N345

Fixed operations homework

Joe Basil Chevrolet

Bill O’Brocta / Craig Colby

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Joe Basil Chevrolet is a very successful store. We have been in business since 1953 and have grown exponentially. Today we employee over 280 employees and we keep growing. Our owner Jim shares a vision with the management staff and all the employees, and he facilitates the tools for us to succeed. We do realize that our service department is not running on all cylinders and there is much room for improvement. With over 500 new and used vehicle sales monthly and an 85% service retention rate there are plenty of opportunities that roll through our service lanes.

-We feel we do a good job advertising, we have many coupons on our website, we have monthly discount and reminder mailers for New York State Inspections, we have sticky post its that are sent out every other month for our Kwik lube facility, and we also do e-mail blast from time to time.

-Our marketing results showed that Joe Basil Chevrolet is very competitive. Not only with the local manufacturers but also with independent shops. One thing Bill and I took from class was having a board in the service lane to show our customers this.

-We have a very large facility with 34 bays in the main shop, 4 in recon ,2 in PDI and 14 in our Kwik lube building. In saying that our calculations show facility utilization at 37.48% with $1,066,259 potential. With recent changes in our shop we are confident this percentage will rise. We took our service manager and moved him in the shop to help the proficiency of the techs “real time”

-our technician productiveness and proficiency were sub pare we show them only being 53.10 % proficient hours produced versus available hours. As stated above, we are confident that this will increase with recent changes.

-Our current production model in the shop is conventional, Bill and I have discussed a possibility of some hybrid of a lateral support group system (still in discussion stage)

-we did our analyzed cost of labor calculation and came up with $279,765 – we do some things a little different at Joe Basil Chevrolet which is we add $5 dollars per warranty labor hour from 1 to 6 hours and add $10 dollars for anything above 6 hours, this will affect this number.

-our expense structure is a little high, the largest expense is personnel at 58.58% we are constantly looking at ways to improve this.

-our pay plans for the most part are in line, we recently had some employee turnover with our competition raising the bar on compensation, we are taking this into consideration and adjusting accordingly. Some changes we have made are adding $2 per hour for the hourly tech apprentices and we bonus them on any flagged hours over 30

-we track our employees a couple different ways-we have daily e-mails from parts on certain “hot” maintence parts sales, we have service workbench that is a GM program that tracks MPVI and MENU usage along with CSI from the factory , we also us a Joe Basil Chevrolet weekly spread sheet that shows RO count , labor sales , parts sales average dollars per RO ,shop production, flag hours and clock hours. We also have an extensive EBIS report daily that includes ELR.

-our current training is quite frankly anemic – the GM manufacturer training is the only true formalized training we have for advisors. One positive for the advisors is we recently added BG training that is quite comprehensive. The GM training for technicians is great and all our techs are involved with it. We also have a detailed tech career path that has bogies built in for training standards.

-special tools are electronically cataloged in the parts department and for the most part they are neat and organized.

-100 RO analysis – our analysis shows competitive service is the largest piece of the pie (46.54%) with the largest dollars per RO at $6338 and most FRH at 70.60, next was repair (34.67%) at $6262 and 52.60 FRH, last was maintenance (18.79%) at $1862 and 28.50 FRH. Our ELR target rate is 115.00 and we fell a little short at 95.34. The average labor per RO was 144.63 and average FRH at 1.52 which I feel is a good job. Lastly our largest percentage at 55% is vehicles older than 2014 followed by 2017 at 17%.

Strengths

- Reputation
- Retention 85%
- Technician tenure
- Vehicle sales volume
- Location
- Shop size-bays-lifts
- Apprentice techs
- World class technicians
- Standalone quick lube

Weaknesses

-training
-customer flow (walk-ins) no appointment necessary
-experience of service advisors
-working together in the lane
-helping each-other
-employee turnover
-service lane morale
-lack of positive reinforcement

Opportunities

-proper training employment recruiting

-team building events
-manufacturers repair time

-employee retention coming in the shop(time)

-proper onboarding operation

-thorough MPVI-MENU pool of potential employee

-proper vehicle walk around

-more time spent with customers

Threats

-other

-large jobs

-hours of

-shrinking

Joe Basil Chevrolet – Qualitative Analysis

Bill O'Brocta, Craig Colby NADA345

Strengths

1. Very good reputation in the community
2. High retention rate – 85%
3. Strong Management team with long term tenure and experience
    a. Fixed op's Manager – 28 years in Business / 16 years at JBC
    b. Service Manager - 38 years in Business / 18 years at JBC
    c. Service Lane Manager – 28 years in Business / 28 years at JBC
4. Technician Tenure and Experience
    a. 2 GM World Techs
    b. 4 GM Master Techs
5. Located in a thriving Market – 35 years at location
6. Shop Capacity
    a. 34 bays
    b. 32 lifts
7. Excellent involvement with local Colleges and Trade Schools
    a. Apprentice Tech Program
8. Standalone Kwik-Lube Service Center
    a. 14 bays
    b. 12 lifts
    c. Capable of handling Medium Duty and Fleet vehicles

Weaknesses

1. Need a better in-house training program
2. Issues with customer flow when it comes to walk in / non-appointment customers
3. High turnover with Service Advisors
    a. Lack of experience
    b. Customers see different faces when they come in
4. Communication in Lane between advisors and with customers
    a. Waiting for others to answer phones or help our customers
    b. Customer complaints about not being informed of status of vehicles
5. Service Lane Morale

    a. High volume leads to more opportunities to make mistakes
    b. Advisors have a hard time distinguishing when being held accountable
6. Need to strengthen our ability to give positive reinforcement

Opportunities

1. Work with manufacturer and outside vendors (BG) to find better training programs
2. Have more team building events
3. Continue to work on and grow employee retention
4. Improve on boarding process
5. Better understanding and more through explanation of MPVI and Menu programs
6. Improve vehicle walk arounds
7. Better communication between advisors and customers

Threats

1. Other strong Auto Groups in area that push hard to steal experienced employees
2. Same holds true for Utility Companies and Municipalities
    a. Better opportunities to offer pensions and healthcare packages
3. Manufacturer repair times are shrinking – makes it a challenge to complete repairs
4. Large jobs coming in more often
    a. More commercial business, larger vehicles, more time to repair
5. Overall pool of Techs is getting smaller
    a. Becoming less of a focus in high schools and trade schools

Synopsis

Although we have a very productive and profitable shop, like others, we have challenges to face every day. Our main goal in the Service department must be how we treat the customer. We need to do our best to put their needs at the top of the priority list. We must improve our communication with the customer and cannot leave them hanging when they are waiting for answers.

As a dealership we need to train our staff better, give them the necessary tools and support to succeed and not let the stress of the day to day operations get the better of them.

We need to set appointments at a rate where we can stay productive and profitable, without throwing too much at the techs. We need to give the techs the proper stories and issues that the customer is experiencing with the vehicle to help them to diagnose and repair more accurately and quicker.

We must continue to offer up a work environment that is positive for our advisors and techs, but also hold them accountable when necessary.

Overall, we must train our employees properly, provide opportunity to succeed daily, and come up with out of the box ideas and programs to keep them vested in our company. Turnover of employees is a costly venture; content employees equals productivity and gross dollars.

Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	$ 6,338	÷	70.60	=	89.78	FRH Average
Maintenance	$ 1,862	÷	28.50	=	65.33	FRH Average
Repair	$ 6,262	÷	52.60	=	119.05	FRH Average
Totals	$ 14,463	÷	151.70	=	95.34	Customer ELR
			Target Labor Rate		115.00	Per FRH
Total Ro's in Sample	100		Difference		-19.66	Per FRH

Cost of Labor

Total Cost of Labor	3396.28	÷	Total Sales	=	23.48%	Percent Cost of Sales
Total Cost of Labor	3396.28	÷	Total FRHs	=	22.39	Cost per FRH

Repair Order Measurements

Total Labor Sales	14,462.57	÷	Total ROs	=	144.63	Avg Labor per RO
Total FRHs	151.70	÷	Total ROs	=	1.52	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	70.60	÷	Total FRHs	=	46.54%	Percent Competitive
Maintenance FRHs	28.50	÷	Total FRHs	=	18.79%	Percent Maintenance
Repair FRH	52.60	÷	Total FRHs	=	34.67%	Percent Repair
One item ROs	0	÷	Total ROs	=	0.00%	Percent One Item RO

Model Year Analysis

2020	2019	2018	2017	2016	2015	Older	Total
0	0	9	17	7	12	55	100
0.00%	0.00%	9.00%	17.00%	7.00%	12.00%	55.00%