



Customer focused, Community Driven!

Service Department Analysis for Tri State Ford

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N340-20

Qualitative Analysis

Strengths:

1. The Dealership went thru a buy/sell and we are currently in month 14 of the new operations. The previous store had a small, but loyal customer base to build from.
2. Our Parent company is committed to the success of this dealership. It is a 120 year old company with a great success story.
3. The Dealership can build off the synergies of the other companies owned by the parent company. Those include Hill International, Napa and Hill Ideal Lease.
4. We have three experienced technicians, two Master Certified techs and one working towards Master Certifications. We also have a group of young techs that can be developed into a strong team.
5. We are currently working with a marketing company which is planning an aggressive marketing strategy.
6. We are planning development of a Commercial Service Garage to satisfy the business expansion and commercial development we are experiencing in our community.
7. Planning to add a Service drive lane by next year and currently remodeling our Service Advisor area to provide better efficiency.
8. We will be installing an automatic Car Wash to better serve our customers. Construction will begin in the next few months.

Qualitative Analysis

Weaknesses:

1. Service hours do not mirror sales department.
2. CSI scores are low.
3. Service Advisor is inexperienced and is in need of proper training.
4. Lack of customer information taken and proper questioning done upon customer arrival.
5. Proper walk around not completed with customer.
6. Poor productivity and proficiency from techs.
7. Scheduling is a major issue. Currently scheduling 2 to 3 weeks out.
8. Not enough RO's written per day.
9. Poor Communication between Service and Parts Department.

Qualitative Analysis

Opportunities:

1. Customer opportunities that the dealership can capitalize on using the parent company's current customer relationships.
2. Shale industry in our market is creating a strong growth in business expansion and new business in our area.
3. Opportunity to aggressively market our Service Department.
4. Install a non-dealer competitive pricing board in front of our service department and customer lounge.
5. Expand service hours.
6. Sales training for Service Advisor to take advantage of possible upselling opportunities.

Qualitative Analysis

Threats:

1. Hiring technicians is a challenge. Our dealership is in a rural area, where talent is at a minimum.
2. Independent shops are open later and offer weekend hours. Currently we have limited weekday hours and no Sunday or extended evening hours.
3. Certain technician, while talented, is a constant complainer that creates animosity among other techs.
4. Lack of communication between Parts and Service Departments has led to incorrect parts ordered, which leads to rescheduling of customers.
5. Customers not being kept informed or being called back on SOP's resulting in lost sales. Often times SOP's are past the time to receive credit.
6. Low technician proficiency and too much time at write up, has extended time of jobs, resulting in impatient customers. Which has resulted in low CSI scores and poor reviews.

7. One item RO's are way off of NADA guide. Very little, if any, upselling is done.

Objectives/Strategies/Tactics

Objectives:

1. Improve service appointment scheduling.
2. Increase number of RO's written daily.
3. Increase gross on customer pay for parts and labor sales.
4. Improve technician productivity and proficiency.
5. Improve CSI scores and customer reviews.
6. Improve timeliness of our used car reconditioning.
7. Improve communication between parts and service technicians.

Objectives/Strategies/Tactics

Strategies:

1. Create a scheduling process to better meet the demands of the customer.
2. Reorganize shop for better efficiency. Designate two bays for Express Lube area. Separate window in parts that can service these bays.
3. Create pricing guide and menu selling for service advisors.
4. Post non-dealer competitive pricing board in service area and customer lounge.
5. Post parts display board in service area and customer lounge.
6. Create a customer follow-up process.
7. Consider bonus based on CSI scores.
8. Dedicated UCI technician.

9. Share service schedule with Parts Department for pre-staging.

Objectives/Strategies/Tactics

Tactics:

1. Change service hours to mirror hours of sales department.
2. Hire 2 to 3 more technicians and adjust schedules to account for new hours and increased traffic flow.
3. Devise three technician team: two bays in Express Lube area. The two bays will be serviced by a separate window in parts.
4. Pre-stage parts, based on daily service schedule. Run parts to techs. This will eliminate time at parts counter and keep techs in service bay.
5. Aggressive marketing program on service specials to attract businesses and their employees.
6. Meet with service manager to create forecast for the year, based on action plan. Incorporate RO analysis and service financial calculations in monthly report.
7. Consider service advisor/technician teams and promote competition of sales and productivity.

Action Plan

<u>Task</u>	<u>By Whom</u>
<u>Completion Date</u>	
Weekly Service Manager meeting Weekly	GM
Weekly Parts Manager meeting Weekly	GM
Re-organize shop for Lube Express Feb 2, 2019	Service Manager
Re-organize parts room to Feb 2, 2019 accomodate Lube Express	Parts Manager
Shared service schedule to Daily pre-stage parts	Service/Parts Manager

Hire lube tech for 3 man/2 bay
Feb 15, 2019

GM/Service Manager

Lube Express team

Extend service Hours of Operation
Feb 28, 2019

GM/Service Manager

Adjust Technician Schedules
Feb 28, 2019

Service Manager

Advertise/Market new hours
Feb 26, 2019

GM/Service Manager

with special pricing discounts

Install non-dealer competitive
Feb 15, 2019

Service Manger

pricing board

Install parts display board
Feb 15, 2019

Service Manager

RO analysis and service
Monthly

Service Manager

financial calculations

Synopsis

All Calculations based on November Financial Statement

A lack of upselling was evident by calculating the RO analysis by technicians. Seventy-five percent, one item repair orders, with the majority of the vehicles being 2014 and older. Obviously, there is very little upselling, if any at all, by the Service Advisors. This greatly affects our Service and Parts Departments profitability.

Our pricing is extremely competitive within our market. The addition of a non-dealer competitive pricing board and parts display board will assist in additional upselling. We plan to aggressively

market our competitive pricing and service specials as well.

Extending our service hours will make scheduling more convenient for our customers. We will need to adjust our current technician's schedules and possibly hire a few additional technicians to accommodate the extended hours. The new service hours will mirror sales department closing hours: Monday and Thursday 7am to 8pm, Tuesday, Wednesday and Friday 7am to 6pm and Saturday 8am to 3pm. Eventually we plan to extend our service hours to 9pm Monday thru Friday and are considering the expansion of a 4pm to 12am shift.

The addition of the three team/two bay Express Lube Lanes, extended hours and an increase in parts and labor sales will generate additional gross profit. This should greatly impact our fixed absorption.

A shared Service appointment schedule with the Parts Department will allow for pre-staging parts and parts running, allowing the technicians to remain at their stations. This will allow for less down time and increase technician productivity.

Our current Service Advisor is inexperienced, so additional training is currently scheduled. In addition, we have recently hired an experienced,

female Service Advisor. Emphasis on customer service and increased upselling will be expected.

Future plans include an automatic car wash, to be installed by summer of 2019. This will be marketed as a perk for both the Sales and Service Department, as well as, attracting new customers.

As we continue to grow our Dealership, a service drive lane and an additional service garage, specifically for commercial vehicles, is in our future plans.

RO Analysis by Technician Evaluation

This was definitely an eye opener. Seventy-five percent, one item repair orders, is unacceptable. Based on this information, my service advisors were not even attempting to sell any additional work. This should have been an easy opportunity

to upsell, noting that 67% of the vehicles were 2014 and older.

While our labor mix is good and our prices are competitive to our market, we are clearly missing out on parts and labor sales.

To begin restructuring our Service Department, we recently dismissed an inadequate service advisor and hired an experienced, female service advisor. I believe, following the action plan that has been laid out, we will see positive growth and change that is necessary for success of our dealership.

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 3,914 ÷	61.08 =	64.08	FRH Average
Maintenance	\$ 3,658 ÷	33.80 =	108.22	FRH Average
Repair	\$ 6,600 ÷	64.52 =	102.29	FRH Average
Totals	\$ 14,172 ÷	159.40 =	88.91	Customer ELR
		Target Labor Rate	89.79	Per FRH
Total Ro's in Sample	100	Difference	-0.88	Per FRH

Cost of Labor

Total Cost of Labor	2987.43 ÷	Total Sales =	21.08%	Percent Cost of Sales
Total Cost of Labor	2987.43 ÷	Total FRHs =	18.74	Cost per FRH

Repair Order Measurements

Total Labor Sales	14,171.97 ÷	Total ROs =	141.72	Avg Labor per RO
Total FRHs	159.40 ÷	Total ROs =	1.59	Avg FRH's per RO
Menu Sales		Total ROs =		Percent Menu Sales
Competitive FRHs	61.08 ÷	Total FRHs =	38.32%	Percent Competitive
Maintenance FRHs	33.80 ÷	Total FRHs =	21.20%	Percent Maintenance
Repair FRH	64.52 ÷	Total FRHs =	40.48%	Percent Repair
One item ROs	75 ÷	Total ROs =	75.00%	Percent One Item RO

Model Year Analysis

2020	2019	2018	2017	2016	2015	Older	Total
0	0	8	6	8	7	59	88
0.00%	0.00%	9.09%	6.82%	9.09%	7.95%	67.05%	