

Fixed Operations 2 Service Homework

After review of our service department operations for the month of February 2019 we have come up with the following action plan.

- We are adding additional marketing to all makes and models on social media to help drive additional traffic. We will also be marketing to local hospitals and schools in our area.
- We will be expanding our hours of operation from 8am-6pm to 7am-7pm Monday through Saturday effective 6/1/19 in an effort to make it as convenient as possible for our customers. We will consider Sunday service at a later date.
- We will continue to use our conventional production methods, but may consider team groups in the future as our service department grows.
- Our current customer labor gross percentage is 73.79% . We are increasing our door rate to \$120 and revising our service menu to increase that number.
- Our biggest weakness is training in the parts and service departments. We have hired an outside company for phone training for our parts personnel, service advisors, and receptionists. We are working on a detailed training manual for all parts and service positions.
- We are currently exploring alternative production bonuses for our technicians based on proficiency.
- We are using ELeads to measure MPI performance from every technician and advisor to ensure every car gets a good inspection and additional service recommendations.

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 2,424 ÷	57.60 =	42.08	FRH Average
Maintenance	\$ 2,528 ÷	31.20 =	81.02	FRH Average
Repair	\$ 4,415 ÷	39.80 =	110.94	FRH Average
Totals	\$ 9,367 ÷	128.60 =	72.84	Customer ELR
		Target Labor Rate	91.63	Per FRH
Total Ro's in Sample	100	Difference	-18.79	Per FRH

Cost of Labor

Total Cost of Labor	2455.30 ÷	Total Sales =	26.21%	Percent Cost of Sales
Total Cost of Labor	2455.30 ÷	Total FRHs =	19.09	Cost per FRH

Repair Order Measurements

Total Labor Sales	9,366.80 ÷	Total ROs =	93.67	Avg Labor per RO
Total FRHs	128.60 ÷	Total ROs =	1.29	Avg FRH's per RO
Menu Sales		Total ROs =		Percent Menu Sales
Competitive FRHs	57.60 ÷	Total FRHs =	44.79%	Percent Competitive
Maintenance FRHs	31.20 ÷	Total FRHs =	24.26%	Percent Maintenance
Repair FRH	39.80 ÷	Total FRHs =	30.95%	Percent Repair
One item ROs	33 ÷	Total ROs =	33.00%	Percent One Item RO

Model Year Analysis

2020	2019	2018	2017	2016	2015	Older	Total
0	1	15	16	8	15	45	100
0.00%	1.00%	15.00%	16.00%	8.00%	15.00%	45.00%	

Strengths

Teamwork
Technicians

Weaknesses

Training
Process

Opportunities

Outside Training
Expanding Hours

Threats

New Hyundai Dealership in our Area
Non-Dealership franchises

Our Swat Analysis Action Plan

- Continue to build on our strengths by promoting a culture of teamwork throughout our service department. Ongoing training for our technicians will help them perform at their highest level and continue their growth.
- We are tackling our weaknesses in training and process by hiring an outside training for phone skills and service advisor training. We are developing training manuals for individual positions.
- We recognized our opportunities in better trained employees (phone skills) and expanded hours of operation.
- We recognized threats in the form of our competitors opening a new facility, and the growing list of non-dealer service franchises in our area.

In the face of growing threats to our business from outside competitors, we have determined we must provide our staff with continuous training and to provide the highest level of service possible. We must continue to promote our culture of teamwork to reach our goals. We must expand our hours of operation to make vehicle service as convenient as possible for our customer and we are working on plans for valet service as we expand our service staff.