Fixed Operations 2 Service Homework

a. Advertising-------Emails, Mailers: keeping your dealership name in front of your customer. – Every customer that buys a car is put on an email campaign of automatically generated emails scheduled for different time frames for follow up, service reminders, service specials, etc. We do OEM direct mailer and email blast with qtr. specials.

b. Marketing--------Non-dealer survey- our dealership website provides a comparison pricing page of all our non-dealer competition pricing. We have a website company building SEO pages for service with service specials.

c. **Facility------------** For the month of October at 63.48% facility utilization with $695,750 in facility potential. This month was a slower month in labor sales. We typically hover around 70%.

FACILITY UTILIZATION			
Total Labor Sales	$441,688		
	÷		
Facility Potential	$695,750		
	equals		
FACILITY UTILIZATION	63.48%		

d. Productivity-----Our technician proficiency is at 80.82%. This number can definitely be improved. Instead of focusing on trying to find more techs, we should focus on the techs we have and how we can motivate them to be more

productive/proficient. Some ideas would be to take a look at our own processes and try to find areas of improving conditions for techs to be more productive. Or we can adjust pay plans to focus more on their proficiency.

How proficient are your technicians ?						
	4,015.0	÷	4,968.00	=	80.82%	
	Hours Produced		Hours Available		Tech Proficiency	

e. Production Method----Conventional, Work Group, or Team. Our production method is a mix of Work Group and Team where we have characteristics from the two. We mostly have 1 technician per bay with the exception of some heavier line techs that have 2 bays.

f. Analyze Cost of Labor—In August our cost of labor was $149,471. This gives a total gross profit percentage of sales of 68.18%.

	Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
	Customer Car	$224,227	$167,899	74.88%	47.74%
	Customer Truck			0%	0.00%
	Customer Other			0%	0.00%
	Warranty	$124,464	$75,505	60.66%	26.50%
	Warranty Other	$27,983	$15,779	56.39%	5.96%
	Internal	$80,978	$55,719	68.81%	17.24%
	NVI / Road Ready	$12,019	$5,281	43.94%	2.56%
	Adj. Cost Of Labor		$17	0%	0.00%
	Total	$469,671	$320,200	68.18%	100.00%

g. Changes in Expense Structure—

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	$325,904		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	$179,538	55.09%	50.00%
Semi-Fixed Expense	$38,627	11.85%	11.42%
Fixed Expense	$34,285	10.52%	10.58
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	$252,450	77.46%	77.11%
Net Profit	$73,454	22.54%	

h. Pay Plans
   - Technicians are paid on a flat rate basis and are paid based on their productivity.
   - Service Manager is payed off Gross and Net.
   - Recon Manager Salary plus gross, bonus on turn times and Used car Gross Per car. Express is hourly plus spiffs for flat rate hours turned. - Service Advisors gross percent scale based on OLP

i. We keep an extensive excel spreadsheet with productivity tracking and RO counts, hours per RO, ELR, ect. tracking each service advisor and each technicians daily goal and actual hours turned. If an employee is falling short or in the red consistently either the service manager or the fixed ops manager and Shop Forman will have a one on one to go over performance.

j. Level of current training—Manufacturer website, minimum training standard. All employees are required to complete manufacture training on products, etc. The service

department also implements on the job and apprenticeship training to new hires.

k. The Special tool are kept in a separate room with labeled areas. Very easy to find tools. Each bin and drawer is numbered so that parts can be found and replaced quickly.

Strengths

Service manager and fixed ops manager have over 65 years of experience. Service manager has completed the NADA GM school.

New Separate Recon facility for used car recon.

Tenured employees, techs and service writers have been here for over 30 years.

Location – We are downtown Salt Lake City have been here over 60 years.

Weaknesses

Distracted porters, not a great welcoming experience.

Service hours do not mirror sales department.

Poor communication with customers

Level of work and amount of work causes us to rush and over whelm our current staff, creates a negative experience for some customers.

Opportunities

New Subaru products, and expected brand growth with out adding any new spots in Utah.

Strong economy in Utah

Amount of recalls

Creating new ways of wowing our customers and making our service more convent to our customers.

Threats

Competition 4 miles away aggressively marketing in our AOR

Competition opening hours same as sales

Amazon Shipping center opening close by with high wage entry level jobs.

Small pool of experienced technicians in our area.

Strategies

Extend express hours and have someone available to check in cars for next day inspection.

Start an employee reward/incentive program to boost customer service.

Start using our text2drive for a better experience to text RO and Text pics every time for repair work.

Start a customer service training program for porters, Service Advisors

Objectives

Action Plan

Task	By Whom
Completion Date	

Training once a week	Parts/Service Manager/Sales Trainer
Jan 1, 2019	
Extend express service hours	Service/Fixed Ops Manager
Jan 1, 2019	
Implement training for text2drive	Service/Fixed Ops Manager
Jan 1, 2019	

Strategies

Set up a weekly training for customer service skills with our sales training manager who already does similar training for sales staff.

Train delivery specialists to take incoming work and check out service loaner cars.

Offer $19.99 loaner cars for anyone in service.

Train and hold our service advisors accountable to using text2drive for RO and repair work pics.

Meet with Service Manager and Fixed Ops Manager for training schedules and topics as needed.