

**Service Department Analysis for Maguire
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Qualitative Analysis

Strengths

1. At Maguire Ford/Nissan we have a large facility protentional with 14 bays being available and only 8 Techs on staff currently.
2. We have great employee morale and atmosphere; the Technicians enjoy their jobs.
3. Between the 8 Technicians there is over 100+ years of experience.
4. Plans in process for a new facility in 2019.
5. Shop is equipped with updated tools necessary for job performance.
6. There is adequate staffing of non-productive personnel to keep up with demand and growth potential.

Weaknesses

- 1.** Poor scheduling/processes. Not enough hours for walk ins/call ins. No walk arounds are done and poor MPI process.
- 2.** CSI is below national average. This is due to the lack of processes and the poor scheduling.
- 3.** Hours of operation is not in line with independents.
- 4.** Limited marketing campaigns for service department.
- 5.** We don't have any master technicians in the Ford brand. Only have 1 master technician in Nissan. While the shop has over 100+ years of experience the overall level is only B-D technicians.
- 6.** Do not have non-dealer competitive pricing guide on display in the service drive.

Opportunities

1. Can support another service advisor and four more technicians. This will allow the schedule to be evened out with more opportunity to sell recommended services.
2. Provide more training for both advisors and technicians to improve selling and processes.
3. Dedicate a marketing budget to the service department.
4. Install a non-dealer competitive pricing board in the service drive.
5. Implement a service menu in the service drive.
6. Better serve all customers but specifically the two colleges and local hospital for added opportunities. Will try to cater to our customers better.

Threats

1. We currently own every new car dealership in Ithaca, NY. If any one of our dealerships in the group provide a poor service it will negatively impact all the other dealerships and possibly cause customers to defect to other markets.
2. Independent repair shops have longer hours than we do. We are not open past 5PM or on Sundays.
3. Technicians can defect because we are not 100% proficient and that hurts their paychecks. This also hurts recruitment of good quality technicians to our facility.
4. Having to sublet certain warranty work to competition because we do not have qualified technicians.
5. Scheduling is at capacity and it causing extended wait times for customers requiring service. This is also causing poor processes in upselling and trying to sell maintenance jobs that pay well. Instead there a lot of 1 line RO's that are competitive services that do not make the dealership money.

Objectives

- 1.** Get CSI above national average.
- 2.** Increase hours per RO. Currently under 2 Hours per RO. Minimize 1 line RO's.
- 3.** MPIs on all vehicles that come into the shop. Not only completed, but done thoroughly and offering all available services that are recommended.
- 4.** Extend hours of operations to better suit our customers and compete with independent shops.
- 5.** Get to at least 100% technician proficiency.
- 6.** Move from 2 teams of 4 to 3 teams of 4.
- 7.** Add another service advisor.
- 8.** Training for advisors and technicians.
- 9.** Get a Master Certified Ford Tech by investing in the current techs and continuing their education.

Strategies

- 1.** Produce a scheduling system to meet customer demand. Load the shop at 80% capacity on a daily basis to provide opportunity to recommend additional services and schedule walk-ins.
- 2.** Utilize technology to help upsell. Provide tablets to service advisors to better equip them with point of sale material.
- 3.** Reimplement the team system.
- 4.** Retrain advisors for active delivers with customers.
- 5.** Monthly service specials. Emailing those specials to all current customers.
- 6.** Provide monthly sales training for advisors.
- 7.** Evaluate book times for menu services to make sure technicians are paid properly.
- 8.** Send technicians to school to get master certified.
- 9.** Become more accommodating the colleges and local hospital and local businesses in general.

Tactics

1. Service Manager to conduct a RO analysis monthly and review with GM.
2. Service manager reviews all RO's on a daily basis for accuracy.
3. Adjust schedule for technicians and advisors to account for customer traffic flow.
4. Service advisors do walk arounds on all customer vehicles and technicians do proper MPI's on all vehicles.
5. Incorporate UCI's on a daily basis.
6. Reorganize the shop teams for better proficiency.
7. Extend hours or operation.

Action Plan

<u>Task</u>	<u>By Whom</u>	<u>Completion</u>
<u>Date</u>		
RO Analysis Monthly	Service Manager	

Daily RO Review	Service Manager	Daily
Extend hours 2019	GM/Service Mgr	Jan 1,
Shop meeting	Service Manager	Daily
Create Tech Bonus plan 2019	GM/Service Mgr	Jan 1,
Install non-dealer 2019 Competitive pricing board	GM/Service Mgr	Jan 1,
Weighted average pricing 1, 2019 For parts and labor for Certain op codes	GM/Service Mgr/Parts Mgr	Jan
Service & Parts Mgr Weekly Meeting	Service Mrg/Parts Mgr/GM	

Synopsis

In review it is apparent that the scheduling and processes of the whole service department are negatively impacting the profitability and potential utilization of the department. It is also, negatively impacting the parts department because of

the lack of maintenance and repair work being done. Gross profit as a percent of sales is at guide, but the lack of correct repair order mix is negatively impacting ability to make a profit.

In order to correct the work mix to 40% competitive and 60% repair/maintenance we are going to load the shop at 80% capacity on a daily basis to provide opportunity to upsell customers that came in for competitive work. We will also mix in Used Car Internals to help the mix.

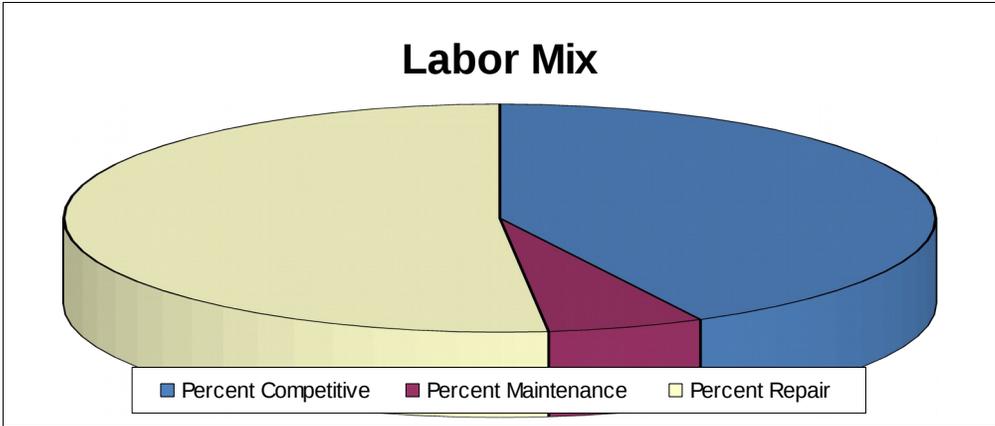
We will reimplement the team system so that the better technicians begin to help the lower skilled technicians. We will institute a bonus structure for the team leaders to get their buy in.

By getting to a 100% proficiency this will generate enough gross profit to turn a net profit of over 30% net to sales. Once we can get proficiency to 100% we can start to think about extending hours and really start generating gross profit.

Repair Order Analysis Summary Report						
	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	\$	÷	79.40	=	57.90	FRH Average

	4,597					
Maintenance	\$ 1,043	÷	10.90	=	95.64	FRH Average
Repair	\$ 9,830	÷	97.00	=	101.34	FRH Average
Totals	\$ 15,470	÷	187.30	=	82.59	Customer ELR
		Target Labor Rate			94.00	Per FRH
Total Ro's in Sample	100	Difference			-11.41	Per FRH
Cost of Labor						
Total Cost of Labor	3058.20	÷	Total Sales	=	19.77%	Percent Cost of Sales
Total Cost of Labor	3058.20	÷	Total FRHs	=	16.33	Cost per FRH
Repair Order Measurements						
Total Labor Sales	15,470.00	÷	Total ROs	=	154.70	Avg Labor per RO
Total FRHs	187.30	÷	Total ROs	=	1.87	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	79.40	÷	Total FRHs	=	42.39%	Percent Competitive
Maintenance FRHs	10.90	÷	Total FRHs	=	5.82%	Percent Maintenance
Repair FRH	97.00	÷	Total FRHs	=	51.79%	Percent Repair
One item ROs	44	÷	Total ROs	=	44.00%	Percent One Item RO

Model Year Analysis							
2019	2018	2017	2016	2015	2014	Older	Total
0	7	20	6	9	7	51	100
0.00%	7.00%	20.00%	6.00%	9.00%	7.00%	51.00%	



NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 32,734	÷	82.59	=	396.3
Customer Truck*	\$ -	÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 36,795	÷	92.00	=	399.9

Internal	\$ 12,917	÷	120.00	=	107.6
New Vehicle Prep		÷		=	0.00
Total	\$ 82,446				903.9

POTENTIAL

$$\frac{\$ 82,446}{\text{Total labor sales for month}} \div \frac{903.93}{\text{Total hours billed}} = \frac{\$ 91.21}{\text{Effective Labor Rate}}$$

$$8.00 \times 8 \times 25 = 1,600.0$$

Service mechanical technicians # Hours/Day Working Days/Month Clock Hour Aval

$$1,600.0 \times \$ 91.21 = \$ 145,933$$

Clock Hours Available Effective Labor Rate Labor sales potential

How proficient are your technicians ?

$$\frac{917.7}{\text{Hours Produced}} \div \frac{1,600.00}{\text{Hours Available}} = 57.36\% \text{ Tech Proficiency}$$

FACILITY POTENTIAL	
Number of Bays	14
	x
Number of Days	25
	x
Number of Hours	8

Effective Labor Rate \times \$ 91.21

FACILITY POTENTIAL equals \$ 255,383

FACILITY UTILIZATION

Total Labor Sales \$ 82,446

Facility Potential \div \$ 255,383

FACILITY UTILIZATION equals 32.28%