

Service Homework

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- a. **Advertising:** What are your plans to keep your dealership name in front of your customer?
- a. Allstate has taken a very modern approach to our customers. We have invested heavily in our online presents. We have partnered up with a company that helps us track our Google presents.
 - i. First we set up geo fencing within 50 miles of each of our stores.
 - 1. We have placed key words that pertain to each store or location. An example would be for our Flagship store South Saint Paul we have 30 mobile service trucks.
 - ii. Our traditional marketing still takes place. We have the following
 - 1. Billboards
 - 2. Sales Blitz
 - 3. Booklets that contain Service Materials
 - 4. Monthly or weekly specials can be found online or the booklets that are handed out on Sales Blitz
 - iii. Email Blast
 - 1. We have a CRM system that requires all service people to enter their customers name into the system and ask for an email address. This gives us opportunities to send out weekly/monthly reminders to customers and show them new specials
 - iv. Local Schools
 - 1. We have teamed up with local school for monthly education seminars. This has not only given us some great Tech. But they have also turned into a great revenue source because of the word of mouth.
- b. **Marketing:** Who will you be marketing the dealership service department with the goal to obtain new customers?
- i. Allstate moto is very simple. Sell the whole dealership.
 - 1. That means we have the Parts team, Sales team, Finance team, Leasing team, Rental team always pushing Allstate to make sure we obtain new customers.
 - a. We make sure all employees are well educated on all parts of our business. To make sure they can answer simple questions about any department.
 - 2. We have started Youtube videos. We are hashtag # all videos to make sure if they watch them we direct them to our website.

3. We have also really ramped our social media presents. We are on the traditional website, Facebook, Linked in, Instagram
- c. **Facility:** What changes will you make to increase your Utilization (3rd Homework Calculation)?
- a. **Attached**
 - b. This number is amazing our facility potential is outrageous. We have to make lot of changes. First we need to identify what the time wasters are.
 - c. We are showing our service people how to work their pay plans. If we can show them how to make more money it will make the company LOTS more money.
- d. **Productivity:** How will you increase your Tech Proficiency (4th Homework Calculation)?
- a. **Attached**
 - i. We have hired a parts runner just for Service.
 - ii. We have a logistic person who will be moving trucks for the techs. So the techs are always working on the trucks.
- e. **Production Method:** Will you make any changes to you service department?
- a. We are currently in the process of developing a workflow chart that shows all the steps in our Service team. This is a multi-level chart. That shows down to the detail of who gets the parts. This is not completed but this will help new hires as well as veteran employees.
- f. **Analyze Cost of Labor:** How do you pay the techs (1st Homework Calculation)?
- a. **Attached**
- g. **Changes in Expense Structure:** Are you selling all of the available hours, are your expenses in line (2nd Homework Calculations)?
- a. **Attached**
 - b. We are not even close to selling all the available hours in the day. We have working with the service writers on how to sell more hours.
- h. **Pay Plans:** Are any adjustments needed in your staff's pay plans and why?
- a. We are in the process of reviewing all of our pay plans. Based on our market and our market share. See attached. This is what we have already come up with.
 - i. I have spoken with the Director of service and suggested that service writers work on a commission pay plan. He really like the idea, and is currently readjusting the pay.
 - ii. We are also hiring a parts runner just for Service. They are dedicated to our techs. Depending on how this goes we may add more. We are paying them a salary.
 - iii. We have also hired a "logistic" person. This person is now in charge of moving the trucks from the back lot to our techs bay. They will also be doing the road checks.
- i. **Detail performance programs:** What are the plans for setting objectives, tracking, communication?
- a. Identify

- b. We have developed a skillset assessment program that assesses every technician in forty-plus skillset categories. Each technician is rate as an A, B, C, or D tech in every skillset. From this assessment we can determine the strengths and weaknesses in the Service department's ability to repair trucks.
- c. From the data generated by the assessments we can determine where the gaps are in our service abilities and also who is the best candidate(s) to fill those gaps.
- d. The skillset analysis also gives us an excellent on-going opportunity to review a technician's career track progress and develop a game plan for reaching their goals. Reviews are conducted semi-annually to review progress and set new goals.
- e. Developmental Support
- f. We have instituted an active mentoring program at each location. Mentors are trained and paid extra to perform mentoring duties. Mentoring is our hands-on way of teaching new skills and advancing existing skills.
- g. In skillsets that require the technician to be certified by the manufacturer/vendor, we send technicians to factory training to get the required certifications. The number of technicians training in each category is not based on the manufacturer's minimum requirements, but rather by the need based on the amount of work coming into the shop that is supported by that particular training.
- h. We have also developed an in-house training program. The instructors for this program are developed from our own pool of experienced technicians. These technicians receive instructor training, and are supported by, an experienced technical trainer. The topics for these classes consist of training not readily available from manufacturers but essential to developing our technicians in the skillsets identified in the skillset assessment program.
- i. We are also developing a transitional and advancement training program. This program has a full time instructor and is designed to address two distinct groups. The first group is entry-level technicians. This group attends a 90-day program when they are hired from a post-secondary vocational training program and before they go into the shop for which they were hired. The class is curriculum is heavy in Peterbilt product specific training and hands-on activities in the shop under the watchful eye of the instructor. The second group that will attend classes in this program are technicians that have been identified to advance in one or more of the forty-plus skillsets and need additional training to do so.
- j. Tracking and Communication
- k. We have developed a database to track the progress of each technician's skill sets, online training completion, manufacturer certification training, shop efficiency and soft skills. All of this data is then uploaded into UltiPro which allows us to track the progress of established development goals.
- j. **Level of current training:** Are you within the minimum training standard for your manufacturer?

- a. Peterbilt does not have a minimum training standard. Instead they have training track requirements. With our training and development initiatives we are on track to have all of our technicians at 100% of the training track requirements by the end of the second quarter.
- k. **Special tools:** What do you currently have for the techs? Is it neat and organized, or an unorganized mess?
 - a. After studying service I found many opportunities for our service team to improve. Our special tools room happens to be the one we have exceeded my expectations. We have a very strict manager who watches the in/out of all tools. And every tool has a special place for it. And you can find the location on the clip board when you check in and out.
- l. **Perform a complete Qualitative SWOT Analysis with an Action Plan:** Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets, tabulate the data and then set Objectives, Strategies, and Tactics. Now it is time to create the Action Plan.
 - a. Per dealer President of our company Jeff Vanthournout, I did not send this out to all employees in the service department.
 - i. As I have told the class last time we had a CNG truck explode in our shop. And we have had a few lawyers hanging around. So I have included my own SWOT.
- m. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location
 - a. This homework was great; I was able to show the director of Service true numbers. And how those numbers influence our bottom line. This assignment has led to a lot more conversations. This has continued to help me grow and understand more of service.
 - b. One of the many takeaways that my service director was floored about was the 6 minute rule. And understanding how we possibly don't need more techs we need a manager who will help them become more proficient.
 - c. I think this biggest take away from me on this homework is Management. We currently have the customer base, we currently have the employee base but do we have the right management? How does our leadership take our Flagship store to the next level! The service Director has now implemented bi monthly calls to all service managers to make sure we all have the same goals.

SWOT

Strengths

- Excellent coverage within our AOR.
- A strong group of experienced technicians capable of providing service at a high technical level and provide leadership to lesser skilled technicians.
- A well-developed process for supporting all technicians that encounter failures that can't be fixed using traditional diagnostic methods.

Weaknesses

- Limited bays at a number of our locations.
- Shortage of trained experienced technicians.
- Techs are not as efficient as we need them to be

Opportunities

- Mobile service growth.
- Our technician development program will grow our workforce.
- Our Facility potential is HUGE

Threats

- Lack of experienced and entry-level techs to recruit.
- Cost of workforce is getting higher forcing us to raise labor rates.
- Other companies doing a better job than us on the service side.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car			0%	0%
Customer Truck	\$ 230,818	\$ 148,943	64.53%	0%
Customer Other			0%	0%
Warranty	\$ 53,982	\$ 30,714	56.90%	0%
Warranty Other			0%	0%
Internal	\$ 26,973	\$ 14,763	54.73%	0%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0%
Total	\$ 311,773	\$ 194,420	62.36%	0.00%

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Service Department Profit Centering

Expense Category	Dollar Amount			Profile
Department Gross	\$	194,420	% of Gross	
Variable Expense			0.00%	
Selling Expense			0.00%	
Personnel Expense	\$	139,428	0.00%	
Semi-Fixed Expense	\$	24,565	0.00%	
Fixed Expense	\$	60,600	0.00%	
Unallocated Expense			0.00%	
Dealer's Salary			0.00%	
Total Expenses	\$	224,593	0.00%	
Net Profit	\$	(30,173)	0.00%	

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NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ -	÷		=	0.00
Customer Truck*	\$ 230,818	÷	140.00	=	1648.7
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 53,982	÷	125.00	=	431.9
Internal	\$ 26,973	÷	90.00	=	299.7
New Vehicle Prep	\$ -	÷		=	0.00
Total	\$ 311,773				2380.3

POTENTIAL

$$\boxed{\$ 311,773} \div \boxed{2380.26} = \boxed{\$ 130.98}$$

Total labor sales for month
Total hours billed
Effective Labor Rate

$$\boxed{26.00} \times \boxed{8} \times \boxed{25} =$$

Service mechanical technicians
Hours/Day
Working Days/Month

$$\boxed{5,200.0} \times \boxed{\$ 130.98} = \boxed{\$ 681,111}$$

Clock Hours Available
Effective Labor Rate
Labor sales potential

How proficient are your technicians ?

$$\boxed{7.5} \div \boxed{8.00} = \boxed{93.75\%}$$

Hours Produced
Hours Available
Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

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5,200.0

Clock Hour Avail

FACILITY POTENTIAL

Number of Bays		22
	x	
Number of Days		31
	x	
Number of Hours		5200
	x	
Effective Labor Rate		130.98
		<i>equals</i>
FACILITY POTENTIAL		\$ 464,507,472

FACILITY UTILIZATION

Total Labor Sales	\$	311,773
		÷
Facility Potential	\$	464,507,472
		<i>equals</i>
FACILITY UTILIZATION		0.07%

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Corporate Service Team Bonus Plan 2018

Budget is \$1.9M net profit for 2018 for all service (Shop, mobile & body) combined.

If budget is met, corporate service staff will receive compensation bonus plan as per below:

\$1.9M Net Profit (Budget) = \$8000

Percentage over budget will be multiplied by the base bonus amount accordingly.

Example- 110% of \$1.9M = 110% of \$8000 or \$8800

No payout if net profit is less than \$1.9M

Must be current employee at the time of payout to receive bonus. Bonus will be paid on second paycheck of February 2019 after financials for 2018 are final.

Employee Signature: _____ Date: _____

Director of Service: _____ Date: _____



Parts & Service Managers Bonus Program 2018

The bonus program is based on budget verse actual net operating profit for your specific department. Must obtain a minimum of 105.00% for bonus payout.

Please see example below for details on the quarterly payout.

Budget vs. Net Operating Profit

	Quarterly Payout	
105.00%	\$500.00	Bonus
110.00%	\$1,000.00	Bonus
120.00%	\$1,500.00	Bonus
130.00% & Up	\$2,000.00	Bonus

Example

Quarterly NOP Goal	\$125,451
Actual NOP	\$153,445

$$\$153,445 / \$125,451 = 122.3\%$$

Quarterly Bonus Payout = \$1,500.00

Yearend Bonus

If budget is exceeded by a minimum of 105% for all four quarters a yearend bonus of 4,000.00 will be paid.

All bonuses will be paid out the following month on the 2nd pay period of the month after the quarter closes. Yearend bonus and 4th quarter bonus will be paid in the month of February after the year in closed.

Eligibility

Manager must be employed the entire quarter to be participate. Yearend bonus will be calculated based on total quarters worked during the fiscal year. Bonus payouts will only be paid if you are employed at the time of payout. Department must be profitable for the quarter.



Technician Efficiency Incentive Program 2018

The efficiency incentive program will be based on a calculation of hours billed and hours produced on work orders closed throughout the month. This does not include non-billable time. You must meet the minimum 90.00% to participate. Incentive will only be calculated on hours billed during the month. The attached scale will be used to calculate the monthly incentive.

Service Department Efficiency Pay Rate Scale

Shop			
Range			Payout
90.00%	to	91.99%	5.00%
92.00%	to	93.99%	6.00%
94.00%	to	95.99%	7.00%
96.00%	to	97.99%	8.00%
98.00%	to	99.99%	9.00%
100.00%	up		10.00%

Body Shop				
Range				Payout
100.00%	to	104.99%		1.00%
105.00%	to	109.99%		2.00%
110.00%	to	114.99%		3.00%
115.00%	to	119.99%		4.00%
120.00%	up			5.00%

Example:

$$\text{Hours Billed} / \text{Hour Produced} = \text{Rate} * \text{Hours Billed}$$

Tech Rate of Pay \$25.00

Hours Billed 82.71

Hours Produced 84.03

Efficiency 98.43%

Incentive Rate 9.00%

Incentive Payout \$186.45

$$(\$25.00 * 9.00%) * (82.71) = \$186.45$$

Do we have different level of techs?
 Do we need a triage tech?
 go leader of shop
 Hire a foreman keep techs in Bays

Technician must be employed a minimum of 30 days to participate in incentive program. Incentives will be calculated monthly and paid the second pay period of the following month that the incentive is earned. All comeback hours will be treated as non-billable hours. Must be employed at the time of payout to receive incentive.



Service Advisor Incentive Program 2018

What if 100%
Commission?
possibly guarantee

The incentive program will be based obtaining a minimum of 105.00% of the monthly budget goal for overall service gross profit sales.

Push hours into shop.

Range			Incentive
105.00%	to	114.99%	\$100.00
115.00%	to	119.99%	\$200.00
120.00%	to	124.99%	\$300.00
125.00%	up		\$400.00

How many labor hours can they sell a month?
maybe back into numbers

Example

Goal	\$101,000.00
Actual	\$118,000.00
% to Plan	116.83%
Payout	\$200.00

Qualifier

Work in Process is a primary focus item for the company it help to ensure that we are continuously working towards improving customer satisfaction, best practices and better company cash flow. Total labor WIP cannot exceed 18% of total monthly sales for incentive to be earned. This includes both the service shop and mobile service. For locations with a body shop, the body shop will be excluded.

Must be employed a minimum of 30 days to participate in incentive program. Incentives will be calculated monthly and paid the second pay period of the following month that the incentive is earned. Must be employed at the time of payout to receive incentive.

**Peterbilt of St. Paul
Service Technician Efficiency Incentive Work Sheet**

Tech Name	Tech Number	Tech Pay
[REDACTED]	891	\$32.64
[REDACTED]	975	\$35.90
[REDACTED]		
[REDACTED]	2324	\$35.90
[REDACTED]	2327	\$35.90
[REDACTED]	2329	\$35.90
[REDACTED]	2367	\$32.64
[REDACTED]	2377	\$33.06
[REDACTED]	10579	\$34.14
[REDACTED]	2694	\$32.64
[REDACTED]	2716	\$32.64
[REDACTED]	2738	\$30.68
[REDACTED]	2823	\$34.10
[REDACTED]	3057	\$28.76
[REDACTED]	3280	\$30.22
[REDACTED]	3281	\$30.22
[REDACTED]	9717	\$31.66
[REDACTED]	11003	\$22.72
[REDACTED]	11055	\$22.71
[REDACTED]	10494	\$26.30
[REDACTED]	11143	\$22.66

Average COS \$95.80

Efficiency Range		% Increase	
	90.0%	91.9%	5%
	92.0%	93.9%	6%
	94.0%	95.9%	7%
	96.0%	97.9%	8%
	98.0%	99.9%	9%
	100.0%	100.0%	10%

Hours Produced	Hours Billed	Adjustments	Tech Efficiency	Tech Incentive
194.49	124.95		64.24%	\$0.00
19.16	19.06		99.48%	\$61.58
				\$0.00
109.47	80.04		73.12%	\$0.00
235.42	157.35		66.84%	\$0.00
178.50	149.14		83.55%	\$0.00
155.87	128.04		82.15%	\$0.00
179.52	168.61		93.92%	\$334.45
199.10	194.94		97.91%	\$532.42
149.59	114.14		76.30%	\$0.00
145.38	97.10		66.79%	\$0.00
176.64	149.35		84.55%	\$0.00
171.99	154.78	1.00	90.58%	\$265.60
87.54	92.13		105.24%	\$264.97
140.37	137.60		98.03%	\$374.24
200.62	179.25	1.50	90.10%	\$273.11
99.43	85.62		86.11%	\$0.00
195.74	159.30		81.38%	\$0.00
180.89	98.18		54.28%	\$0.00
227.08	163.01		71.79%	\$0.00
135.62	121.72	1.00	90.49%	\$139.04
			#DIV/0!	\$0.00
			#DIV/0!	\$0.00
			#DIV/0!	\$0.00

Total Incentive	\$2,245.43
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