

ATD040-08

Service Dept. Analysis

Summit Truck Group - Amarillo TX

Overview

Our service dept has gone through a rough period over the last 4-5 years plagued by turnover in the management positions over the shop with 3 or 4 service manager and the same if not more service advisors and foreman. We now have 45 years' experience between our Manager/Foreman vs 10 or less over last 5 years.

SWOT Analysis

Strength

- 1 Management Experience
- 2 24 Techs vs 14 low
- 3 Able to adapt solution to customer
- 4 Strong Lease Fleet
- 5 Quick Check diag writeup
- 6 Dual Dealer Intl / Kenw
- 7 KW Premier Care Gold Certified

Weakeness

- 1 Service Writer Experience
- 2 Shop Layout - Truck Flow
- 3 Too Many Hourly Techs
- 4 Low Productivity
- 5 Sporadic Work Volume

Opportunities

- 1 No true service leader in town
- 2 Corporate Competitors (Rush/Premier)
- 3 Large, Diverse customer base
- 4 Expanded Mobile Service Area
- 5 Outside Service Sales Team

Threats

- 1 5 Yr Reputation Poor Service/Comm.
- 2 Strong Independent Shops W/Low Door Rate
- 3 Service Write and Supervisor Turnover

Action Steps For Success

Communication

1. **Notes** - After getting back to the dealership and reviewing some of the processes we have on updating customers throughout the repair process, it came to light to me that the advisors were updating the SDL notes but the Foreman were not. Foreman previously were keeping their own notes on paper. A lot of the time the Foreman's notes could be the most important. To ensure we are giving the customer the most up to date and consistent notes - All are required to update SDL notes including inbound/outbound communication. Gives us the ability to manage the last time we updated the customer now being able to verify we did the beginning and end of each day.
 - *Implemented 3/4*

2. **Decisiv** - We are in the process of integrating our DMS accounts into Decisiv. Once we get onto the system we will adapt our current process beginning with the opening of the ticket, to estimate, to approval, to complete job. The tool should help us eliminate some of the back and forth system maneuvering we do today with creating all estimates in Navistar's Repair Advocate and then keying in the same information into our DMS.
 - *Target Date 6/1/19*

Organization

1. **Lot Organization** - We had a poor process of organizing where all the trucks and any associated trailers were parked all in the same line, making it even tougher to get to the trucks ready for work. We now are utilizing our specific trailer parking area as we should be.
 - *Implemented 2/10*
2. **Tool Room** - We have a decently organized tool room, it is just not big enough. We are evaluating adding a mezzanine of some sort to give us more room. We will move smaller, less frequently used tools to a 2nd level.
 - *Target Date 6/1/19*
3. **Hours** - From the low of 14 techs, built back up to 24 techs has come with pros and cons. Some of the cons are newer, less experienced techs. Coupled that with 2 shifts where the majority of experienced techs are in the 1st shift can lead to an extremely unproductive 2nd shift. We are implementing new hours changing from 7-12 to 6-10. We will have an overlapped shift of techs as well as the main management there spending more time with the younger shift giving them more oversight and direction. This will also allow us to increase Saturdays to 7 techs from 4 (4 Certified/3 Class C) We believe everyone will become more productive with the overlap and contribute to increasing our utilization to the 65% plus mark vs where we are today at 58%.
 - *Target Date 4/1/19*
4. **Service Writers** - We now have 2 full time service writers that both have tech experience vs 3 team members sharing service writer and clerk responsibilities. This is our first step toward aligning Service Advisors to a group of techs and or customers.
 - *Implemented 1/30/19 - On Going*
5. **Compensation** - We have a mainly hourly shop with just a few long term commission techs. We are working toward moving a group of techs to flat rate commission as of Apr 1 (All B tech and above). We will have the expectation of new hired techs less than B level that they will go flatrate once they are trained up.

- *Target Date 4/1/19*

Cost Analysis

1. **Gross Margin** - We have 6-7 points to gain on gross margin. We finished 2018 at 71% overall with big opportunity for Retail Sales (70%). We had a lot of new techs in 2018 that needed a lot of guidance and oversight. We lost out on hours that we could bill the customer. Between (1) New hours (2) More experience (3) Better organization we believe our new guys will be able to perform closer the hours we need it to take them to complete the job.

- *Target Date 4/1/19*

2. **Work Volume** - We sit on I-40 and represent Kenworth and International, have a large lease fleet, and good local customers. We are starting to bring back customers that we have lost in the last 4 or 5 dark years but have fluctuated in just the last week from getting in 3 trucks one day to 28 the next. The good news is we are able to turn work with the right tech count now but then get in the lulls where we need work. Solution to aid this threat is a reestablishment in our Outside Parts/Service Salesmen. These guys are incented on labor sales in addition their parts sales and we are looking into adjusting their plans for new accounts they bring in to pay them more than the standard 1% they are getting today. I want these guys chasing new business and selling competitive fixed labor rate jobs.

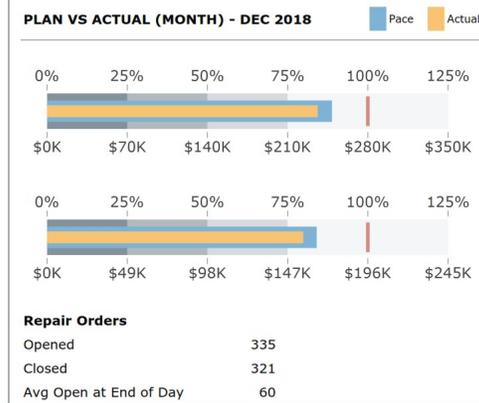
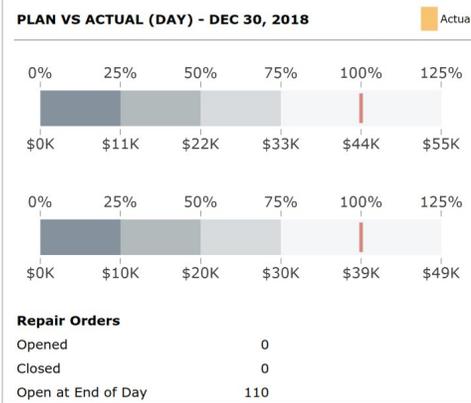
Objectives and Tracking

1. **Sales Objective** - We have a great report that is emailed the service manager every morning that he posts in the huddle office that shows what our daily target is and how we are pacing to plan.
 - *Ongoing*



DAILY SERVICE REVIEW

Date: Dec 30, 2018
Company: 401-AMA
Door Rate: \$139



TODAY'S TARGETS

Dec 31, 2018

SALES

\$43,745

GROSS

\$39,448

2. TPR - In addition to sales targets, we post the TPR report ranked by proficiency
 - *Ongoing*

Technician	Hours Worked	Hours N-Prod	Hours Clocked	Hours Billed	Productivity	Efficiency	Proficiency	Labor Sales	ELR	ELR % Door	INCENTIVE		
											Individual	Team	Total
[F] 4015011 - Grant,Shann	10.93	7.51	18.44	52.00	59.3 %	185.9 %	282.0 %	\$6,672	\$128	92.3 %	\$0.00	\$0.00	\$0.00
[F] 4015019 - Mell,Gary	55.02	5.76	60.78	111.26	90.5 %	106.6 %	183.1 %	\$12,672	\$114	81.9 %	\$0.00	\$0.00	\$0.00
[H] 4015003 - Baker,Steve	144.28	2.15	146.43	150.58	98.5 %	84.2 %	102.8 %	\$22,275	\$148	106.4 %	\$961.48	\$0.00	\$961.48
[H] 4015083 - Porter,Step	103.56	31.51	135.07	113.72	76.7 %	106.8 %	84.2 %	\$12,279	\$108	77.7 %	\$176.68	\$0.00	\$176.68
[F] 4015017 - Mccoy,Harol	107.80	38.45	146.25	109.87	73.7 %	112.4 %	75.1 %	\$13,283	\$121	87.0 %	\$0.00	\$0.00	\$0.00
[H] 4015028 - Gabriel,Elo	109.30	8.59	117.89	73.08	92.7 %	79.5 %	62.0 %	\$10,158	\$139	100.0 %	\$0.00	\$0.00	\$0.00

3. Training - We have the training outline posted in the huddle office as well and highlight the names that are 100% up to date.
 - *Ongoing*

Overall, we are heading in the right direction. We had to get a team in place which we now have 2 very experienced leaders and leaders that the techs RESPECT! We are now in the stage of refining and reDEfining processes that will get our numbers back to above industry standards which will make happy a happy management, techs, and CUSTOMERS!