FIXED OPEARTIONS 2 SERVICE HOMEWORK

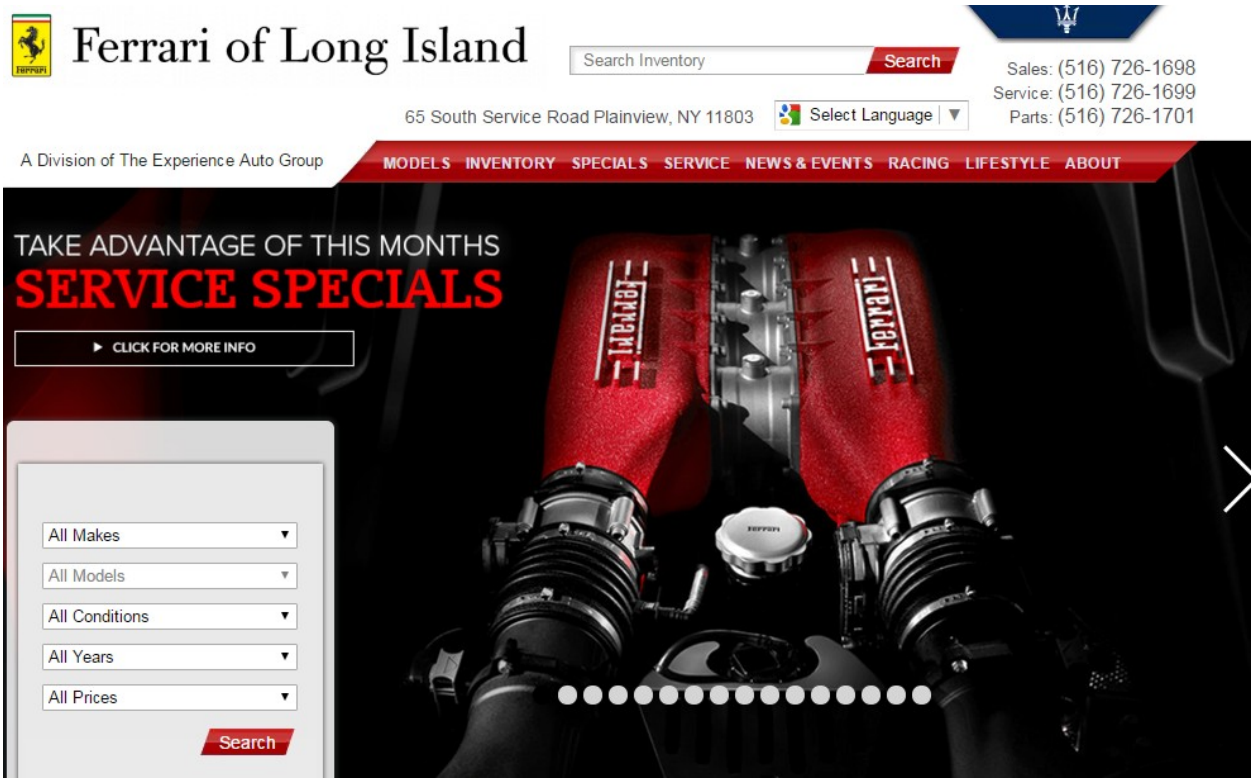
FERRARI-MASERATI OF LONG ISLAND

APRIL FINANCIAL STATEMENT

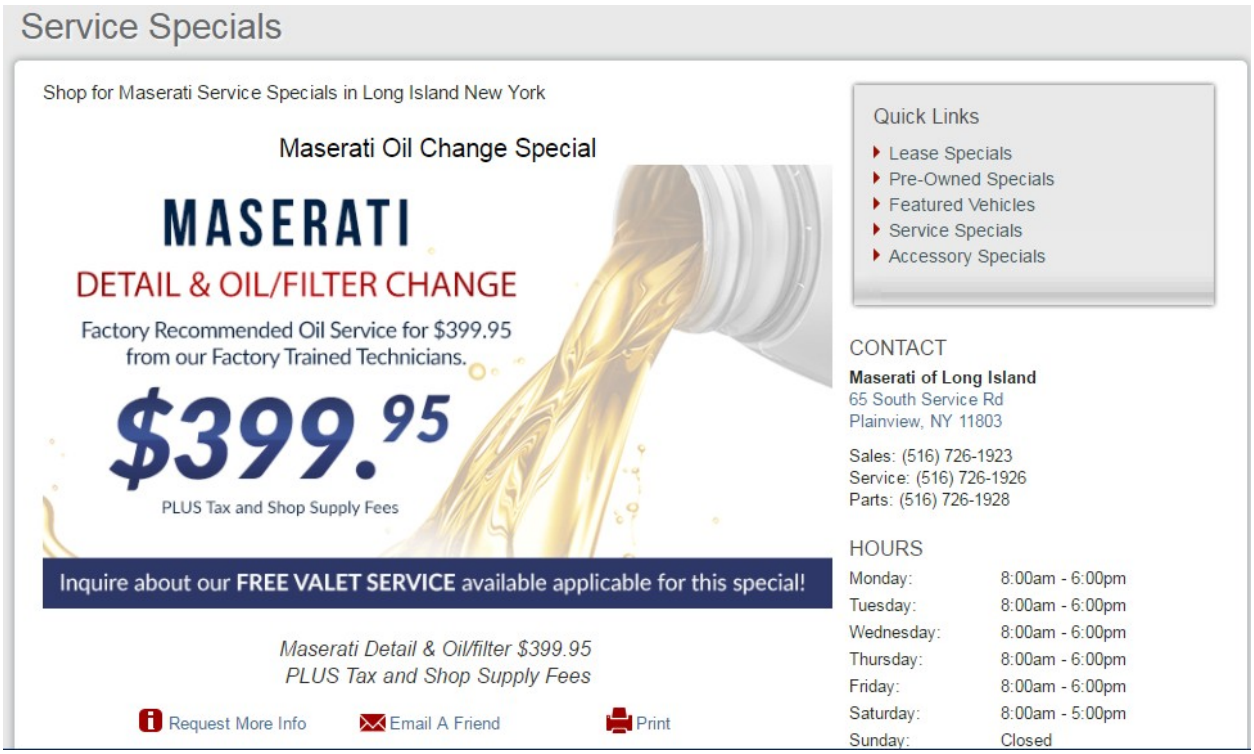
CALVIN BROWN N321-27

1. ADVERTISING – KEEPING OUR DEALERSHIP NAME IN FRONT OF OUR CLIENTS
2. MARKETING – OWNER BASE RETENTION
3. FACILITY – CAPACITY, UTILIZATION
4. PRODUCTIVITY – TECH PROFICIENCY
5. ANALYZE COST OF LABOR
6. CHANGES IN EXPENSE STRUCTURE
7. PAY PLANS
8. DETAIL PERFORMANCE PROGRAMS
9. LEVEL OF CURRENT TRAINING
10. SPECIAL TOOLS
11. 100 REPAIR ORDER ANALYSIS
12. SYNOPSIS

ADVERTISING

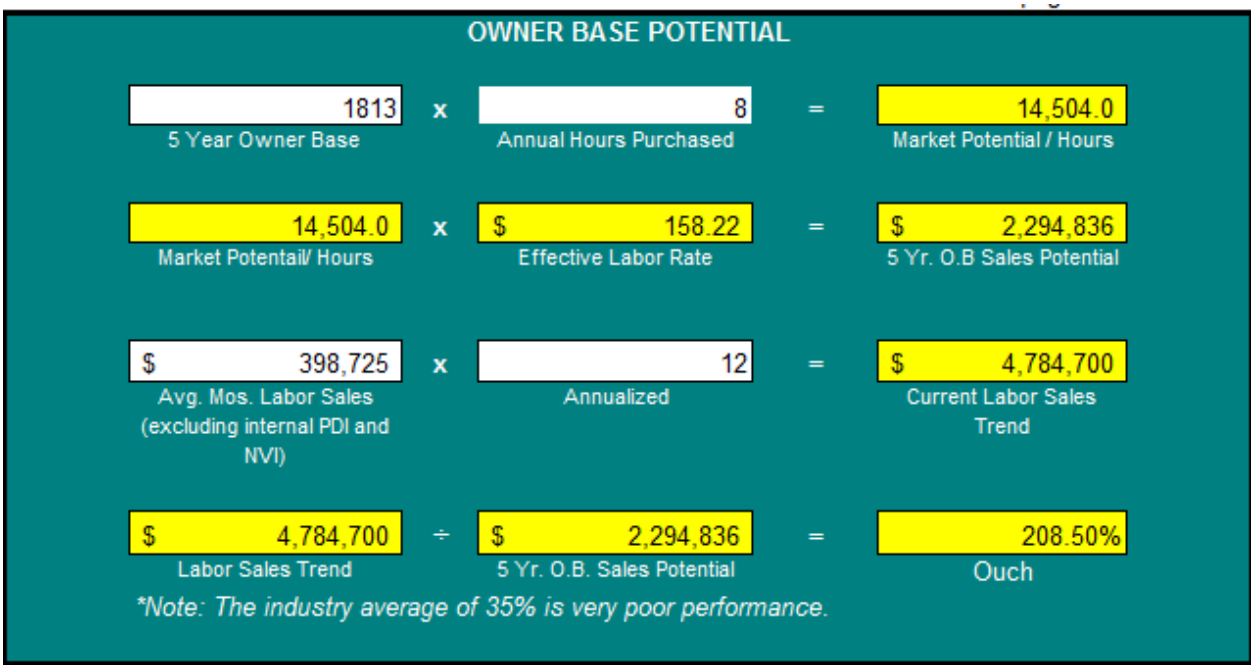


We concentrate most of our advertising efforts in the digital space. Most of our monthly spend is spent on our website, google ad words and Facebook/Social Media. Since I returned from class, the very first thing I did was re-format our companies' website. Please see the picture above, the very first slide you now when you visit our page is service related. Before, it was on slide 12, which meant a customer would have to wait over 5 minutes before the slide was even presented. The slide below is an example of a service special that is presented on our website. We recently signed on with a third party website plug-in provider, *X-Time,* to help make our appointment setting process easier for our clients. When the install is complete any client, when logging on to our website, weather it is the first time or one hundredth time, will be greeted with a step by step process to set a service appointment, specific to your make and model. The client will actually have to close out of the program to view rest of website's content.



Since we made the change on our website, we actually generated a service lead that was converted to an appointment by our Service BDC. For June, we are going to run the above special on Instagram, Twitter and Facebook where we have a tremendous following in our digital community. Typically we use social media to promote our brands, but we are going to start re-allocating those resources to help promote service.

MARKETING



At Ferrari-Maserati of Long Island we have a unique advantage of being the only authorized Ferrari dealer and one of two authorized Maserati dealers on the entire island. Long Island is heavily populated with large pockets of extreme wealth which makes our backyard fertile with opportunity. Based on being one of the only shows in town, our owner base potential measurement is 208.50 percent, well over profile. However, with the growth of Maserati as a brand and their plan to add dealers, it is essential that we develop good habits and constantly appraise our market place to ensure we continue to grow as competition will most definitely pick up. Another advantage we have is not many independents are willing to work on our cars. While performing the “non-dealer survey” for class, only one major player, *Mavis,* was even willing to do work on a Maserati, not a Ferrari, and only for brakes and tires. One thing I noticed from examining our “100 RO” Analysis was that we are extremely heavy on maintenance and repair work at 86.54 percent and only 13.46 percent competitive. We need to make an improvement in this area to obtain new business with the opportunity up-sell and make sure we remain competitive in a soon to be changed market place.

FACILITY

FACILITY POTENTIAL		
Number of Bays	15	
x		
Number of Days	20	
x		
Number of Hours	10	
x		
Effective Labor Rate	169.92	
	equals	
FACILITY POTENTIAL		$ 509,760

FACILITY UTILIZATION		
Total Labor Sales	$ 446,531	
÷		
Facility Potential	$ 509,760	
	equals	
FACILITY UTILIZATION		87.60%

When looking at our facility utilization, while well above guide (75 percent) at 87.60 percent, we have some room for growth, which is very encouraging. The biggest challenge I have will be to expand our service hours to accommodate the growth anticipated over the next calendar year. After returning from class I approached our service manager with the idea of extending hours on Tuesday and Thursday and was met with resistance. We recently hired a third service advisor with some management experience. My next move will be to go to ownership on the idea of extended hours while selling both ownership and the service manager on the idea giving the new advisor the assistance manager title to help run the shift. This will enable us to work an additional 6 hours per week and get closer to generating the Facility potential of $509,760. I believe we will get by in by spreading out the responsibility and man power. The goal is to extend hours until 9 pm on Tuesday and Thursday and moving our used car recondition and PDI jobs to those time slots to help free up the shop for customer cars during normal business hours. The goal is to have the new hours posted and marketed by September, 2017.

PRODUCTIVITY

NADA ACTUAL SERVICE ANALYSIS

page B-1

Performance

	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Car*	$ 168,393	÷	185.00	=	910.2
Customer Truck*	$ -	÷		=	0.00
Customer Other*	$ -	÷		=	0.00
Warranty	$ 216,597	÷	160.00	=	1353.7
Internal	$ 61,541	÷	185.00	=	332.7
New Vehicle Prep	$ -	÷		=	0.00
Total	$ 446,531				2596.6

POTENTIAL

$ 446,531	÷	2596.62	=	$ 171.97			
Total labor sales for month		Total hours billed		Effective Labor Rate			
11.00	x	8	x	20	=	1,760.0	
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Aval	
1,760.0	x	$ 171.97	=	$ 302,661			
Clock Hours Available		Effective Labor Rate		Labor sales potential			

How proficient are your technicians ?

2,822.2	÷	1,760.00	=	160.35%
Hours Produced		Hours Available		Tech Proficiency

When examining the NADA Actual Service Analysis the biggest takeaway is that our technicians are extremely proficient. NADA guide for Tech Proficiency is 120 percent; our store comes in at 160.35. This is due mostly to a couple of our techs that are very quick. However, this data motivates me to drill down and examine each tech's individual proficiency to help identify any areas of opportunity. As well, it should be important to investigate each tech's comeback rate to see if our speed is costing us money ($1,597 in gross per tab F, calculation, "cost of a comeback") and weather it is necessary to dial it down a little bit to a place where we are working quickly and efficiently. Another area of opportunity not displayed above would be to investigate whether we are leaving any money on the table based on each's technician's productivity. When roaming the service department at random times, it is easy to see that our techs are hard at work, but I fear they may lose some productivity due the condition of our

parking lot, which will be addressed later in this report. For reference, I pulled the number of hours produced from our RAP report at April's end.

PRODUCTION METHOD

Our shop utilizes the conventional shop operation method. We have ten technicians for fifteen bays, 66 percent available for work at one time. We do have one shop foreman who dispatches, assists other technicians and jumps on more complicated jobs himself, if need be. We have two service porters who assist technicians in moving the cars in and out of the work shop upon completion. We recently added the additional porter as our technicians were moving the vehicles themselves and losing valuable time based on our parking lot congestion.

We have one service manager, three service advisors, and one internal advisor for new car prep and used car reconditioning.

Each technician is responsible for and compensated on his own production. Our shop foreman is paid a salary and is rewarded each month based on the number of shop hours produced.

We have a unique service department, due to the brands we service. We are known in our marketplace for our offer to pick up deliver each vehicle we service. We have 3 flat beds to pick up cars and currently 3 valet drivers who make runs, picking up and dropping off vehicles all day. Please see our shop's work flow for reference.

Work Flow

1. Truck driver or valet drive picks up client's vehicle
2. Vehicle is checked in and tagged by lot attendant (Porter 1)
3. Tagged vehicle is handed off to available service advisor for write up
4. Vehicle is written up and handed off to Shop Foreman.
5. Shop Foreman dispatches job and hands keys to lot attendant (Porter 2) to bring into shop
6. Technician performs Multi-Point Inspection and verifies customer complaints with Service Advisor
7. Service Advisor confirms repairs with clients and obtains sign off on repairs
8. Technician completes work and hands off Repair Order to Service Advisor
9. Lot attendant (Porter 2) moves vehicle back to parking lot
10. Service advisor contacts client, receipts payment and arranges delivery.

Some unique challenges are presented to us every day as many times, clients never set foot in our facility. Pick-up and delivery helps us stand out in our market place, but also creates some problems that a lot of dealerships do not have to deal with. At most stores, clients are to physically pick up their own vehicles while making payments at the service department.

ANALYZE COST OF LABOR

Service Department Sales And Gross (Labor Only) page A-3

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	$ 168,393	$ 134,668	79.97%	37.71%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	$ 216,597	$ 175,379	80.97%	48.51%
Warranty Other			0%	0.00%
Internal	$ 61,541	$ 44,703	72.64%	13.78%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor		$ (30,919)	0%	0.00%
Total	$ 446,531	$ 323,831	72.52%	100.00%

When looking at April's Service Department Sales and Gross report, three things jump off the page. One, we retain 79.97 percent and 80.97 percent in customer and warranty labor gross, respectively, as a percentage of sales. NADA guide is 72 percent. Two, we retain only 72.64 of gross as a percentage of sales on internal labor, which is at guide, but not the same percentage as customer pay and warranty. Furthermore, our internal work on makes up 13.78 percent of our labor sales. This is a great area of opportunity and proof that our used car department needs to grow and pay the same rate as our customers. It is very difficult at times to find used inventory, but we need to step up our efforts on trade acquisitions and outright purchases. If we can bring more internal work to our service department and ***NOT*** discount it, we will be able to help raise our total absorption rate from 60.98 (from Tab A, Fixed Absorption calculation) closer to the NADA guide of 75 percent. An action plan item will be to spot check internal rack and reports with used car manager weekly to ensure that we are properly reconditioning our cars. Easy win, as customer pays for reconditioning.

Third, our customer pay sales contribution is way below guide (60 percent) at 37.71 percent. Maserati has had many recall campaigns on most of their vehicle line up which has driven a lot of warranty work to our shop. It is great, but I fear we are getting fat off the work and this will not be sustainable over the long haul. As mentioned in the Adverting chapter, we need to focus our advertising and marketing efforts on finding new business, especially on older vehicles to help boost our customer pay labor sales. The good news is, as these recall cars age, and come out of warranty, we will have some opportunity to retain this business as customer pay.

CHANGES IN EXEPENSE STRUCTURE

Service Department Profit Centering pageA-7

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	$ 340,078		
Variable Expense	$ 22,225	6.54%	
Selling Expense		0.00%	
Personnel Expense	$ 143,834	42.29%	
Semi-Fixed Expense	$ 141,493	41.61%	
Fixed Expense	$ 31,646	9.31%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	$ 339,198	99.74%	
Net Profit	$ 880	0.26%	

Clear Form

The Picture	
Customer Pay Gross Profit %	79.97%
Total Service Dept. G.P. %	72.52%
Parts / Labor Ratio (Cust. Pay Only)	1.12
Total Service Dept. Expenses	$ 339,198

When examining the above data is easy to see that the net profit is extremely short at $880. Some of this fair and in need of drastic improvement, while some is simply how the dealer set up the expense structure on semi fixed and fixed expense by each department.

When looking at expense the first place we look is the gross profit. The total service department gross profit retention as a percentage of sales is a little above guide at 72.52 percent. Earlier, we identified an area of opportunity in the used car department to help boost our internal labor revenue, which will obviously help the bottom line as well. Another area of improvement is discounting. Based on the vehicles we service, and the expensive nature of both the parts and labor, we could realize an ever greater return on our sales dollars. In April, we discounted repair orders by $45,255! Discounting is not locked in ADP and a process is in place where the Advisor needs to discuss

with service manager before discounting, but that appears to be the norm, not the exception here.

Outlined earlier, one of our biggest challenges is our promise to the client of pick-up and delivery. In order to meet our client's delivery expectations and having only three trucks and three valet drivers, we take on a heavy expense monthly by hiring outside flat beds to pick up and deliver cars. These expenses are found in our service work policy account. For the month of April this expense was $56,135. We are currently staffing up to bring on more valet drivers and looking to make a deal with two local tow truck shops for preferred rates. The goal is have 6 valet drivers by July 1 and an agreement in place with at least 1 tow truck shop to help bring down the sublet towing expense and realize a stronger net profit for the department.

PAY PLANS

Our service department pay plans haven't changed since two General Manager's ago and are in need of review. Since my return from class, I opened up dialogue with our owners to make some changes. Being the General Manager I have some autonomy with this, but ownership needs to be involved as well.

Since my return from class we raised our door rate from $165 to $185 per hour, with that we are giving our technicians each a raise at their annual review to help stagger the expense throughout the year. The biggest benefactors of the labor rate change are the Service Advisors who are paid on sales dollars. I have brought to ownership's attention that we need to make an adjustment from sales dollars to gross profit for two reasons; labor sales are going up and to get on the same page as our Service Manager who is paid only on service gross. The page below is the service manager's pay plan, marked item 2.

There are some things I love about his pay plan, for example there is a big element of expense control, and there are bonuses to motivate him for the shop to produce hours and maintain great customer service. However, I do not like there is no component of pay tied to the parts department and that his Service Advisors are on a completely different program. See Service Advisor plan page below, Item 1.

The biggest areas of concerns are getting the goals of the service advisors completely in line with the service mangers, gross profit. Also, with the raise in labor rate and the bonus structure for the service advisor, without any restructuring, service advisors will easily obtain his Effective Labor Rate bonus and customer pay sales dollars bonus. Their pay plans can easily "run away."

The goal is get the service advisors pay based on gross profit, which will help curb discounting (again, over $45,000 in customer discounts last month) and review the service manager's pay plan to add a parts element and re-evaluable the expense control items to help curb our problem with sublet towing.

Item 1

- You will receive 4% of Sales CP, Warranty, Internal Parts & Labor you write (calculated by ADP RAP report)
- You will receive a CPELR bonus and Retail Labor Sales bonus as outlined below
- You must maintain above national average CSI
- You will receive spiffs based on monthly program set by management
- *Effective labor rate bonus and retail labor sales bonus is paid from Customer Pay Only

*ELR BONUS

155	=	$500
156	=	$550
157	=	$600
158	=	$650
159	=	$700
160	=	$750
161	=	$800
162	=	$850
163	=	$900
164		$950
165		$1,000

*RETAIL LABOR SALES BONUS

$51,000 - $53,999	=	$1,000
$54,000 - $56,999	=	$1,200
$57,000 - $59,999	=	$1,400
$60,000 - $62,999	=	$1,600
$63,000 - $65,999	=	$1,800
$66,000 - $68,999	=	$2,000
$69,000 - $71,999	=	$2,200
$72,000 - $74,999	=	$2,400
$75,000 - $77,999	=	$2,600
$78,000 - $80,999	=	$2,800
$81,000 - $83,999	=	$3,000
$84,000 - $86,999	=	$3,200
$87,000 - $89,999	=	$3,400
$90,000 - $92,999	=	$3,600
$93,000 - $95,999	=	$3,800
$96,000 - $98,999	=	$4,000
$99,000 - $101,999	=	$4,200

Item 2

You will receive 9% of the adjusted Service Gross Profit, less draw and adjustments as follows:

Ferrari Financial Statement Page 3, Line 2, minus:

- Draws received for the month
- Advertising, Page 3, Line 17
- Company Vehicles, Page 3, Line 32
- Other Supplies, Page 3, Line 34
- Policy Work, Page 3, Line 36
- Outside Services, Page 3, Line 37
- T&E, Page 3, Line 39
- Training, Page 3, Line 47

You will receive $1,500 when the total workshop hours generated exceeds annual monthly budget.

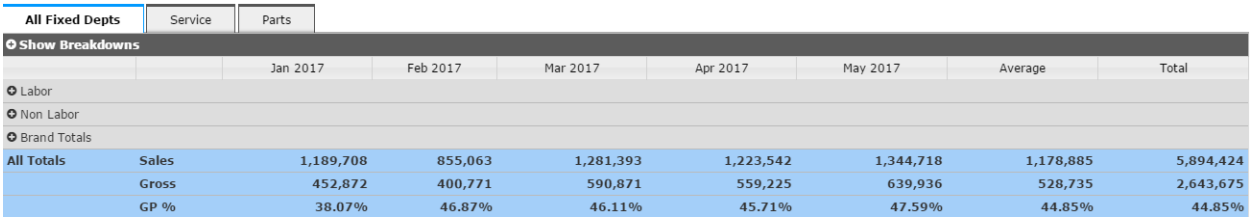
You will receive $1,000 when Maserati Service CSI is at or above national average

You will receive $1,000 when Ferrari Service CSI is at or above national average

You will receive $500 Auto Allowance

DETAIL PERFORMANCE PROGRAMS

One area we can definitely use help with in our department is goal setting and tracking. Since only being in my current role as General Manager for one month, I haven't seen one scoreboard or one report that goes to anyone in the service department other than the service manager. As players, we always need to know the score. We use a program called, *Reverse Risk,* which helps give management a live look at our progress in the service department.



All Fixed Depts | Service | Parts

Show Breakdowns

		Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Average	Total
Labor								
Non Labor								
Brand Totals								
All Totals	Sales	1,189,708	855,063	1,281,393	1,223,542	1,344,718	1,178,885	5,894,424
	Gross	452,872	400,771	590,871	559,225	639,936	528,735	2,643,675
	GP %	38.07%	46.87%	46.11%	45.71%	47.59%	44.85%	44.85%

This is a great tool for management, but we need our people to have a live look in at their progress at all times as well.

My goal, by end of July is to have a "sales board" in the service manager's office which will track service advisor, technician and parts countermen performance. These boards are incredibly effective on the sales floor and when maintained become a focus of the people working on the floor. It needs to be real simple, for example, Tech hours produced, Service advisor gross profit and parts counterman gross profit. Maybe tie a spiff to finishing on top? A dinner out? Cash? Something to stir interest and keep people engaged outside their normal daily routine. Super important for the service manager to update daily, otherwise what becomes un-important to him will be un-important to our people.

TRAINING

Factory training is a big deal to our manufactures. Both Ferrari and Maserati holdback monies are tied to being 100 percent complaint to their standards. These items are measured quarterly and huge money is at stake. We have to send our managers, sales people, service advisors, parts employees and techs to both off-site classroom and web based training. We are coming up the end of another quarter and received this update from Ferrari for our current standard, proud to say we are number one in the nation.

Training - 100% Web / 80% AULA	Y/N	100% / 75%	89% / 60%	100% / 91%	1

We have dedicated personnel at our store to ensure that we meet and exceed these standards.

One area of opportunity would be for some position specific job related training. As our company invested in me, it is important that we invest in all of our employees, especially customer facing employees to not only make sure they are product fluent, but “people” fluent as well. As mentioned in class, the service advisor is the most important position in the store, but least trained.

SPECIAL TOOLS

In brief, we do not currently have a dedicated special tools room. It looks as if one is sorely needed. I posted the photos below, the tools are spread over four different locations in the shop, each disorganized and not accounted for. At worst, we could easily lose these tools and at best it is nearly impossible for anyone to find something in a timely fashion. Not to mention, we have no records of anyone who takes anything, just the honor system. While taking these photographs, a technician was wasting his valuable time looking for a tool.

There are plans to build and extension on our sales facility which would move Ferrari service and connect to the showroom. I reviewed the plans with the owner and requested a special tools room; it was draw into the plan. The short term goal will be to consolidate these tools into one location and create a sign out system to help curb theft and time down. Enjoy the photos, I'm embarrassed to share.


USAG for MASERATI
USAG for
USAG for


Ferrari
355
412


USAG
for
Ferrari

100 REPAIR ORDER ANALYSIS

Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	$ 7,568	÷	67.00	=	112.95	FRH Average
Maintenance	$ 36,345	÷	207.25	=	175.37	FRH Average
Repair	$ 40,521	÷	223.50	=	181.30	FRH Average
Totals	$ 84,434	÷	497.75	=	169.63	Customer ELR
			Target Labor Rate		162.00	Per FRH
Total Ro's in Sample	100		Difference		7.63	Per FRH

Cost of Labor

Total Cost of Labor	15859.75	÷	Total Sales	=	18.78%	Percent Cost of Sales
Total Cost of Labor	15859.75	÷	Total FRH's	=	31.86	Cost per FRH

Repair Order Measurements

Total Labor Sales	84,434.30	÷	Total RO's	=	844.34	Avg Labor per RO
Total FRH's	497.75	÷	Total RO's	=	4.98	Avg FRH's per RO
Menu Sales		÷	Total RO's	=		Percent Menu Sales
Competitive FRH's	67.00	÷	Total FRH's	=	13.46%	Percent Competitive
Maintenance FRH's	207.25	÷	Total FRH's	=	41.64%	Percent Maintenance
Repair FRH'	223.50	÷	Total FRH's	=	44.90%	Percent Repair
One item RO's	13	÷	Total RO's	=	13.00%	Percent One Item RO

Model Year Analysis

2018	2017	2016	2015	2014	2013	Older	Total
0	1	9	30	25	12	23	100
0.00%	1.00%	9.00%	30.00%	25.00%	12.00%	23.00%	

For the study month of April, my service manager and I went through 100 sequential customer pay repair orders and pulled the above data into the excel sheet. In summary, 65 percent of the vehicles serviced were still under manufacture warranty, which explains our heavy reliance upon warranty work currently. Also good news is that in 2107-2018, 2014 product will be coming out of warranty. 2014 model year marked a major change in our business where Maserati launched two new models in much greater volume then prior year, which tripled our sales business.

For this study, we averaged 4.98 hours per RO, which is above the highline guide of 4. Again, area of opportunity for more customer pay hours as cars in our park begins to come out of warranty.

When examining our shop mix, we are slightly behind the ideal mix of 60 percent competitive/maintenance at 55.10 percent, but we are priced aggressively, with an effective labor rate of 112.95 on competitive work. Both the service manager and I agree that we rather be super aggressive here to help us bring vehicles in and upsell work.

Finally, one item repair orders came in at 13 percent, within guide of 10 to 15 percent. Overall, a great job with more upside potential as our core product continues to come to warranty maturity.

SWOT ANALYSIS/ACTION PLAN

STRENGTHS

-TEAMWORK

-CUSTOMER RELATIONS

-LOCATION

-MANAGEMENT/LEADERSHIP

-STAFF

-PARTS DEPARTMENT

-LACK OF COMPETITION

-SALES FORCE (SERVICE/SALES)

-PRODUCT KNOWLEDGE

-PASSION

-PROBLEM SOLVING

-ABILITY TO LAUGH

-SUPPORT STAFF

-DECISION MAKING

-CALMING DOWN HIGH STRESS CLIENTS/SITUATIONS

- NUMBER OF CARS WRITTEN

-COMRADERY

WEAKNESSES

-STORAGE

-PARKING

-LOANER PROCESS

-COMPLETING JOBS TO GET CARS OUT

-GETTING CARS DELIVERED

-GETTING CARS DELIVERED

-PARKING LOT

-NOT ENOUGH DRIVERS/WASH BAY GUYS

-SERVICE WRITERS FOCUSED ON GETTING RID CARS/NO UPSELLING

-TECHS NOT TEST DRIVING VEHICLE AFTTER REPAIRS

-TECHS GOING TO FAST, LEAVING ITEMS LOOSE OR NOT COMPLETE

-TOP TECH GETTING JOBS THAT PAY BEST

-LACK OF SUPPORT STAFF

-LACKING SENSE OF URGENCY

-LOT SIZE IS SMALL

-PAPERWORK

-NOT PAYING ENOUGH ATTENTION TO DIFFICULT CARS TO REPAIR

-POOR COMMUNICATION

-SPECIAL TREATMENT FOR SOME PEOPLE

-POOR ATTITUDE

-PARKING LOT

-FACILITY TOO SMALL

-PARTS AND SERVICE MANAGER DON’T WORK AS TEAM

-ORGANIZATION

-PHONES DON’T GET ANSWERED, EMPLOYEES LATE, TOW TRUCKS GO DOWN, LOANERS SLOW

-CAR SIT FOR DAYS WITH SIMPLE REPAIRS

-TAKES TOO LONG TO GET USED CAR DEPT CARS ON LIFTS FOR RACKS

- USED CAR MANAGER TAKES TOO LONG TO RESPOND TO RACK AND REPORTS

-NOT DOING THE SIMPLE THINGS THAT CLIENTS EXPECT, TIRE PRESSURE MONITOR ETC

-TOO MANY COMEBACKS

-EMPLOYEE PARKING

-WAITING AREA NOT NICE ENOUGH FOR BRANDS

-LOW PAY

-PARKING LOT

OPPORTUNITIES

-IMPROVE LOT

-BETTER PAY/MEDICAL

-BODY SHOP

-BIGGER LOT

-SERVICE MENUS

-SERVICE MENUS TO INCREASE SALES

- NEW FACILITY

-MORE TRAINING ON PRODUCT TO SPEED UP DIAGNOSIS AND TURN AROUND

-FACILITY EXPANSION

-VINTAGE CAR WORK

-ACCESSORY SALES

-BETTER TEAMWORK

-GROW WITH COMPANY

-NONE

-ROOM TO GROW WITH COMPANY

-BETTER PROCESSES

-HIRE STRONG PEOPLE

-SPLIT TECHS BY BRAND (FERRARI/MASERATI)

-COMPANY GROWTH

-IMPROVE LOT

THREATS

-STORAGE/PARKING

-PARKING

-PARKING/LOT DAMAGE

-MORE FOCUS ON JOB AT HAND/NOT LOOKING AHEAD TO NEXT JOB

-NO ROOM TO GROW BECAUSE OF FACILITY

-WORK DISTRIBUTION NOT FAIR/LOWER MORAL IN SHOP

-PARKING LOT/ACCIDENTS

-INCREASED COMPETITION

-FACILITY SIZE PREVENTING GROWTH

-LOANER CAR SYSTEM

-NO TEAMWORK

- SHOP APPEREANCE

-ISIS

-LOT ALWAYS FULL

-ATTITUDES

-SPACE

-UNPROTECTED PROPERTY, CARS PARKE OUTSIDE AT NIGHT, NO GATES

-CUSTOMERS GOING ELSEWHERE

-PARKING LOT/PARTS IN SHOP/ATTITUDE

-GUYS GETTING AWAY WITH MURDER

-PARKED CARS OUTSIDE BLOCKING ALIGNHMENT MACHINE

OBJECTIVES/STRATEGIES/TACTICS

OBJECTIVES

1. Improve parking lot situation
2. Improve internal work process
3. Improve loaner car program
4. Improve ability to get vehicles home
5. Comeback accountability
6. Help technicians become more efficient
7. Curb discounting
8. Grow department

STRATEGIES

1. Staff up with support staff to aid in parking and vehicle movement
2. Establish written work flow process
3. Exam Loaner car program to make sure the number of cars meet needs
4. New pay plans for service advisors/service manager/parts manager
5. Increase shop hours on Tuesday and Thursday night until 9 pm
6. Use X-time to help with our scheduling and loaner cars
7. Establish quality control measures
8. Customer follow up

TACTICS

1. Hire 3 more valet drivers
2. Write up work flow process and review at shop meeting, review at each meeting for 3 months
3. Have a weekly meeting with service manager exclusively on loaner vehicles

4. Adjust pay plans for service advisor/manager and parts director
5. Adjust techs schedule to match new shop hours on Tuesday/Thursday
6. Move used car recon and new car prep to Tuesday/Thursday night to help shop work flow
7. Lock service advisor discounting in ADP
8. Mandate each repaired vehicle is test driven and checked for quality of repair, penalty for non-compliance

ACTION PLAN

1. **EXTEND SHOP HOURS TO 9 PM TUESDAY/THURSDAY –** General Manager by August 1, 2017
2. **SHUT OFF DISCOUNTING IN ADP –** Service Manager by July 1, 2017
3. **CONTRACT WITH LOCAL TOW VENDOR AT PREFERRED RATE –** Service Manager/GM by July 1, 2017
4. **LOANER CAR MEETING/X-time review –** GM/Service Manager/BDC/Loaner Coordinator, Weekly
5. **POST NEW SHOP WORK FLOW PROCESS AND POLICE –** GM/SERVICE MGR – DAILY – utilize service tags, red side for vehicles in for repair, green side for vehicles finished, finished vehicles to be moved to auxiliary lot to be held until ready for pick up/delivery, freeing up space in service department parking lot
6. **USED CAR RECON AND NEW CAR PREP CRAM –** SERVICE MANAGER, EVERY TUESDAY AND THURSDAY
7. **SERVICE ADVISOR/SERVICE MGR/PARTS MGR PAY PLAN CHANGE –** General Manager, by August 1, 2017
8. **HIRE 3 VALET DRIVERS –** Service Manager – July 1, 2017
9. **WEEKLY USED CAR RECON MEETING –** Used Car MGR/GM/Internal Advisor - weekly
10. **SERVCIE ADVISOR TRAINING PROGRAM –** Service Manager/GM – September 1, 2017
11. **ESTABLISH AND INSTALL QUALITY CONTROL PROGRAM –** GM/Service MGR/Advisors/Tech – July 1, 2017

12. **FINISH X TIME INSTALL –** GM/SERVICE MGR/SERVCIE ADVISORS/LOANER COORDIANTOR/SERVICE BDC – JULY 1, 2017

SYNOPSIS

As highlighted in the comments from our employees, our parking lot, pick up and drop off present our department with many challenges and prevent the growth of our department from a physical and profitable point of view

By installing a simple work flow process, involving the utilization of our support staff and service tags, we can help clear up a congest parking lot and allow our techs to operate more efficiently and help lower the overall stress level our parking lot causes all of our employees. Implementing X time will help with our appointment setting management well as loaner car reservations. We already have moved out new car inventory off-site to help accommodate the necessary room for our finished service vehicles.

Our clients are extremely high net worth individuals who essentially use these vehicles on the weekend and it is sometimes difficult to usher these vehicles out in a timely fashion, by utilizing our auxiliary location, previous used for new car inventory, we can allow our writers to focus on selling, rather than “punting” cars back to clients. We can also focus on the quality of the repair to ensure we limit comebacks and thus increasing overall customer satisfaction.

The additional hours will also help with the congestion of work during business hours, allowing internal repairs to be done at a designated time, allowing more cars to be racked and faster recon times. The additional hours will allow for a greater number of labor sales also increasing our overall department net profit.

By staffing up our valet drivers, we will be able to more effectively return the vehicles to the client’s homes and help bring down our enormous sublet towing expense and free up our valuable parking spaces for new work.

Changing some key employees pay plans along with some much needed training will make us all better and help us pull in one direction, as opposed to competing self-interests.

Our department does a lot right, and we have some excellent people that help in this effort every day. I picture the whole dealership as a wheel, right now we are round, no need to re-shape it, just a need to make a spin faster!