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Fairmont Ford
Fixed Ops 2 –Service Homework

A. Currently we do not advertise in the paper for the body shop, a body shop in town closed and we are booked for weeks. We used to advertise in the business directory daily when we were slow. Our tire department is in the business directory in the daily paper. I advertise in the weekly paper- once a month with service specials. We include pictures of the employees, and coupons. I change the look by the season. I also put service specials on Facebook 4+ times a year.

Future Plans: I can see we should be changing the coupons more- month to month- to give customers a different special to bring them in and to show them all of our services. In the spring I will do an alignment special, in the summer windshield wipers- brakes special. We do tires year round when there are rebates. We have a service card where customers can get 6 months interest free if they spend over \$199. I advertise the credit card two times a year. I will advertise on Facebook monthly, this is cheap 'n easy advertising.

B. Currently we have a texting system that after 180 days of the previous oil change a reminder goes out to get their regular maintenance oil change. A reminder also goes out 180 days after the sale of the car to come in and get their 1st oil change. Keeping our customers is key for future sales and service.

Future Plans: I would like to do a dare to compare campaign. Have a sign at each of the sales staff desks, put a sign out in service, have a webpage, do a Facebook boost, and maybe even in the paper. Dare to compare our prices vs the “other guys”. We are very competitive on oil changes and alignments, and rotations. AND we use Ford OEM parts.

I would also like to hang a sign out front that says we repair all makes and models.

C. Wow- we are at 54% utilization for the year. We could be so much more productive. I am going to hire Larry to come and show these guys how to use two bays. My guys can only work on one at a time. There is no letting the oil drain while replacing the brakes, and then hopping back over while the brake lav is on. I can see it is efficiency and not space holding us up.

Future Plans: I believe for us this goes back to management of our guys. Our service manager has been with us 42 years and has never really managed the guys. Our service

advisor is 15 months on the job. I am going to go over a detailed report of technician efficiency with her. Every 10th matters:

- Where did the customer park?
- Did the customer show up 10 minutes early to check into their appointment?
- Is our service runner going and getting the vehicles before the tech is ready for them?
- Get the guys to come back up from break in a timely manner.
- Improve write ups, if the guys don't know what they are fixing it will take longer to find and then fix the repair.
- Where is the internal vehicle parked?

Her paycheck and the technicians depends on her. She is very organized, so it is just getting her trained to get the shop efficient, the scheduled loaded right, and the guys working.

D. Wow- once again we are at 50% productivity. I had done the efficiency of each of my techs and they are all between 75%-105% efficient, so I don't really understand how that number can be so low. My biggest issue is our breaks. I have tracked their brakes for a couple of days and breaks are ranging from 23-26 minutes. This drives me crazy. I feel like it is cheating the company, and their own families/pay checks.

Future Plans: I have a weak manager who does not get the time cards to the technicians on a daily basis. We do not have a big board showing the hours produced so far in the month. In the techs pay checks I am going to start putting their efficiency for the month: flat/ clock hours. Then I am going to track one break a month and put the times they were not in their stall. In their year-end evaluations I showed each of them this formula: an extra 10 minutes of work 2 times a day, 20 minutes X 5 days, is an extra hour in a week. 52 hours a year. 52 hours X \$25 an hour is = \$1300.

E. **Future Plans:** I would like to finalize our Recommended Maintenance schedule and get a board up in the service department. We took our outdated board down over 18 months ago. I would also like to include a sign that says "There are more codes in your Ford than a Boeing 747 plane." And "Nobody know your car like your Ford dealer.", Then I want to get my Dare to compare board to show our oil changes are the same price as the other guys with factory recommended OEM parts. We raised our labor rate January 1st, \$2.00. We will do a warranty submission in June to get our retail labor rate for warranty. I am hoping that submission will help our 62% gross to closer to 73% that we are supposed to be keeping. When doing the RO analysis I realized we are giving away service and

billing those tickets at \$0. I assume industry standard would be to bill the time and then have the shop pay for it.

- F. I did my homework calculations for the year. Right now at any given time we have 100-200 open ROs. At the end of every month we do a balance of all of the money paid to the techs, minus all of the money that is taken in to get our percentage and then we spread that equally over customer, warranty, and internal pay. We waiver right around that 64% gross from month to month.

Future Plans: At this time we are going to keep our Service Manager and continue to work with him. He misses out on a monthly bonus when he does not get the old ROs closed. Obviously we need him to get more efficient in the billing to get more tickets closed out. When we go to hire the next one, we will have very firm expectations in terms of billing and closing out the month.

- G. I did the full year of 2018 to see what we had for hours. It looks like we produced 7345 hours, and had 14,784 available. I am sure that menu pricing and oil changes effected this number some, but I would really like to get our available hours up. NADA guide is 4% of Net to sales percent. We are at 7.62%. Expenses are under control.

Future Plans: To sell more hours I need my Service Advisor selling more work from her desk. I need my guy's continually looking for work to up sell. I want to get my customers only what they need, but I want to make sure that they are selling all recommended Ford maintenance, and also anything that we can see. Right now we are really only order makers and I think that is hurting our hours. I also need to make sure we get our schedule loaded right, so the right job goes to the right tech, therefore the work put in front of each tech is in their wheel house- less comebacks and less time to question the job.

- H. I think our pay plans are good. We are close to MADA/NADA for all of our technician and SA pay. We just gave our technicians a \$1.00 an hour raise at the beginning of the year. Our techs are paid hourly plus flat rate commission. This gives them a guaranteed paycheck in slow times, but the harder they work the more they make. We also pay them 120% of warranty service labor times. We have tried to make this a good place to work, addressing their concerns when they feel they are not being paid enough for warranty work. Our service advisor pay plan is about right for dollars. We just included a stipend, of \$1.00 every time she uses the RECAB and REENG labor codes. We are working with

her to try and increase lines per RO. I would love to study pay plans for the fixed operations personal.

Future Plans: I wouldn't mind changing the Service Managers to have more to do with the ROs that are completed billing wise. Our Service Manager is going to retire in less than 2 years. I would like to have a good idea of a pay plan for his replacement.

- I. Currently I meet with all managers monthly letting them know their sales for the previous month along with their gross. We set goals at the beginning of the year and revisit them throughout the year in these monthly meetings. Open communication is key. These monthly meetings are a great time to remind the Managers of everything they are to be doing.

Future Plans: I am going to start to put the hours worked divided by the flat rate hours produced in each technician pay stub. At the year-end reviews for each employee we asked everyone to push to increase their efficiency by a couple percentage points. I am also going to include a snap shot of one brake for the month and how long it was. I think that would be the easiest thing to do without making any big adjustments. I will keep encouraging the Service Manager to get tickets billed quickly and efficiently.

- J. We were within manufactures minimum training standards up until December 31st.

Future Plans: Now we must get three different techs some classes. 1 guy needs 1 class (done), 1 needs 2 classes (done), and one needs 14 (only 3 left). Training should be done by the end of January. We have blocked off every Monday morning for our young tech to try and get him the training he needs. We have a Service Advisor who watches this training schedule closely to make sure we are always within guide lines.

- K. We just put in an additional hoist last March. To make room in the shop we had to move the "stuff" out of a bay. We added a wall of shelves in the tool room, and organized it to make room. Our tool room is organized with lots of items in it. We have some guys who take some pretty good pride in keeping it clean and organized.

Future Plans: Continue to buy tools as Ford and the guys need them to keep our guys as efficient as possible.

L.

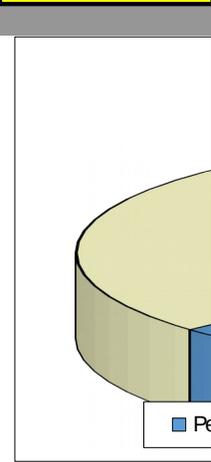
Repair Order Analysis Summary Report

		Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive		\$ 2,692	÷	98.70	=	27.27	FRH Average	
Maintenance		\$ -	÷	0.00	=		FRH Average	
Repair		\$ 5,808	÷	57.40	=	101.19	FRH Average	
Totals		\$ 8,500	÷	156.10	=	54.45	Customer ELR	
				Target Labor Rate		99.41	Per FRH	
Total Ro's in Sample	100					Difference	-44.96	Per FRH

Cost of Labor							
Total Cost of Labor	2950.97	÷	Total Sales	=	34.72%	Percent Cost of Sales	
Total Cost of Labor	2950.97	÷	Total FRHs	=	18.90	Cost per FRH	

Repair Order Measurements							
Total Labor Sales	8,500.12	÷	Total ROs	=	85.00	Avg Labor per RO	
Total FRHs	156.10	÷	Total ROs	=	1.56	Avg FRH's per RO	
Menu Sales		÷	Total ROs	=		Percent Menu Sales	
Competitive FRHs	98.70	÷	Total FRHs	=	63.23%	Percent Competitive	
Maintenance FRHs	0.00	÷	Total FRHs	=	0.00%	Percent Maintenance	
Repair FRH	57.40	÷	Total FRHs	=	36.77%	Percent Repair	
One item ROs	79	÷	Total ROs	=	79.00%	Percent One Item RO	

Model Year Analysis							
2020	2019	2018	2017	2016	2015	Older	
0	0	5	4	12	12	67	
0.00%	0.00%	5.00%	4.00%	12.00%	12.00%	67.00%	



M. Qualitative Analysis:

Strengths:

1. Employees are hardworking, knowledgeable, dependable, trustworthy, efficient, honest, they care for their work, have positive attitudes.
2. The door for management is always open.
3. Employees have good relationships and are always willing to help each other.
4. We are the 4th oldest Ford dealers and have a loyal customer base that keeps coming back.
5. We have many long term employees.
6. We have the ability to change and adapt to future needs.
7. We hired a new Service Advisor which may help with women feeling more comfortable. She always has a big smile, is patient and flexible.
8. We are very professional with the customers.
9. Our shop is well equipped.
10. We have a high expectation for staff with Customer Service.

Weaknesses:

1. Communication was on 7 of 10 papers. Communication between Service Advisor to technician and between customer and Service advisor.
2. Have the RO ready
3. Have the keys out to run vehicles in at the end of the day.
4. Improper write ups.
5. Keeping customers informed.
6. Not having the OASIS with the RO.
7. Picking up vehicles before their appointment time.
8. Selling big jobs in a timely manner.
9. Lack of work space.
10. Coverage over breaks.
11. Management follow through on needed tasks.
12. No Spanish speakers in the dealership.

Opportunities

1. Communication.
2. Working together to find the cause of a problem.
3. Expand the business and get each department their own space.
4. Develop a process to have techs more efficient.
5. Be more customer friendly.
6. Expand into social media
7. Additional training
8. Tire department.
9. Put a light cap on oil changes to be able to add filters if needed.
10. Being able to tell if parts are billed out.

Threats:

1. Worker yelling at each other.
2. Gravel back parking lot.
3. Loaners too far away
4. Lack of techs available for hire
5. Rapidly changing technology.
6. Recalls/warranty work adding up.
7. Driving in the lots too fast.
8. Inconsistent use of Jack stands.
9. Attitudes.
10. Ford warranty time versus reality of the job.
11. Ford's lack of training.
12. Vehicle design changing faster than us.

After completing the SWOT Analysis and tabulating the results, there was nothing that really surprised me- which is a good thing. We have lots of really good things going on here. I have lots of ideas of making all of these good things into a great business.

Objectives

1. Improve Communication in our service department.
2. Take our Service Advisor to the next level.
3. Improve Service Manager's efficiency.
4. Improve gross from 64%-70%.

Strategies/ Tactics:

1. Communication was the Number 1 thing brought up on 7 of 10 SWOT sheets.

Communication from Service Advisor to tech and Customer to Service Advisor. I can see this is our biggest opportunity of improvement. This is a hard thing to measure, but I have some ideas for improvement. 1st I would like to get our Service Advisor some advanced training classes. I have already contracted MADA about bringing in NADA to get an advanced Service Advisor class together. So often we are told how important the advisor is, but we are stuck with Service Advisor 101 training. I am hoping MADA can put forward some Service Advisor training that fits with in my budget (completion date 8/31/19). 2nd I am going to meet with our Service Advisor on a regular basis. I meet with all of the managers monthly, why not meet with the person who talks to the most people per day. We will focus on sales tactics, opportunities for training, and how we can better improve the Service Department (1st meeting was 1/16/19). 3rd They offer some phone training for advisors. I am going to organize a company to do some training to improve our phone skills to make it more inviting when customers call in (4/1/19). 4th We have already printed the “write up” job aid for better descriptions for the technicians when diagnosing vehicles (1/16/19). This will help with the communication piece from Customer- Service Advisor- Technician. I am always surprised how as managers it is our job to consistently remind our employees how to keep doing their job at a high level.

2: Take our Service Advisor to the next level. Below were a list a complaints.

- Have RO ready
- Improper write ups
- Print OASIS every time
- Picking up Vehicles in time for their appointment
- Selling jobs in a timely manor
- Keep customer informed
- Scheduling

All of these tasks have to do with our Service Advisor. Her personality with the customers is ideal. She always greets them with a smile. She takes the time to listen to them. She goes over the Multi Point Inspection report. All of these are great improvements from where we were at. We are training the customers to call and speak with her. She is also good with the technicians. She can defuse a bad situation. She can multi task and keep the guys busy. Often their complaints with her are over the technical stuff that is over her head. Once again, I am going to meet with her on a monthly basis (1st meeting was 1/16/19). Keep training with stars (continuous starting now). Keep fine tuning. Keep working because she is only going to be a huge asset to this company moving forward. We need to develop her confidence in the technical stuff so that she can keep talking customers through those big jobs instead of handing them off to the Service Manager. On a personal note, I would like her to work on getting 2 lined tickets and generating more revenue (in 2019 every month we will pay her on RE CAB and RE ENG operations codes to add an additional line to RO). I want her to be an order maker not just an order taker.

3: Improve our Service Managers efficiency. At any given time we have 100-200 RO's open. We had complaints that management are not following through. Our Service Manager pushes a lot of paper work and works very hard. He has been with the company for 42 years. It is hard to tell whether we had a good month or a bad month when tickets don't get closed. I would like to put him on an improvement plan (4/1/19). We need to work those open repair orders down to no more than 50 in a month (6/1/19). He is so buried in old tickets it is hard for him to remember what was happening on each ticket. Recently we have changed so that our Service Advisor bills all oil changes and internal tickets (10/1/18). We have our Parts Manager doing the prior approvals with Ford and other ESP companies (10/1/17). We have hired a warranty company that will submit warranty tickets on our behalf (3/15/17). All of these while keeping the Service Managers duties the same. We need more guidance for our young techs and more guidance for our Service Advisor, but that is hard when you are so far behind. We had some trouble with his billing, and we now monitor 10+ repair orders a week checking for discrepancies(on going 1/1/19). This over sight has really made him hone in on the job of billing. We just need to get his efficiencies up.

4. I think if we can do the three things above, the service gross will come. With more efficiencies the money will follow.

Synopsis

The most important chair in the dealership is the Service Advisor, she is the face of the company and sees the most people on a daily basis. Anytime you have turn over it takes time to get people trained, and profits can be lost. I read somewhere it takes 3 years to learn a job. This means, to me, we have another year and half to get her trained. This is a continuing process, and training will never be done.

Our efficiency studies tell me that we don't need to be open more hours but more efficient the hours we are here. Our hours match that of third party shops in our town. If we can get these hours filled the profits will follow.

I want to hang a sign out front that says we service all makes and models. I also want to have a competitive board on each desk top in the office that shows how competitive our prices are. We need to get aggressive getting people in the door.

We need to continue training our young techs. If techs are hard to find we need to make sure our 30 something techs stay with us, train with us, and grow with us. If we can keep these guys working here we are better off, then going out and looking at a pool of unskilled workers. I am looking into partnering with the school to see if we can try and get some interns here, and then possible pay for them to get some training.