2. Install non-dealer competitive price board.
3. Change the technician pay plans to increase pay if increase in production is met. Possibly add a draw to help with moral when business is slow.
4. Generate coupon plan with nearby restaurants and gas station to offer a deals for our waiters and in return they can hand out coupons for our service department to their customers.
5. Market to nearby businesses to capture more service work and possible technicians. We have a large urgent care clinic, technical college, and county courthouse right in town. These are all large employers that we could do a better job of getting in with and generating new business.

Threats

1. High turnover with technicians is putting extra stress on the rest of the employees.
2. A lot of dealerships in the area so we need to make sure we are staying competitive with our rates and advertising.
3. Our effective labor rate is quite a bit lower than our warranty rate. We need to get our ELR up to make sure we can keep our warranty rate.
4. Declining supply of technicians. Classes at tech schools are shrinking and people aren't learning the trade.
5. Maintenance intervals have increased. An example is longer time frame between oil changes.

Objectives

1. Reduce amount of one item RO's
2. Improve technician productivity, efficiency, and proficiency.
3. Increase facility utilization.
4. Track lost sales.
5. Improve technician moral.

Strategies

1. Train on a proper walk around. Make it mandatory for every service visit.
2. Eliminate service advisor's ability to discount parts. Or at least require manager override.
3. Implement lost last tracking with parts managers and track, measure, and enforce.
4. Put up a non-dealer competitive pricing board. For this to work we need to make sure to shop the competition every month or so.
5. Require constant contact from service advisor to customer even if there is not update. Over communication will lead to more sales and better scheduling.
6. Service manager to review one item RO's and hold reviews with technicians and advisors to show missed opportunities.
7. Address discounting and repair and maintenance pricing to help increase ELR.
8. Listen to phone calls weekly to make sure incoming service calls are being handled efficiently and appropriately.

Tactics

1. Consider a new pay plan for technicians.
2. Adjust internal shop rates to full retail.

3. Internal advisor to be paid on turn time through the shop. Collecting higher pay on quick turns will keep him motivated to stay on top of dispatching work, getting work approved, and coming up with creative solutions to getting the parts for the job.
4. Make service manager approve all parts and labor discounts.
5. Have a weekly meeting with service manager to review one item RO tracking. What or who is the cause? What have we implemented to reduce this number?
6. Require full walk around before RO can be written.
7. Continue to advertise our market leading pricing but add addition material about what sets us a part from the non-dealer competition. We used OEM parts backed by the manufacturer, we have the highest trained technicians for the job, we offer shuttle service and complimentary loaner vehicles, etc.
8. Implement a no smoking on the property policy. This will help increase technician proficiency spending more time on jobs and less time smoking. This will require punching out on break. We will also remove the smoking area.

Action Plan

Track daily fill rate and lost sales | By Parts Manager | Daily

Shut off ability to allow discounting | By Service Manager | November 1st

Require full walk around before RO can be generated | By Service Manger | November 1st

Extend service hours on Saturday to match sales | By Service Manager | November 15th

Advertise extended service hours and include coupons | By Service Manager | November 1st

Install non-dealer competitive pricing board in the lane | By Service Manager | November 1st

Adjust internal advisors pay plan to incentives quick turn | By Service Manager | November 1st

Charge full door rate on internal jobs | By Service and Parts Manager | Immediately

Weekly parts manager meeting | By Parts Manager/GM | Weekly

Weekly service manager meeting | By Service Manager/GM | Weekly

Hold weekly one item RO reviews | By Service Manager | Weekly

Change technician pay plan | By Service Manager | November 1st

Implement no smoking on the property | By Service Manager/GM | November 1st

Synopsis

Our store has the right framework in place. We have a large updated facility with a four-pit quick lube, plenty of mainline bays, and even heavy-duty lifts. We also offer extremely competitive rates and extensive hours so that we are convenient for our customers. We will look to extend service hours to close at 6pm instead of 3pm to match sales across the board.

Our biggest problem is coming from a lack of consistency. We need to consistently do a full walk around with every customer who drives into service. We need to consistently communicate with that customer to help us earn their trust and schedule the work. We need to consistently be reminding the customer of all the benefits of doing service and maintenance with a franchised dealer. Posting the non-dealer competitive pricing board will help deliver this point to the customer.

This will require consist training, coaching, and managing in the service department. On going sales training should be done with the service advisors (this is so important). One item RO's should be inspected and eventually the technicians will expect that a 98,000-mile vehicle usually wont only need one item repaired. These improvements will also require clear goal setting with productivity tracking and game plans discussed weekly.

I'm confident that with a few tweaks in our attitude, process, and an added focus on increasing gross profit this department will shine!