

Fixed Ops Departments Analysis for TURAN-FOLEY CHEVROLET CADILLAC BUICK

By

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## STRENGTHS

1. Our overall service team is very strong and committed to the continued success of the dealership. I'm the Fixed Operations Director and the Dealer's son-in-law. The Service Manager has worked in our Parts department as a counterman, worked over a decade as an Advisor, and has been with the dealership as a whole for nearly thirty years. The Parts Manager has been in the position for at least thirty years and oversees the top wholesale business in our area. While he is slow to change, he is open to change.

Advisors are personable and friendly, and outpace our area, region, and zone (and our sales team) in CSI scores.

Technicians are experienced, trained, and skew young. Two technicians are close to WORLD CLASS distinction, a level unreached by other technicians in our dealership's region and zone. To have one such tech would be a feather in our cap; to have two is rare. We grow our technicians, just this week having promoted a young lube tech to full tech status.

2. Our service CSI score has been trending up since the first quarter of this year thanks to changes made in our process—has stayed consistently up, and continued to grow—surpassing our sales CSI score for the entirety of the last quarter.
3. Our Parts Department is the largest wholesale business in the lower half of our state. Our GM competition is forced to do business with us given the size and proximity of our inventory. We have strong relationships with independent service and body shops for the same reason.
4. While our area is slow to adopt change (there is little Uber presence and very little EV sales, for example), it is a fiercely loyal population. We are regularly on the top of the state sales charts, and so have the best opportunity to attract new customers and retain the ones we have provided we don't rest on our laurels.
5. Our dealership does have a Collision Department for service customers to take advantage of, and which also provides internal work for repairing lot damage.

## WEAKNESSES

1. Our business can overwhelm us at times. We currently run with five lube techs, but have been getting backed-up more often than I like. A recent transmission problem with certain models of Chevrolet exposed our over-reliance on a single tech who specialized in that work. We need to grow our team and cross-train where possible.
2. Our service hours do not mirror those of the sales department. Fortunately, in our area, we have no competition during the hours that we're not open for business. It's difficult to know then if our work load issues are tied to those scheduled hours or not.
3. We're not aggressively marketing for the service department. Our advertising funds are all currently used to promote the sales side of the business, and we have been neglecting both service and collision departments.
4. Our percentage of one-line R.O.s is unacceptable. While our advisors have excellent CSI scores, they have the ability and opportunity to sell more maintenance work.
5. While we currently meet our parts ordering requirements with GM's RIM program, our warehouse is cramped and full to bursting. Our very large wholesale business has become an albatross around our neck in many ways.
6. We are not working on all makes and models, but again we currently have more business than we get our on time.
7. Our Collision Department is understaffed, out-of-date, and losing money.

## OPPORTUNITIES

1. Our heavy business load is a blessing, and an opportunity to grow our already large customer base. We need to recruit more technicians, but also examine our distribution of work to make sure that we're working at peak efficiency.
2. We have an experienced marketing partner than we should fully utilize to advertise the entire dealership rather than just one area.
3. Rework our technician bonus play to reward proficiency.
4. Even a modest increase in selling normal (but overlooked) maintenance in the service lane would pay significantly towards perceived customer value and customer loyalty.
5. We are inviting an outside consultant with GM experience to help assess the current use of our warehouse space. If our mix is corrected, we can store better, access better, and deliver better. Implementing an online-parts catalog would help with more efficient communication with customers.
6. Survey our customers to see if they would take advantage of a half-day Sunday.
7. The Collision Department is too valuable on paper to simply close up. Besides their portion of absorption and the handling of internal work, we are the only dealership to maintain a GM-certified paint-and-body-shop.

## THREATS

1. While our most serious competitor has struggled throughout the year, it has been turned over to an aggressive dealer with multiple stores. We have to maintain our high CSI to retain the customers they have lost to us. Customers will naturally want to try the shiny, new thing, but we can put into place an advertising blitz during the week they're opening to offset their initial impact.
2. The Collision Department is on too few direct-repair lists for various reasons including a lack of updated tools, inefficient scheduling of work, and small work crew. The current manager is close to retirement and has shown to be both complacent and lacking desire to improve.
3. Despite their high CSI numbers, Service Advisors aren't taking full advantage of technology that can better serve their customers. They are more comfortable with antiquated materials and techniques. As we pay monthly for these aids, we need to implement them fully into our processes or be seen as backward and antiquated with increasingly tech-savvy customers.

## **OBJECTIVES**

1. Increase the percentage of multi-line R.O.s in the service lane.
2. Improve technician proficiency.
3. Increase the profitability of the Collision Department.
4. Maintain our excellent CSI scores.
5. Hire one more lube tech and one more service tech.
6. Streamline our parts inventory.

## STRATEGIES/TACTICS

1. Train service advisors on communicating the value of suggested maintenance work and overcoming objections to maintenance work.
2. Rework technician's bonus plan of reaching a certain number of hours worked to a plan revolving around achieving a certain proficiency.
3. We desperately need a new porter in the service lane. Hiring a lube-tech with good interpersonal skills to greet customers and perform checks in the lane will lead to more maintenance/competitive sales, improving our one-line R.O. percentage.
4. Reestablish direct-repair relationships with the major insurance companies of the area.
5. Continue to share data with advisors, pointing our successes and opportunities for improvement.
6. Work with our local community college programs and visit GM technician hiring opportunities.
7. We have invited an outside consultant with decades of GM parts warehouse experience to help improve our current mix and analyze current processes.

## ACTION PLAN

<u>TASK</u>	<u>BY WHOM</u>	<u>COMPLETION DATE</u>
Bi-weekly Fixed-Ops meeting	Fixed Ops/Dept. Mgrs.	Bi-Weekly
Bi-weekly Service Advisor meeting	Fixed Ops/Serv. Mgr.	Bi-Weekly
Weekly Service Tech meeting	Fixed Ops/Serv. Mgr	Weekly
Bi-weekly Body Shop meeting	Fixed Ops/Col. Mgr.	Bi-Weekly
Hire new quick lube tech	Service Mgr.	Dec. 01
Hire service-lane consultant	Fixed Ops	Dec. 01
Visit local community college with graduated techs we've hired	Fixed Ops	Jan. 01
Institute new technician bonus plan based on proficiency and install leader board	Service Mgr.	Jan. 01
Refresh Service Advisor training	Fixed Ops/Serv. Mgr	Jan. 01
Install Advisor POS machines/re-task cashiers	Fixed Ops	Dec. 01
Visit with local insurance representatives to re-establish relationships and return to preferred partner status	Fixed Ops	Jan. 01
Bring in parts inventory advisor	Dealer/Fixed Ops	Feb. 01

## SYNOPSIS

We have a financially healthy Service and Parts department, but it is clear that there's much more money to be made. Small changes, some new training, new bonus plans, and sharing of data can improve the work of advisors and technicians alike.

Improving our single-line R.O. percentage will bring additional profit to both of those departments, and is simple as re-training advisors. Advisors are paid commission, so will should be eager to adopt methods to overcome obstacles in the selling process. We are looking to hire a lube-tech to be a hybrid porter/consultant for the service lane. This person will ideally have solid interpersonal skills to communicate the needs of battery/wiper/tread-depth checks, and coachable regarding sales strategies. We currently have four advisors, and could use a fifth depending on the success or lack thereof of the new porter.

Our current Service CSI score had improved dramatically since I started sharing detailed results of advisors surveys. I'm looking to do the same with the technicians, grading them on their proficiency, making those numbers regularly available to them in the same way we do so for the sales team. We currently bonus on whether or not techs go over 40, 45, and 50 hours. This has unfortunately not helped. We are going to institute a new bonus based on proficiency, rewarded at the end of every month, and in-addition give any master-level technician with a high average proficiency over a calendar year an extra (unpaid) week of vacation.

Our shop is at current capacity, but it would bode us well to re-establish ties with local mechanical repair and collision college programs.

The state of our Body Shop is very poor. While we have an adequate number of technicians, our turn-around time is below standard, which has caused us to lose direct-repair relationships with local insurance companies. A survey of the shop reflects low morale due to poor distribution of work, perceived bias in the distribution, and a shop that is woefully behind the curve in regard to tools, technology and training. Complacency in management is seen as the primary root of these issues.

Body Shop management will be under review, as well as their pay plans. I will be reviewing each area's concerns and needs, investing needed dollars into the shop. I will also, however, be keeping close watch on technician efficiency (per NADA grading suggestion) and training, staying as transparent with them in this regard as I am with Service technicians.

FACILITY POTENTIAL	
Number of Bays	32
	x
Number of Days	27
	x
Number of Hours	10
	x
Effective Labor Rate	115.6
	<i>equals</i>
FACILITY POTENTIAL	\$ 998,784

FACILITY UTILIZATION	
Total Labor Sales	\$ 159,141
	÷
Facility Potential	\$ 998,784
	<i>equals</i>
FACILITY UTILIZATION	15.93%

## NADA ACTUAL SERVICE ANALYSIS page B-1

**Performance**

	Labor Sales / Month	÷	Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 87,647	÷	108.00	=	811.5
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 34,383	÷	105.17	=	326.9
Internal	\$ 25,721	÷	108.00	=	238.2
New Vehicle Prep	\$ 11,390	÷		=	0.00
<b>Total</b>	<b>\$ 159,141</b>				<b>1376.6</b>

**POTENTIAL**

$$\begin{array}{r}
 \boxed{\$ 159,141} \div \boxed{1975.30} = \boxed{\$ 80.57} \\
 \text{Total labor sales for month} \quad \text{Total hours billed} \quad \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 \boxed{14.00} \times \boxed{10} \times \boxed{27} = \boxed{3,780.0} \\
 \text{\# Service mechanical technicians} \quad \text{\# Hours/Day} \quad \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{r}
 \boxed{3,780.0} \times \boxed{\$ 115.60} = \boxed{\$ 436,968} \\
 \text{Clock Hours Available} \quad \text{Effective Labor Rate} \quad \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{r}
 \boxed{1,975.3} \div \boxed{3,500.00} = \boxed{56.44\%} \\
 \text{Hours Produced} \quad \text{Hours Available} \quad \text{Tech Proficiency}
 \end{array}$$

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 92,178	\$ 57,337	62.20%	49.94%
Customer Truck			0%	0.00%
Customer Other	\$ 3,481	\$ 218	6.26%	1.89%
Warranty	\$ 46,327	\$ 31,940	68.94%	25.10%
Warranty Other			0%	0.00%
Internal	\$ 35,450	\$ 11,140	31.42%	19.21%
NVI / Road Ready	\$ 7,131	\$ 2,449	34.34%	3.86%
Adj. Cost Of Labor		\$ (1,231)	0%	0.00%
<b>Total</b>	<b>\$ 184,567</b>	<b>\$ 101,853</b>	<b>55.18%</b>	<b>100.00%</b>

The Picture	
Customer Pay Gross Profit %	60.17%
Total Service Dept. G.P. %	55.18%

**Service Department Profit Centering**    pageA-7

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 115,023		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 75,622	65.75%	
Semi-Fixed Expense	\$ 31,160	27.09%	
Fixed Expense	\$ 10,264	8.92%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 117,046	101.76%	
Net Profit	\$ (2,023)	-1.76%	

<b>The Picture</b>	
Customer Pay Gross Profit %	60.17%
Total Service Dept. G.P. %	55.18%
Parts / Labor Ratio (Cust. Pay Only)	1.14
Total Service Dept. Expenses	\$ 117,046



## Repair Order Analysis

Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor	One Item Repair Order
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours		
509457	2015	CRUZE	48,264	23.04	0.80	0.00	0.00	0.00	0.00	18.40	1
502890	2017	SONIC	24,216	23.04	0.80	0.00	0.00	0.00	0.00	20.80	1
505328	2015	ENCLAV	68,704	0.00	0.00	0.00	0.00	108.00	1.00	25.00	1
495222	2015	VETTE	24,472	24.38	0.40	0.00	0.00	0.00	0.00	10.40	1
489555	2015	TAHOE	71,596	15.49	0.80	0.00	0.00	0.00	0.00	18.40	1
460796	2016	1500	13	69.95	1.50	0.00	0.00	0.00	0.00	42.00	1
472164	2016	ENCLAV	21,466	39.70	1.10	0.00	0.00	0.00	0.00	28.60	0
485957	2016	TAHOE	12,764	14.95	0.40	0.00	0.00	0.00	0.00	6.40	1
495576	2016	1500	21,670	15.49	0.80	0.00	0.00	0.00	0.00	16.00	1
501095	2016	SS	19,213	18.37	0.80	0.00	0.00	0.00	0.00	20.80	1
503101	2015	TRAX	57,046	0.00	0.00	0.00	0.00	108.00	1.00	25.00	1
503830	2015	ENCORE	23,853	14.95	0.40	0.00	0.00	0.00	0.00	10.40	1
507992	2015	ENCORE	56,965	37.04	1.00	0.00	0.00	0.00	0.00	20.00	0
508130	2017	2500	30,605	6.47	0.80	0.00	0.00	0.00	0.00	16.00	1
504971	2016	1500	19,181	15.49	0.80	0.00	0.00	0.00	0.00	16.00	1
478439	2016	CAMARC	16,396	32.99	1.00	0.00	0.00	0.00	0.00	26.00	1
500335	2016	EQUINO	15,853	23.04	0.80	0.00	0.00	25.00	0.50	26.00	0
488000	2016	1500	23,457	15.49	0.80	0.00	0.00	0.00	0.00	16.00	1
507087	2017	1500	34,913	45.49	1.10	0.00	0.00	0.00	0.00	25.30	0
486126	2015	SUBURE	69,890	16.93	0.80	0.00	0.00	0.00	0.00	20.80	1
498696	2015	ESCALA	51,448	125.44	2.20	96.00	1.00	0.00	0.00	73.60	0
506014	2009	VETTE	62,562	15.00	0.40	0.00	0.00	324.00	3.00	98.60	0
462614	2015	1500	12,917	32.99	0.60	0.00	0.00	0.00	0.00	16.20	1
496376	2015	YUKON	89,549	0.00	0.00	0.00	0.00	108.00	1.00	31.00	1
500511	2015	1500	35,097	15.49	0.80	79.95	1.50	0.00	0.00	59.80	0
504501	2015	TAHOE	59,555	0.00	0.00	60.00	1.00	0.00	0.00	25.00	1
481530	2015	SUBURE	28,291	28.00	1.00	0.00	0.00	0.00	0.00	69.95	0
465759	2015	ESCALA	12,669	0.00	0.00	60.00	1.00	0.00	0.00	25.00	1
501863	2013	1500	70,020	32.71	0.80	96.00	1.00	0.00	0.00	40.00	0
503743	2013	MALIBU	86,678	20.19	0.80	0.00	0.00	0.00	0.00	16.00	1
504821	2013	EQUINO	116,099	23.04	0.80	0.00	0.00	0.00	0.00	16.00	1
509074	2013	EQUINO	122,337	0.00	0.00	0.00	0.00	183.60	1.70	56.10	1
506308	2013	LACROS	109,325	86.25	1.80	216.00	2.00	0.00	0.00	87.40	0
499475	2013	TAHOE	75,768	0.00	0.00	0.00	0.00	108.00	1.00	32.00	1
502377	2013	1500	59,808	9.33	0.80	0.00	0.00	0.00	0.00	18.40	1
503084	2013	TAHOE	63,359	37.04	1.00	0.00	0.00	0.00	0.00	20.00	0
5019124	2013	LACROS	154,753	0.00	0.00	0.00	0.00	702.00	6.50	221.00	1
494939	2013	TAHOE	74,820	18.71	0.80	0.00	0.00	216.00	2.00	62.00	1
507048	2013	TAHOE	56,153	0.00	0.00	0.00	0.00	0.00	0.00	26.00	1
502803	2013	ENCLAV	52,983	0.00	0.00	60.00	1.00	0.00	0.00	26.00	1
498335	2013	ESCALA	164,593	18.71	0.80	0.00	0.00	0.00	0.00	25.00	1
502127	2013	CAMARC	54,901	0.00	0.00	71.95	1.00	0.00	0.00	34.00	1
494794	2013	EQUINO	9,458	23.04	0.80	0.00	0.00	0.00	0.00	16.00	1
503814	2009	1500	152,768	0.00	0.00	0.00	0.00	864.00	8.00	272.00	1
497390	2008	ENCLAV	132,065	14.95	0.40	0.00	0.00	702.00	6.50	227.70	0
504983	2008	DTS	138,391	0.00	0.00	0.00	0.00	248.40	2.30	75.90	1
500177	2008	2500	98657	0.00	0.00	0.00	0.00	1,512.00	14.00	364.00	1
503283	2006	1500	162844	0.00	0.00	0.00	0.00	661.55	7.20	172.80	0
495395	2007	VETTE	50556	0.00	0.00	0.00	0.00	144.17	1.40	44.80	1
495232	2006	1500	101155	15.43	0.80	0.00	0.00	0.00	0.00	16.00	1
<b>ROs 1-50 Totals</b>				<b>968.62</b>	<b>29.50</b>	<b>739.90</b>	<b>9.50</b>	<b>6,014.72</b>	<b>57.10</b>	<b>2,666.55</b>	<b>37</b>
Date of Study: Study Compiled by				C Labor		M Labor		R Labor		Total Cost of Labor	One Item Repair Order
				Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours		

## Repair Order Analysis

Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor	One Item Repair Order	
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours			
505266	2008	VETTE	55,021					324.00	3.00	87.00	1	
494867	2007	ENVOY	192,241					972.00	9.00	261.00		
506247	2002	1500	238,256					216.00	2.00	68.00	1	
496438	2002	DEVILLE	52,260	901.00	0.80	251.72	3.00			87.40		
503097	2013	EQUINO	162,408	23.04	0.80					16.00	1	
503763	2013	VERANC	69,838	23.04	0.80					16.00	1	
494729	2013	EQUINO	88,349	23.04	0.80					16.00	1	
502417	2013	ENCORE	151,321					108.00	1.00	31.00	1	
503022	2013	SONIC	56,648	74.99	1.50			13.79	0.20	42.36		
505463	2013	ATS	53,358	18.71	0.80					16.00	1	
502930	2013	MALIBU	78,848	20.19	0.80					18.40	1	
501963	2013	MALIBU	166,357					399.60	3.70	122.10	1	
498394	2013	XTS	99,429					108.00	1.00	33.00	1	
503392	2013	1500	59,383	100.40	0.80					23.00		
499720	2013	3500	161,990	486.00	4.50					117.00	1	
507949	2013	CTS	48,452	31.45	0.60					13.80		
507245	2012	TRAVER	88,791	18.71	0.80			12.00	0.20	26.00		
503138	2011	1500	127,036	18.71	0.40					10.40	1	
499280	2011	CTS	84,778	18.71	0.40					8.00	1	
496040	2011	CAMARC	87,264			145.00	1.50			30.00	1	
508114	2012	VAN	159,012	28.71	0.80			72.00	1.20	40.00		
503390	2012	AVALAN	155,968					216.00	2.00	60.00	1	
502553	2011	EQUINO	83,499	41.48	1.10					25.30		
508814	2011	1500	202,906					108.00	1.00	34.00	1	
504683	2011	ACADIA	83,394					874.80	8.10	267.00		
495111	2011	VAN	168,340					432.00	4.00	124.00	1	
509035	2011	CAMARC	59,187	15.00	0.40					8.00	1	
503883	2011	CRUZE	154,198					108.00	1.00	25.00	1	
494680	2012	VERANC	74,644	37.99	1.20					27.60		
495659	2012	2500	232,015	87.26	0.80			48.00	0.80	32.20		
495250	2005	1500	154,282					972.00	9.00	225.00	1	
501224	2005	AVALAN	162,396					972.00	9.00	288.00	1	
505223	2005	STS	42,070	64.40	0.90					23.40		
504055	2005	VAN	433,932	10.94	0.40					8.00	1	
508048	2005	1500	64,854					216.00	2.00	68.00	1	
501850	2005	CTS	137,099					173.40	5.10	173.40	1	
495463	2005	ESCALA	151,069	15.61	0.80	80.00	1.00			41.40		
499204	2005	EQUINO	124,083	32.64	1.00			24.00	0.40	32.20		
505277	2004	CENTUR	70,027	8.64	0.40					9.20	1	
496843	2004	LESABR	104,093					90.00	3.00	90.00	1	
497800	2004	AVALAN	178,542					1,069.00		316.80		
497760	2004	BLAZER	106,223					194.40	1.80	59.40		
508619	2010	LUCERN	42,123	88.14	1.90	180.47	2.00	236.99	3.00	223.20		
506160	2010	ACADIA	89,718					2,414.45	22.50	735.00		
496391	2009	CTS	73,632					296.98	4.01	93.60		
506017	2009	VETTE	62562	15.00	0.40			324.00	3.00	98.60	1	
<b>ROs #50 - 100</b>				<b>Totals</b>	<b>2,185.09</b>	<b>23.90</b>	<b>657.19</b>	<b>7.50</b>	<b>10,995.41</b>	<b>101.01</b>	<b>4,170.76</b>	<b>27</b>
Date of Study: Study Compiled by				C Labor		M Labor		R Labor		Total Cost of Labor	One Item Repair Order	
				Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours			