

Service Department Analysis for Robinson Toyota

By Joseph Robinson Class: 322 Student: 04

Strengths:

Having the Toyota brand is a huge strength.

The employees realize that this a great place to work and that the ownership is behind them 100%.

We have a great facility less than 4 years old, with additional capacity available to grow.

Our people are definitely a strength- over 150 years of technical knowledge and over 70 years of service advisor experience available.

We have a great location with lots of growth happening around it.

We have a very loyal customer base, currently ranking 6th in the region.

Weaknesses:

Techs have a lot of wasted time waiting on advisors to sell work and the parts department to price and check availability.

We have no constant message in our advertising.

Communication between departments (or lack of) is problematic.

There is a lack of used vehicle inventory.

Parts department sometimes has a lack of empathy for ASMs and technicians lack of teamwork between sales dept. and service advisors.

Service scheduling is not being performed to it's potential. We are busy in the mornings and slow in the afternoons.

Opportunities:

Increase used cars- both sales and service would benefit.

To advertise that we have the ability and knowledge to service all makes/models.

Work and grow as a team.

Financing service repairs/ service.

Employee growth and advancement.

Not currently working on all makes/models of vehicles.

Threats:

New used car lot opening next door soon could impact sales in used car dept.

Being complacent in all departments causes poor morale, no growth.

Not having the proper procedures in place to handle any influx of customer growth.

There is always the threat of dissatisfied customers because of mix ups or poor performance.

Warranty work is becoming less plentiful.

New car market slowdown.

ACTION PLAN

Action Plan : Robinson Toyota

<u>Objectives:</u>	<u>By/Whom</u>	<u>Completion Date</u>
Improve gross on labor sales.	ASM	Daily
Improve daily customer pay RO counts.	Ser. Mgr./ASM	Daily
Improve overall technician proficiency.	Techs	1-Jun-17
Improve wait times for technicians waiting for parts and service advisors.	Parts Mgr. / Ser. Mgr.	1-Sep-17
Improve overall ELR and Hours per RO.	Techs / ASM	Daily
<u>Strategies:</u>		
Increase daily RO counts by working on all makes/models.	GM / Parts Mgr. / Ser. Mgr.	1-Jun-17
Update technician and ASM bonus plans to reflect proficiency.	GM / Ser. Mgr.	1-Jun-17
Develop new process for technicians waiting at parts counter and for ASMs.	GM / Parts Mgr. / Ser. Mgr.	1-Sep-17
Promote better interaction between fixed and variable ops departments.	GM	Daily
Reward the top performers.	GM	Monthly
<u>Tactics:</u>		
Updating the fixed ops DMS to help many things, among them tech waiting time.	GM / Controller	1-Sep-17
Design new bonus pay plans for technicians and ASM's based on proficiency.	GM / Ser. Mgr.	1-Jun-17
Develop and implement plan to attract any make/model business.	GM / Parts Mgr. / Ser. Mgr.	1-Jun-17
Add ALLDATA availability to technicians and ASMs to correctly diagnose and quote work on any make/model.	GM / Controller / Ser. Mgr.	1-Sep-17
Utilize the updated DMS to effectively schedule work into the shop, minimizing customer wait time and better utilizing tech time.	ASM	1-Sep-17
Develop program to increase any make/model business.	GM / Parts Mgr. / Ser. Mgr.	1-Jun-17

Synopsis

To understand my story, you must first know my father has owned our Toyota dealership for over 20 years. For those first 20 years I, his son, chose to find my own career path. As my father was approaching his mid-60's, he became less involved in the dealership and enjoyed the benefits of being an owner while living and working remotely from the dealership. In late 2015, I was approaching the age of 30 and decided it was time to come home and take over the family business.

When I first began working at the dealership in early 2016, I was on a fast track through all the departments learning the in's and out's to be groomed to eventually become GM of our family store. As a highly motivated, eager, and willing to learn 30-year-old man I found that like my father, most of my managers had to become complacent in their work, including my Service Manager, Ronnie Patterson. Although a virgin to the car business, I knew that if I took Ronnie with me to the NADA Academy for service department training that I would have a high return on my investment. I knew Ronnie was the manager (whom I have had for 18 years) was willing, eager and anxious to learn new tricks; and that he did.

Upon our arrival back to the dealership with the knowledge acquired from the Academy, Ronnie and I went right to work. We collaboratively decided to service all makes and models and had a meeting with our Part Manager to bring him on board. In order to promote our new campaign to SERVICE ALL MAKES AND MODELS, we did not want to run commercials or utilize billboards for all our competition to see. Instead, I nominated one of my young, highly motivated employees and sent him out into the local shopping center for face to face meetings with managers of the local businesses to inform them that we will SERVICE ALL MAKES AND MODELS and that WE WILL PICK UP AND DROP OFF YOUR VEHICLE TO BE CONVENIENT TO OUR CUSTOMERS. Within one week of his endeavor, we had local business workers calling to have their car picked up to be service and dropped off. I expect this new business model to expand.

In addition to promoting our SERVICING ALL MAKES AND MODELS, we altered the service department's pay plan to a proficiency basis. At first, I expected hesitation and uncertainty; however, now I can confirm that it has proven to be a successful alteration to our business model. Starting June 1, 2017, we began the proficiency pay plan structure. As a result, our Customer Pay sales for the month of June is \$108k and our service department had never surpassed \$96k in our 20 years of business. We sold 1,243 Customer Pay hours and the previous record was 1,168 in October 2015. We saw 1.23 hours per RO in June vs. .99 hours per RO YTD April 2017. Our ELR for June was \$86.83 vs. \$80.33 YTD April 2017. As a direct result of our proficiency pay plan structure, current Line Tech proficiency is 142.6% vs 101.6% YTD May 2017, and current Lube Tech Proficiency of 52.0% YTD May 2017 is now 57.5% for the month of June. Lastly, June's ASM customer pay RO proficiency is 117% vs 102% YTD May 2017. With the additional gross profit that will be generated with the new pay plan, an immediate increase in fixed absorption percentage should be evident.

I am a firm believer in training my staff while providing them with the best tools needed to get their job done. I have plans to change software systems to make the service department and parts department click on a better level. It is important to me that I define career paths with formal job descriptions for my employees. We will continue to fine tune and maintain our newly oiled machine.

After reading the four square results, it became clear there is a lack of communication in the dealership as a whole. Knowing this information, I have now created the Voice of the Worker (VOW) meetings where I take one employee from each semi department who was elected by their peers out to lunch where there is a free and open platform to speak directly with me about their day to day life as an employee of Robinson Toyota. We have had one meeting to date, and I learned so much and already fixed some issues. With all this said, I look forward to a bright and profitable future for only my service department, but for my dealership as a whole.

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 2,961 ÷	27.70 =	106.89	FRH Average
Maintenance	\$ 2,677 ÷	49.70 =	53.86	FRH Average
Repair	\$ 3,255 ÷	28.40 =	114.61	FRH Average
Totals	\$ 8,892 ÷	105.80 =	84.05	Customer ELR
Target Labor Rate			99.00	Per FRH
Total Ro's in Sample	100	Difference	-14.95	Per FRH

Cost of Labor

Total Cost of Labor	1775.26 ÷	Total Sales =	19.96%	Percent Cost of Sales
Total Cost of Labor	1775.26 ÷	Total FRH's =	16.78	Cost per FRH

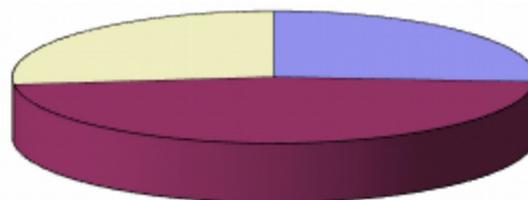
Repair Order Measurements

Total Labor Sales	8,892.49 ÷	Total RO's =	88.92	Avg Labor per RO
Total FRH's	105.80 ÷	Total RO's =	1.06	Avg FRH's per RO
Menu Sales	÷	Total RO's =		Percent Menu Sales
Competitive FRH's	27.70 ÷	Total FRH's =	26.18%	Percent Competitive
Maintenance FRH's	49.70 ÷	Total FRH's =	46.98%	Percent Maintenance
Repair FRH'	28.40 ÷	Total FRH's =	26.84%	Percent Repair
One item RO's	33 ÷	Total RO's =	33.00%	Percent One Item RO

Model Year Analysis

2018	2017	2016	2015	2014	2013	Older
0	1	7	15	11	13	53
0.00%	1.00%	7.00%	15.00%	11.00%	13.00%	53.00%

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair