

Service Department
Analysis
For Mountain Home Auto
Ranch

Darren Potter General Manager Class
N338

S.W.O.T. Analysis

Strengths

1. Large active duty/retired Air Force, as well as a very large diary customer base. The service department has guaranteed work every month with these customers/accounts.
2. We have a very trained technician base. Of the 8 senior master certified Ford technicians in Idaho, we have 2 of them.
3. Our small town is starting to grow. There is an influx of new residents moving into Idaho, and we have 2 new subdivisions that have just broken ground.
4. For the first time we have a stable and productive Service Manager. He has been with us now for 4 years and has consistently increased profitability year over year.
5. We have a large capacity shop, giving us the ability to take on more customers.
6. We have a high volume of non - domestic active service customers.
7. We have a team oriented shop, with over 100 years of combined technician experience, there is never a shortage of knowledge to complete any repair.

Weaknesses

1. Hours do not mirror the sales department hours.
2. Too much unapplied time.
3. Lack of Service advertising in comparison to Sales department advertising.
4. No non-dealer competitive pricing menu in the service drive.
5. Percentage of 1 line RO's is too high, Quick Lane advisor needs to sell more than just oil changes.
6. Lack of fast moving parts consistently in stock causing unnecessary delays in customer repairs.
7. CSI does not seem to be as important to the service advisors as it does to the General Manager.

Opportunities

1. We are the only dealer that will service RV's. We need to expand our RV service.
2. Several independent shops in town with a very loyal customer base, are closing. We have an opportunity to capture these customers.
3. The Air Force base is consistently having new airmen arrive on base, giving us an opportunity to capture new service customers.
4. We have an opportunity to reach new sales customers with a spring and fall service clinic to acclimate new customers to the service department.
5. We have a mobile service truck. We have the ability to expand our mobile recall/maintenance business immediately.

Threats

1. In our area we have a lot of commuters. They sometimes find it easier to have their vehicles serviced closer to where they are working.
2. With the Air base always turning over, we can lose good customers when they are moved to another base.
3. Having a very small town, it is very difficult to find even entry level service personnel.
4. New vehicle maintenance intervals are getting longer. We need to do a better job of enticing customers to come in sooner.
5. Social Media. One customer, having one bad experience can cause a lot of damage, especially in a small town.

Objectives

1. Reduce unapplied time by 30%
2. Reduce number of 1 line RO's on competitive labor
3. Keep service policy within NADA guidelines of 2% of labor gross.
4. Utilize shop to full potential.
5. Change advisor pay plans to be CSI driven
6. Increase the average hours per RO for each advisor
7. Submit for a warranty labor rate increase from all 3 of our manufacturers.

Strategies

1. Daily detailed fixed operations tracking.
2. Detailed daily tracking and objective setting for all advisors and technicians.
3. Post and update daily technician productivity board in shop.
4. Eliminate Ford Quick Lane and transition FCA Express lane in order to reduce expense and increase parts discounts from manufacturer.
5. Track all lost part sales, emergency purchases and fill rate. Train Parts manager to do this.
6. Train the appointment coordinator to schedule appointments based upon available shop hours.
7. Evaluate and adjust lube technician pay plans from hourly to a combination of hourly and commission to reduce the number of 1 line RO's.

Tactics

1. For more accountability institute monthly evaluations for all service and parts employees.
2. Staff technicians (especially lube) based upon customer traffic, not just standard 8 - 5.
3. Warranty administrator must evaluate every warranty RO in order to maximize every .10 of labor time, and every dollar of parts mark up.
4. Start advertising to attract new customers.
5. Hold parts counterman accountable for the parts the technician needs to complete a job. The parts counterman must have the fastest solution possible, not "its 2 days out".
6. Institute a phone tracking system for service, How many inbound calls, how many appts set, how many appts confirmed.

Action Plan

Task Date	By Whom
Eliminate Quick lane transition to Express Lane March 1 st 2019	General Manager/Dealer
Extend service hours on tues and thurs to 7pm Jan 1 st 2019	Service Manager
Implement time bucket training with apt coord Dec 31 st 2019	Service Manager
Implement daily phone tracking system Dec 31 st 2019	Service Manager
Install non dealer competitive pricing board Dec 31 st 2019	Service Manager
Change advisor pay plan to be CSI driven Jan 1 st 2019	General Manager
Hire 2 additional Dodge flat rate techs Feb 15 th 2019	Service Manager
Hire 1 additional Dodge advisor Jan 30 th 2019	Service Manager
Adjust technician schedule Dec 31 st 2019	Service Manager
Track lost sales and daily fill rate Today	Parts Manager
Submit for warranty rate increase March 31 st 2019	Gen Mngr/Service Mngr
Weekly meeting with Gen Mngr Weekly	General Manager
Parts and Service manager	

Synopsis

It is evident when reviewing the 100 RO analysis we have way too many one line RO's. This is having a dramatic impact on our hours and dollars per RO, thus directly affecting the profitability of the service department as well as having a direct impact on parts sales. To overcome this problem, we will be modifying the inspection process in our Quick Lane. A professional MPI will be presented to the customer within 10 minutes of the service beginning on the customers vehicle. The advisor must "sell" the fact that all of our manufactures offer 0.0% finance programs to help pay for these additional up sells. By installing a competitive non-dealer pricing board in the service write up area, this will make up selling easier.

With the additional up sell hours on these RO's, additional gross profit will be generated immediately reducing unapplied time. This will also increase the sale of fast moving parts, generating additional income for the parts department as well, dramatically affecting the overall profitability of both departments.

We have an opportunity to increase our shop utilization by adding additional flat rate technicians. This will increase the work flow and add additional sold labor hours, and immediately increase parts sales.

We must submit for a warranty rate increase across the board with all three of our domestic manufacturers. By being able to charge retail labor and parts on almost 500 hours per month sold, this will generate an immediate parts increase of almost \$5200 and \$2200 in labor, thus increasing the profitability of both departments immediately without adding any additional expense.

Service Dept Homework

- A. Advertising- Currently we have very little advertising for the service department. We will be implementing an on going quarterly service mailer to active service customers and targeted campaigns directed at our current customer base. In addition our BDC/Internet specialist will utilizing our current CRM to create targeted campaigns to our active service base, potential defectors and defectors.
- B. Marketing- Our BDC/Internet specialist will be tasked with internet and social media marketing to attract the growing numbers of new residents to the area. We will also use our Google campaign to purchase ad words so that our service department will show up in internet searches.
- C. Facility- By hiring additional flat rate technicians we will increase our facility utilization closer to potential.

We have an immediate need for 4 experienced flat rate technicians.

- D. Productivity- By adding additional technicians we will be able to capture the demand that the service department has. Technicians will be able to focus on and complete current jobs without having to be pulled off. Example: Technician A will be able to focus on his current job that pays 8 hours and finish in 6, due to lack of disruption by being pulled from that job to complete or start another job.
- E. Production method- We will be focusing on the MPI process and adding additional technicians.
- F. Analyze cost of Labor- Advisors must be trained on how to properly dispatch work to optimize gross profit. We must make sure that A level technicians are not being giving C level work.
- G. Changes in expense structure- By implementing the MPI process and adding technicians we will increase our hours sold. We will not change our expense structure, we will increase the available hours sold to maximum potential, thus increasing gross profit and bringing gross and expense in line.
- H. Pay Plans- We must hit CSI goals to receive the additional “back end” money from the manufactures. Advisor pay plans will be adjusted to be CSI driven. In addition, advisor pay plans will also be adjusted to performance based driving customer pay sales.
- I. Detail Performance Programs- The Service Director will be immediately tasked with implementing detailed daily tracking so that advisors and technicians will know where they currently are, what

they are currently tracking, what their monthly goal is and what is needed for them to achieve. A spiff program will be instituted as an additional incentive to achieve these goals as set forth by the Service Director.

J. Level of current training- We are currently trained across the board as required by all manufacturers.

K. Special tools- We do have every special tool that could possibly be needed. It is kept in a very neat and orderly fashion and inventoried by the Parts Manager.