

Fixed Operations 2 Service Homework

N34504

A. Advertising



1) Digital offer promoted on our website and Facebook

2) Monthly email blasts targeting specific groups of service customers

ex) Target all escape customers or customers with 2 to 3 year old vehicles

3) Promoted on social media



1) Print out located by service desk to catch customers eye and start conversation

2) Digital offer promoted on social media and website



1) Digital offer promoted on social media and website

OWNER ADVANTAGE REWARDS

MEMBERSHIP BENEFITS INCLUDE:

Earn rewards on **ANY MAKE ANY MODEL**

5% REWARD on parts & service

\$100 Vehicle Purchase Reward

Every 5th Oil Change **FREE**

* Conditions apply. See dealer for details.

BRUCE Ford 451 Main Street, Middleton, NS B0S1P0
1-855-854-2487

1) Loyalty program promoted digitally on website and social media

2) Introduced to all sales customers at time of delivery with free oil change in account at purchase

3) Promoted to every service customer to sign up for program

OIL CHANGES STARTING AT \$49.95

BRUCE Ford

1) Digital offer promoted on website and social media

2) Offered at service counter

3) BDC to contact all existing customers to remind/book appointment for next oil change

4) First service appointment set by sales department at point of sale during delivery

Newspaper Advertising

Currently all advertising is digital and promoted in house at the dealership. There has been discussion of advertising in the local papers. A weekly advertisement in the paper would be beneficial as we are located in a rural community with an older population that does not actively use the internet. We would also be the only dealership in the area advertising our service department in the paper as no other dealers do so.

Customer Appreciation Days

Develop an annual event for current customers and families in the community to come in, meet the staff, and have activities for children. Great way to give back to the community to let current customers feel appreciated and introduce potential new customer to the dealership.

BDC

The Dealerships main focus has been to actively develop a BDC to retain current customers. Their job is to stay in touch with customers and actively reach out to customers to book appointments, not waiting for the customer to contact us but to be proactive and generate appointments for potential sales. Each month they are targeting a specific group of customers to follow up with. Typically on any given day they make between 65-80 outbound calls and our average inbound calls range between 15-30. Their outbound calls are to a range of target customers. Some common maintenance pools we pull from are:

Maintenance 3-6 months

Maintenance 6-12 months

Maintenance 15-18 months: these are our Winback customers who haven't serviced with us in at least 12 months. They offer these customers 50% off an oil change.

Recalls (if they are a safety concern we will target these customers right away) if it is something we don't consider a safety concern we will combine it with their next service appointment call.

They also run Fetch campaigns where we target specific customers (for example, people who have had their tires changes with us last tire season) Dealermine allows us to take everyone with a tire change OP code on their last RO and put them all into a list so we can target them specifically for that reason.

B. Marketing

Current team consists of the following:

1. Marketing Director for Auto Group - Responsible for 5 Locations
2. Ad Designers for Auto Group - Responsible for 5 Locations
1. Digital advertising Specialist for Auto Group - Responsible for 5 Locations

Marketing Director sets yearly budget and coordinates advertising campaign. Meets monthly with GM and Service Manager to discuss campaign and ensures it stays within budget. Ad Copy is then developed by the in-house designers. Once the ad copy is approved it is then promoted through a variety of Digital Sources, mainly on the dealership Website and social media.

We have recently started targeting customers who have purchased vehicles from the dealership but have never been in for service. These customers are being assigned to the BDC rep who is offering these customers incentives to book their next service with us.

The Service Manager needs to book dedicated marketing time to go out in the community to meet with local business owners and staff to let them know that we provide exceptional service with added incentives. For the larger companies in the area we could develop an in-house loyalty program to service personal vehicles. This could be promoted within the companies HR department.

C. Facility

The main issue with the service department facility is space. Currently we have 5 bays with 1 of the bays in a separate building on the other side of the lot from the dealership.

Without building a new facility it is going to be hard to make any major changes. A few changes we could make to Enhance productivity would be as follows:

- Set up parking spots designated for service customer vehicles only. Parking is congested around dealership and can be confusing and frustrating to customers when trying to drop vehicle off for appointment
- Install shed out back of dealership to help with storage and eliminate clutter in shop.
- Ensure all tools are put away and shop is kept clean to optimize space.

D. Productivity

Tech proficiency for the month of March, 2019 was at 86%. This indicates that we missed selling 122 hours of labour which could have brought an additional gross profit of \$11,355 to the dealership.

By Training our Service Advisors on how to sell we will fix our issue of writing to many one line RO's (Currently 60%) which will help increase our Proficiency by decreasing number of unsold hours. This is a huge opportunity as we should be able to easily reduce current number of 1 line work orders.

E. Production Method

We will be making the following changes immediately in the service department.

- Extend hours to get back the vehicle reconditioning labor sales from our GM location across the street.
- Eliminate discounting by service advisors, only the Service Manager will have the ability to discount
- Daily meetings with Service Advisors to discuss performance (with a large focus on 1 line RO's)
- Weekly meetings with techs to discuss performance

-Clean up special tools area in back of shop, it is unorganized and dirty which wastes the techs time if they have to search for a specific tool

F. Analyze cost of Labor

With labor sales equalling \$69,900 the dealership retained \$52,797 of gross which means the service department is able to retain 75.5% of its labor sales as gross profit.

Currently 3 of our techs are paid between \$23 to \$26.25 per Flat rate hour produced. With 2 techs being paid \$12 - 13.50 per hour.

Supplying the techs with an adequate work mix is essential to increasing gross. Our more experience techs are doing to many oil changes and tire swaps. We need to train our new techs as fast as possible so they can do these simple jobs quickly and efficiently. This will free up our more experienced techs to diagnose more work to increase labor sales.

G. Changes in Expense Structure

The service department recently has been losing money with a net profit for the month of -\$666 with selling expenses at 35.5%, Fixed expenses at 58.38%, and dealers salary making up 9.24%. Most expenses are set by a budget issued by the autogroups head office. To be succesful we must do the following:

Sell more available hours. In March we had the potential to sell 880 hours but sold 757. We lost out on 123 hours to make money in the month. With an Effective Labor rate of \$92.32 this is the difference of \$11,355.

Controlling policy account. With the lack of space we have at our dealership accidents are going to happen but it is important we make the techs and service advisors aware that these must be limited. There is no excuse to damage a customers vehicle. The staff must be made aware that their will be no tolerance for trying to save time by cutting corners.

Fixing vehicles right the first time. Comebacks are a huge waste of the dealerships time, money and resources. Comebacks will happen but it is important everyone learns from their mistakes and if the problem persists it will have to be dealt with by the service manager accordingly, possibly leading to employees termination.

H. Pay Plans

The current pay plans could use some updating to help incentivize employee performance. I believe the following adjustments should be made:

Service Manager - current pay plan is heavily weighted with salary and a monthly net profit bonus. If we reduced the salary and increased bonuses based on net profit and KPI's this will help increase the managers productivity, focus on training employees and income to the service department. Ex) bonusing on CSI, reduction in 1 line RO's, ELR and Alignments

Service Advisor - Incentivising service writers by adding a bonus for writing a minimal number of 1 line work orders, Increasing ELR, CSI and Hours per RO. This will help the service advisors focus on key aspects and will help drive money to the bottom line.

Technicians - Introducing a bonus to the technicians pay will help increase employee morale and incentivise them to go above and beyond in their daily work. ex) Adding a training bonus to our senior technicians should help motivate them to teach the younger less experienced employees which will benefit the dealership long term. Offering new staff tool purchase programs at a discounted rate.

I. Detail Performance Programs

Measuring results on a regular basis is key to growing your staff and running a successful business. Staff must be held accountable for their performance but must be clear of their expectations.

Service Manager to meet with Service Advisors daily (just like Sales Managers meet with sales staff every day). Moving forward we will be measuring and tracking the following data daily to review with Service Advisors. During this discussion we want to point out what each advisor is doing well and what they need to improve on

- Hours / RO
- Labor Gross
- Gross Profit %
- Dollars / RO
- Effective Labor Rate
- Number of RO's written
- Alignments sold and percentage
- Number of 1 Line RO's written and percentage

Service Manager to meet with techs weekly to discuss what they are doing well and what they need to improve on. To ensure they have all the right tools to complete the

work they need to do. Most importantly we want to make sure the proficiency of the Technician is high. If it is not an individual action plan needs to be put in place. The service Manager should make sure they are using there time wisely and not waiting at the parts desk. Is the tech getting the right work suitable to their experience and training? Are their actual hours less then the hours sold to do the job. Do they have a large numbers of comebacks coming in that they are having to fix a second time.

J. Level of Current Training

Ford has 11 certifications for the service department to be compliant. This is a yearly minimum training standard that must be achieved by Jan 3, 2020. Each certification has a minimum number of techs that must be certified by the end of the year to be compliant. The following are:

Gasoline Engine Performance - Min # to be trained 1 (Trained to date 1)

Gasoline Engine Repair - Min # to be trained 4 (Trained to date 1)

Steering and Suspension - Min # to be trained 4 (Trained to date 1)

Electrical Systems - Min # to be trained 4 (Trained to date 1)

Climate Control Systems - Min # to be trained 3 (Trained to date 1)

Manual Transmission and Drive Train - Min # trained 2 (Trained to date 1)

Automatic Transmission - Min # to be trained 1 (Trained to date 1)

Brakes - Min # to be trained 4 (Trained to date 1)

Electronic Systems - Min # to be trained 2 (Trained to date 1)

Diesel Engine Performance - Min # to be trained 2 (Trained to date 1)

Diesel Engine Repair - Min # to be trained 2 (Trained to date 1)

At this point I do not see any issues with achieving certification as our senior tech has completed 100% of the training with the other 4 working diligently and well on their way to complete before the year is done. This will need to be reviewed on a regular basis to make sure no one falls behind.

K. Special Tools

We have a large selection of special tools located in the back of the shop. There is a sign out sheet for the techs to sign these in and out as needed. However, this area is dirty and unorganized. The sign out sheet is not used on a consistent basis which causes tools to be misplaced which causes lost time. Speaking with the techs this can cause frustration between the team and lower morale and their pay checks.

First step to resolve this situation is to take stock and clean up the area so it looks like it belongs to a professional shop. This will be the responsibility of the techs and service manager. Second step is to develop a consistent process that is followed by all members of the team. All tools must be signed out with respected RO#, date/time and techs signature. When returned it must be signed in with RO#, date/time and signature. A program will be designed to enforce this process. People who do not treat this area with the respect it deserves will be subject to the following corrective action.

First Warning - Verbal

Second Warning - In Writing, signed by the tech and service manager.

Third Warning - Penalized Monetarily

Fourth Warning - Grounds for Dismissal subject to service manager and GM's decision