

Service Department Analysis For Dublin Mazda Service

A. Advertising- We are currently mostly focused on service retention through our customer database. Our new service manager is working

on new email mailer strategy for tiered pricing mailers to incentivize customers that have not been to our shop within the last 12-18 months. Right now we are coming up against a challenge of increased SEO costs as Mazda requires ad spend for specific key words that is driving up our cost and decreasing effectiveness of our budget. I am focusing on fine tuning our quarterly mailer to have a more effective message with a call to action that allows us to more effectively track results. Additionally I am having our data cleaned of bad address so we are not paying for mailers to customers no are no longer Mazda owners etc. We are going to do a local TV advertisement for service as well which has been very effective for our sales department in leveraging our reputation to local markets and reaching into competitive markets. In the future I want to focus on a more organized social media effort to use the free tools that are available and to capitalize on the reputation we have in our market. We have already begun to use small scale advertisement on social media platforms but have seen decreasing results on Facebook and are still in early stages of testing Instagram ads. Overall we have an effective advertising effort but we need to re-evaluate spend on each platform and fine tune our SEO efforts.

- B. Marketing-We are very competitive with local shops and need to effectively communicate that message to our customers. I intend to implement this in our advertising message as well as having it posted in our service department.
- C. Facility-Our facility utilization is at over 117% which is great considering that we have just recently brought in 3 extra technicians that are now using lifts that were being used as a detail bay. This was posing a problem as our detailers were not being watched and vehicles were being damaged and we were having a lot of down time while techs waited for an available rack.
- D. Productivity-This was and still is an issue as our previous service manager was not effectively allocating work to the proper technicians. We also were not monitoring our techs factory training and were giving warranty work to non-certified techs which nearly cost us a large sum of money. As it stands we are at nearly 93% efficiency but given our level of technicians and our workload we should be able to easily achieve over 100% proficiency.
- E. Production Method-
- F. Analyze Cost of Labor-Adjusted cost of labor is 19% which is clearly a "threat" for as as our pay for technicians and service support staff is quite low compared to our district. We are able to do this as we have great benefits and an organization that is know for taking care of its people. It is very important that we not lose focus on this and make sure we show our employees that they are appreciated so we can retain the best employees without dramatically increasing our cost of labor

- G. Changes in Expense Structure-Our expense structure has remained stable but we have increased our expense as we invest in new equipment to increase tech proficiency. We have also brought in a greeter and an appointment scheduling specialist which are both positions we did not previously have. All of these changes initially will increase our expense structure but overall will pay off in efficiency.
- H. Pay Plans-Right now our pay plans are most definitely in our favor and are below market rates for our region. It is my goal to more effectively build value in working for our company to take focus off of pay. As we bring in better talent we are having to pay higher hourly wages which is spreading through our service department. To head this off we need to build value in our benefits and provide the techs and service writers with the tools they need to succeed.
- I. Performance Programs-One of the major deficiencies of our last service manager was effectively communicating department objectives as well as individual goals for the techs and service managers. Our new service manager is working on communicating weekly and daily goals to the technicians and working on a way to incentivize the service writers.
- J. Level of Current Training-This is one of the fatal flaws of our organization in that we do not provide enough opportunities to educate and empower our people. As I said before we nearly got ourselves into a situation with the factory that would have cost us hundreds of thousands of dollars. This was simply because we did not communicate with our techs that they need to do their free training with the factory. We also have a service manager that has been with us since 2008 and he really would like to go to NADA. I plan on sending him to one of the service modules this year.
- K. Special Tools-Our special tools are very well organized and our shop foreman Archie does a great job of keeping the tools orderly and clean.

100 Repair Order Analysis

After doing our repair order analysis three key deficiencies became apparent.

1. We are not retaining the 4+ year old customers which is where we will find a lot of our repair work.
 - We are addressing this with our service mailer and email campaigns to aggressively promote to the customer with 4+ year old cars. We do a good job of first year retention of over 52% which puts us comfortably over the factories requirement.
2. We are discounting heavily in our maintenance work which is over 60% of our work.
 - This is alarming as our ELR for maintenance work is lower than that of our competitive work. This is largely due to our SA having too much freedom to discount. The previous service manager did not monitor discounting and was struggling to manage relationships with our vendors and aftermarket warranty vendors.
3. Over 68% of our ROs were one-line ROs
 - This has been a big issue as our SA are not doing proper walk-arounds in the service drive and they have been overwhelmed with appointments as our service department hours are limited on Saturdays. We are going to extend the service hours to 6:00pm on Saturday. The service department culture has been to schedule all appointments before 3 so they can leave early. This is changing immediately and now that we have an appointment scheduling specialist we are more efficiently allocating our time and booking the entire day instead of tailoring our service appointments to the SA schedules.

Overall our ELR is on the low side at just below \$100 but given our door rate of \$180 we have a lot of room for improvement. This is largely due to uncontrolled discounting on maintenance jobs and by having our higher paid techs do lube tech jobs.

SWOT Analysis

Strengths

- We have a large and very loyal customer base
- We have many employees that have been with us since we opened nearly a decade ago
- Employees get along well and want to help each other succeed by picking up slack when needed
- Professional work environment that is a safe and comfortable place to work
- Beautiful store and clean working environment that employees can be proud of

Weakness

- Some employees believe that management does not care about their success or want to support their employees
- Not everyone is a team player
- Understaffed and need additional team members to relieve stress from advisors who are doing too much
- Hours are too long according to some employees
- Concerns or complaints are not taken seriously by management
- Employees are not acknowledged for their achievements
- Not enough training and advancement opportunities
- CSI is low and very inconsistent largely due to lack of communication of the CSI metrics
- Employee pay is not competitive

Opportunities

- Unfortunately many employees stated they do not see opportunities for themselves

-Many employees do recognize the opportunity they have been given to work at a

Beautiful facility that is committed to bringing in new business opportunities

-As tech companies begin to expand out from SF and Silicon Valley we are seeing a lot of

New customers moving into our area for sales and service

-Just installed a new alignment checking machine in our service drive

Threats

-Not knowing the direction of the dealership re. knowing where employees fit into

future plans for the dealership

-New dealerships opening and taking away service business

-Losing good employees because they are not compensated or appreciated

-Local competition from independent shops

-New dealerships hiring techs at higher wages

Objectives

-Reduce discounting on our core work

-Empower employees to advance their careers

-Create a feedback loop to insure employees concerns are heard and changes made

-Hire employees necessary to allow service staff to focus on their jobs

Strategies

-Communicate a clear path of career advancement and highlight employees success

and advancement in the company

-Hire an appointment clerk and porter to relieve workload of service writers

-Have consistent monthly meetings highlighting success of individuals as well as the

company as a whole

-Extend shop hours while providing SA with more tools to work more efficiently thus

relieving stress

Tactics

-Have a monthly review of local labor rates so we can communicate value to customer

- Change pay plans to place more emphasis on CSI scores

-Have service manager focus on individual employees success and set clear metrics for

The techs to track progress

- Ensure that SA are following labor pricing matrix
- Create more effective and accurately targeted email campaigns
- Create a more attractive employee referral program with attractive bonuses

Action Plan

Weekly

- GM Meeting 1:1 with service manager
- GM Meeting 1:1 with Parts Manager

Monthly

- Evaluate local competitors through market survey
- Company-wide meeting highlighting individual performance

Quarterly

- Review advertising campaigns to determine what is effective
- Service manager meetings with techs and SA to discuss performance and identify areas for improvement on a personal level as well as ways management can better manage

Adjust SA pay plan to be more dependent on CSI scores

- GM to complete by 6/1/19

Extend service hours to mirror sales on Saturday

- GM/Service Manager to complete by 6/1/19

Offer additional training for both managers and service staff

- GM to establish by 6/1/19

Drastically limit SA ability to discount

- Service manager to implement as of 5/1/19

Synopsis

We are very fortunate to be in a rapidly growing, affluent area while offering a product that is gaining market share as quickly as our market is expanding. While the opportunities are abundant it is important that we not lose sight of our most valuable assets, our employees and our reputation. We are going to

focus on empowering our employees and giving them the tools they need to grow along with the company.

As it stands we operate very efficiently but with a few small changes we can make a tremendous impact on our bottom line. By expanding our Saturday hours and hiring additional support staff to help our techs and SA work more efficiently we will increase profitability and quality of life for our employees.

By effectively communicated our companies mission statement and value to our employees we can help them grow along with the company. At the same time we will increase our CSI scores and tie CSI to employee pay more effectively.

Although we face increased competition from new dealers we have a tremendous amount of new opportunities and all of the resources we need to continue to grow our employees and business alike.