

SERVICE DEPARTMENT ANALYSIS FOR SOUTH BAY FORD

By: Dan Mueller N322 - 20

STRENGTHS

- Shop is clean and temperature controlled
- Large customer base
- Plenty of work
- Parts and Service Director is fair and cares about his employees
- State of the art facility, including an in-house bistro. Every customer eats for free
- Most Ford Master Trained Technicians in California
- 4.7 Google Review Rating
- 113 total service bays / plenty of room to grow

WEAKNESSES

- Security at our Fleet Service Center
- Marketing is stale and non-creative / not aggressive
- Service hours are convenient for the employees but not the customers
- Internal rate is too low
- Pay structure could be improved to motivate technicians
- No non-dealer competitive pricing board in the service drive or on website
- No parts display board in the service drive
- Parking for service vehicles outside the shop
- Service Advisors not upselling work in fear that it won't be done in a timely manner

OPPORTUNITIES

- Aggressively market local businesses "\$ave while you work campaign"
- Add 4' x 8' parts display board with new/ worn wipers, air filter, oil filter and brake pads
- Used Car Director communicate to Parts and Service Director flow of used cars for recon
- All internal work done in-house and equal to customer pay rate
- Get used vehicles out quicker
- Install a non-dealer competitive pricing board in service drive and on website

Threats

- Increasing number of buy backs/ recalls and warranty work is taking up space
- Losing customers due to increasing number of buy backs /recalls and warranty work
- Finding techs / This generation not attracted to the trades
- Keeping techs / Heavy competition with municipalities etc who pay more and require less demanding work
- Very difficult to do business and to keep employees happy and trusting with California's wage laws

OBJECTIVES

- Get to 10,000 hours
- 2.0 hours / RO
- Change technicians comp plans based on proficiency + \$2.00 at 110% + \$4.00 at 120%
- Launch "\$ave while you work" campaign
- Extend Fleet store hours to nights and Saturdays

STRATEGIES

- Sales people write name on 4 business cards for free service
- Have customer write name on business card and provide free service if customer comes in
- Put cameras on advisors for receptionists to see who is available for a call
- \$500 tool raffle to recruit technicians from other dealers
- Increase C Tech pay to compete with independent shops
- New camera system, alarm and iron fence at fleet service center

TACTICS

- Weekly meetings with GM, Parts and Service Director, Marketing Director, Service Manager at both Fleet and Retail Stores, Shop Foreman from both Fleet and Retail Stores and Parts Director to track:
 - o \$'s / RO by Advisor
 - o Hours / RO by Advisor
 - o CSI by Advisor
 - o Email Capture Rate by Advisor
 - o Technician Proficiency
 - o On-going Marketing Campaigns
 - o Parts Lost Sales
 - o Parts Gross / Front Counter, Wholesale and Back Counter at Fleet and Retail Stores
- Proficiency bonus for technicians

ACTION PLAN: MANAGEMENT

TASK	BY WHOM	COMPLETION DATE
Weekly Parts Manager Meeting	GM, Parts and Service Director, Parts Manager, Service Manager, Marketing	June 1, 2017

	Director, Shop Foreman	
Weekly Service Manager Meeting	GM, Parts and Service Director, Parts Manager, Service Manager, Marketing Director, Shop Foreman	June 1, 2017
Create Parts / Service Report for Manager's Meetings	GM, Parts and Service Director, Parts Manager, Service Manager, Marketing Director, Shop Foreman	July 1, 2017 (see attachment)

ACTION PLAN: Used Car/ Recon

Used Cars communicates flow of used cars for recon	Used Car Director, Service Manager, Shop Foreman	August 1, 2017
All Used Car reconditioning be completed internally	GM, Used Car Director, Parts and Service Director	January 1, 2018
Raise Internal Parts and Labor rates to match Customer Pay	GM, Used Car Director, Parts and Service Director	January 1, 2018
Service guarantee work for 30 days	GM, Used Car Director, Parts and Service Director, Shop Foreman and Service Manager	January 1, 2018

ACTION PLAN: MARKETING

TASK	BY WHOM	COMPLETION DATE
Allow Sales Consultants to pass out 4 Business Cards for free service	GM, Parts and Service Director, Service Manager, Service Advisors, GSM, Sales Consultants, Marketing Director	August 1, 2017
Allow customers to pass out Advisor Business Card for free service	GM, Parts and Service Director, Service Manager, Service Advisors, Marketing Director	August 1, 2017
Launch "\$ave While You Work" campaign	GM, Parts and Service Director, Service Manager, Marketing Director	September 1, 2017
Add 4' x 8' Parts Display Board in Drive	GM, Parts and Service Director and Facilities Manager	September 1, 2017
Install non-dealer competitive pricing board in the drive and on website	GM, Marketing Director and Parts and Service Director	September 1, 2017

ACTION PLAN: CUSTOMER SERVICE

TASK	BY WHOM	COMPLETION DATE
Review hours of operation at Fleet and Retail Centers	DP, GM, Parts and Service Director, Service Managers, Parts Managers and Shop Foremen	January 1, 2018
Add camera on Service	DP, GM, Parts and Service	January 1, 2018

Advisors for receptionists to see who's available for calls	Director, Facilities Manager and IT Manager	
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ACTION PLAN: TECH RECRUITING/ RETENTION

TASK	BY WHOM	COMPLETION DATE
Comp plan review / technician comp plans based on proficiency	DP, GM, Parts and Service Director	Pilot: June 1, 2017 Review: December 1, 2017
Comp plan review / raise C Tech pay to compete with independent shops	DP, GM, Parts and Service Director	September 1, 2017
\$500 Tool Raffle with Tool Truck Driver	GM, Parts and Service Director, Marketing Director and Shop Forman	September 1, 2017

ACTION PLAN: SECURITY

TASK	BY WHOM	COMPLETION DATE
New camera system	DP, Facilities Manager, IT Director	December 31, 2017
New iron fence at Fleet Center	Facilities Manager	August 1, 2017

SYNOPSIS

It's been a long standing goal at South Bay Ford to get to 10,000 billed hours per month. We fell short in May, the month that was reviewed for this assignment. There are several hurdles preventing us from achieving this goal. Although it will be challenging, these tasks are by no means insurmountable.

To start, we'll need increased focus on our marketing efforts. While we do a phenomenal job on our customer retention, there is a huge opportunity for incremental service business. We'll notice an immediate lift once we start a "\$ave While You Work" campaign to local businesses that employ upwards of 10,000 employees; most of whom commute from outside our primary market area. Adding a Parts Display Board and a non-dealer competitive pricing board in the drive will also increase hours by helping with upsells. The RO Analysis Summary Report for May showed us at 59% one lined RO's. There were numerous lost opportunities at recommended upsells most likely due to the perception of dealership pricing. Additional training is also necessary for the Service Advisors. In order to help accommodate the incremental work, we need to review the service department's hours of operation.

In order to handle the increased workload, we'll need more technicians. We have the facilities to accommodate being at just 31% utilization, but we don't have the technicians to man the stalls. We are active participants in Ford's ASSET Program but will need to do more to recruit technicians. Next month we plan to launch a \$500 Tool Raffle with our Tool Truck Driver to get technicians contact information from other shops. To retain our current techs, we are currently piloting a technician comp plan with 4 of our A-techs that has different hourly rates at different proficiency levels. We're going to review their results in 6 months and then will consider launching throughout the shop. If successful two things will happen, it'll cut down (eliminate) unapplied time and technicians won't want to leave to chase more money.

To hold ourselves accountable we have weekly manager meetings. Reports were created to track \$'s per RO by Advisor, Hours billed by Advisor, CSI by Advisor, email capture rates and Parts Gross per counter. With this information being tracked weekly, it allows our Service and Parts Managers to stay involved throughout the month and to hold the advisors, technicians and parts counter men accountable.

One of our biggest opportunities to increase profitability is to mandate that all Used Car Reconditioning be completed at the store at rates equal to Customer Pay Rates. We currently send out non-Ford / Lincoln work to an independent shop. The Ford / Lincoln work that we do perform is \$50 / hour less than customer pay. This all comes down to better communication and trust between the Used Car Department and the Parts and Service Departments. It starts with the Used Car Director letting the Service Manager know the flow of used cars coming in. It then is up to the service department getting the vehicles out in a timely manner with a correct

diagnosis and being fixed right the first time. Adding an additional technician to the recon team and extending the hours of the shop will help. Once in place, service will guarantee their work for 30 days.

There are a lot of bites to take so to ensure that each task is completed the timeline runs through the end of 2017.

REPAIR ORDER ANALYSIS SUMMARY REPORT

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 1,755 ÷	22.85 =	76.80	FRH Average
Maintenance	\$ 4,571 ÷	67.50 =	67.72	FRH Average
Repair	\$ 10,862 ÷	93.70 =	115.92	FRH Average
Totals	\$ 17,188 ÷	184.05 =	93.39	Customer ELR
Target Labor Rate			126.05	Per FRH
Total Ro's in Sample	100	Difference	-32.66	Per FRH

Cost of Labor

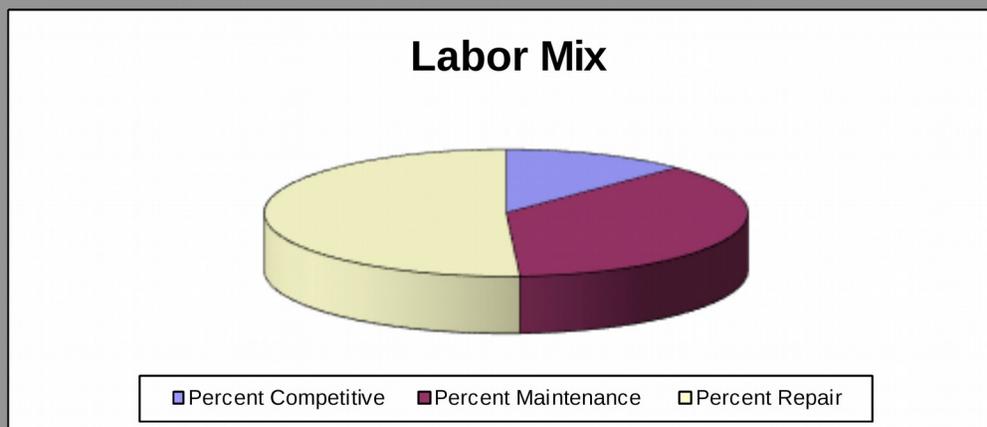
Total Cost of Labor	4242.30 ÷	Total Sales =	24.68%	Percent Cost of Sales
Total Cost of Labor	4242.30 ÷	Total FRH's =	23.05	Cost per FRH

Repair Order Measurements

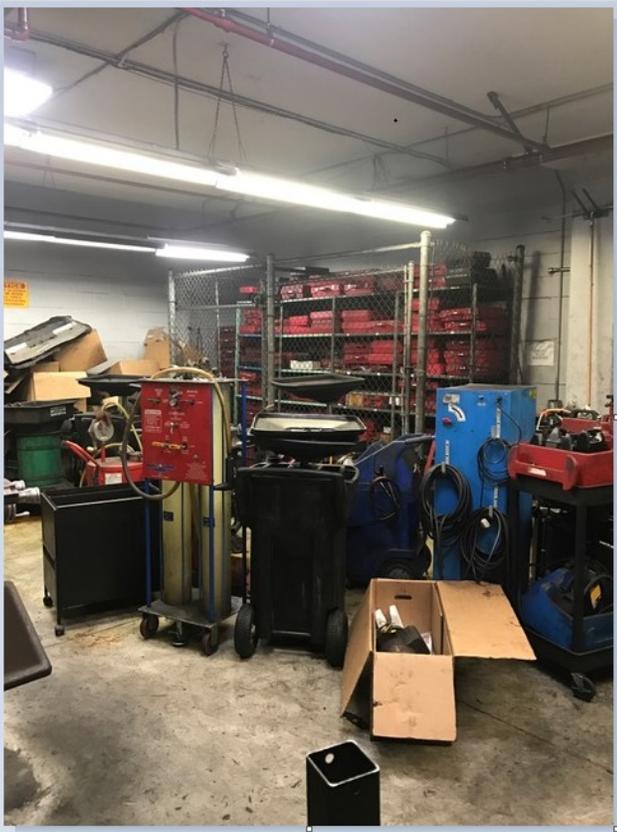
Total Labor Sales	17,187.88 ÷	Total RO's =	171.88	Avg Labor per RO
Total FRH's	184.05 ÷	Total RO's =	1.84	Avg FRH's per RO
Menu Sales	÷	Total RO's =		Percent Menu Sales
Competitive FRH's	22.85 ÷	Total FRH's =	12.42%	Percent Competitive
Maintenance FRH's	67.50 ÷	Total FRH's =	36.67%	Percent Maintenance
Repair FRH'	93.70 ÷	Total FRH's =	50.91%	Percent Repair
One item RO's	59 ÷	Total RO's =	59.00%	Percent One Item RO

Model Year Analysis

2018	2017	2016	2015	2014	2013	Older
0	1	13	6	11	11	58
0.00%	1.00%	13.00%	6.00%	11.00%	11.00%	58.00%



TOOL ROOM



RETAIL WEEKLY SERVICE REVIEW

Month To Date Numbers through EOB SATURDAY

MTD as of:	6/30/2017	DAYS WORKED:	26	# WORKDAYS THIS MONTH:	26
TOTAL ROs:	3,281	DAILY RO AVERAGE:	126	RO TRACKING:	3,281
		Promised Avg:	108	Promised ROs:	2808
		Variance:	18	Variance:	473
MTD BILLED HRS:	6,386	DAILY AVG BILLED HOURS:	246	BILLED HRS TRACKING:	6,386
		Promised Avg:	185	Promised Hours:	4810
		Variance:	61	Variance:	1,576
MTD FLAG HRS:	6,539	DAILY FLAG HOURS:	252	FLAG HRS TRACKING:	6,539
		Promised Avg:	185	Promised Hours:	4810
		Variance:	67	Variance:	1,729

AGENDA ITEM 1: DEPARTMENT PERFORMANCE

MTD AVERAGES	Customer Pay	Warranty	Internals	Totals
Hours per RO	1.92	1.91	1.57	1.87
Promise	2.00			
Variance	-0.08			
ELR	\$81.94	\$113.25	\$73.56	\$92.29
Promise	\$78.00			
Variance	\$3.94			
Labor \$s per RO	\$157	\$217	\$116	\$180
Promise	\$150			
Variance	\$7			
Parts \$s per RO	\$138	\$152	\$54	\$137
Promise	\$140			
Variance	-\$2			
Parts & Labor Total	\$297	\$368	\$171	\$317
Promise	\$290			
Variance	\$7			

AGENDA ITEM 2: OWNER ADVANTAGE

OWNER ADVANTAGE	Performance
Sign Up %	79.4%
Promise	80.0%
Variance	-0.6%
Email Capture %	73.4%
Promise	70.0%
Variance	3.4%

AGENDA ITEM 3: ADVISOR REVIEW

ADVISOR OVERVIEW	FRANK	EDUARDO	SANTIAGO	STEVE
<i>CP ROs Billed</i>	196	277	175	393

Total ROs Billed	318	438	292	580
Tracking	318	438	292	580
Promise	340	320	247	500
Variance	-22	118	45	80
Dly Avg TTL Billed	19	21	13	24
Dly Avg CP Billed	12	13	8	16
Promise	17	16	13	20
Variance	2	5	0	4
Avg Hrs Per CP RO	1.79	2.07	1.94	2.28
Promise	2.00	2.00	2.00	2.00
Variance	-0.21	0.07	-0.06	0.28
Avg \$ per CP RO	\$309	\$306	\$301	\$368
Promise	\$290	\$290	\$290	\$290
Variance	\$19	\$16	\$11	\$78
OA Sign Up %	86.2%	74.1%	84.2%	76.7%
Promise	80.0%	80.0%	80.0%	80.0%
Variance	6.2%	-5.9%	4.2%	-3.3%
Email Capture %	76.8%	77.4%	67.3%	72.8%
Promise	70.0%	70.0%	70.0%	70.0%
Variance	6.8%	7.4%	-2.7%	2.8%
1 month Index	76.3%	81.7%	97.4%	90.5%
1 month group	70.0%	70.0%	70.0%	70.0%
Variance	6.3%	11.7%	27.4%	20.5%
1 month Fix It Right	-	-	-	-
3 month Index	79.4%	81.8%	89.3%	86.0%
3 month group	70.0%	70.0%	70.0%	70.0%
Variance	9.4%	11.8%	19.3%	16.0%
3 month Fix It Right	-	-	-	-
Lines per RO				
ESP Contracts	1	1	3	0
Promise	5	5	5	5
Total # ROs on WIP	45	131	82	107
#>30 Days	4	12	9	14
%>30 Days	9%	9%	11%	13%
#>30 Days w/Warranty	4	6	7	11
%>30 Days w/Warranty	9%	5%	9%	10%
#>60 Days	1	0	3	5
%>60 Days	2%	0%	4%	5%
#>60 Days w/Warranty	1	0	2	5
%>60 Days w/Warranty	2%	0%	2%	5%
ADVISOR OVERVIEW	ROHISH	MIGUEL	CINDY	
<i>CP ROs Billed</i>	275	248	186	
Total ROs Billed	437	426	327	
Tracking	437	426	327	
Promise	275	210	210	
Variance	162	216	117	
Dly Avg TTL Billed	18	19	16	
Dly Avg CP Billed	11	11	9	
Promise	10	10	10	
Variance	8	9	6	
Avg Hrs Per CP RO	2.04	1.31	1.83	
Promise	2.00	2.00	2.00	
Variance	0.04	-0.69	-0.17	
Avg \$ per CP RO	\$314	\$162	\$279	
Promise	\$290	\$290	\$290	
Variance	\$24	-\$128	-\$11	
OA Sign Up %	73.2%	79.1%	87.1%	
Promise	80.0%	80.0%	80.0%	

Variance	-6.8%	-0.9%	7.1%	
Email Capture %	75.5%	70.7%	77.8%	
Promise	70.0%	70.0%	70.0%	
Variance	5.5%	0.7%	7.8%	
1 month Index	88.1%	63.1%	56.0%	
1 month group	70.0%	70.0%	70.0%	
Variance	18.1%	-6.9%	-14.0%	
1 month Fix It Right	-	-	-	
3 month Index	81.1%	66.7%	67.1%	
3 month group	70.0%	70.0%	70.0%	
Variance	11.1%	-3.3%	-2.9%	
3 month Fix It Right	-	-	-	
Lines per RO				
ESP Contracts	0	0	0	
Promise	5	5	5	
Total # Ros on WIP	154	97	104	
#>30 Days	23	14	14	
%>30 Days	15%	14%	13%	
#>30 Days w/Warranty	21	11	13	
%>30 Days w/Warranty	14%	11%	13%	
#>60 Days	8	3	3	
%>60 Days	5%	3%	3%	
#>60 Days w/Warranty	6	3	3	
%>60 Days w/Warranty	4%	3%	3%	

AGENDA ITEM 4: MARKETING

SEE MARKETING SHEET	Current Campaigns	Upcoming Campaigns	Ideas
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AGENDA ITEM 5: PEOPLE

PEOPLE: HIRES	Name	Position	Start Date	Comments
PEOPLE: TERMINATIONS	Name	Position	End Date	Reason
PEOPLE: PERFORMANCE	Name	Position	Issue	Status

AGENDA ITEM 6: MANAGER TOPIC

MGR TOPIC(s)	
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AGENDA ITEM 7: OWNER TOPIC

FLEET CENTER WEEKLY SERVICE

HAWTHORNE SERVICE

Month To Date Numbers through EOB SATURDAY

MTD as of:	6/30/2017	DAYS WORKED :	22	AVAILABLE WORK DAYS:	22
TOTAL RO's:	776	DAILY RO AVG:	35.3	RO TRACKING :	776
		Promised Ave:	33.0	Promised RO's	726
		Variance :	2.3	Variance:	50
MTD BILLED HRS:	2,669	DAILY AVG BILLED HOURS:	121	BILLED HRS TRACKING :	2,669
		Promised Ave:	108	Promised Hours:	2,376
		Variance :	13	Variance:	293
MTD FLAG HRS:	2,643	DAILY AVG FLAG HOURS:	120	FLAG HRS TRACKING :	2,643
		Promised Ave:	108	Promised Hours:	2,376
		Variance :	12	Variance:	267

AGENDA ITEM 1: DEPARTMENT PERFORMANCE

	Customer Pay	Warranty	Internal s	Totals
Hours per RO	3.10	4.08	1.96	3.44
Promise	3.20			
Variance	(0.10)			
ELR	\$103.02	\$120.58	\$63.53	\$110.27
Promise	\$88.00			
Variance	\$15.02			
Labor \$s per RO	\$319	\$492	\$124	\$379
Promise	\$288			
Variance	\$31			
Parts \$s per RO	\$281	\$481	\$235	\$354
Promise	\$242			
Variance	\$39			
TOTAL	\$601	\$973	\$359	\$733
Promise	\$530			
Variance	\$71			

AGENDA ITEM 2: ADVISOR REVIEW

ADVISOR OVERVIEW	Chuck	Andrew	Aaron	Craig
<i>CP ROs Billed</i>	138	102	128	99
Total ROs Billed	202	196	196	171
Tracking	202	196	196	171
Promise	200	150	150	150
Variance	2	46	46	21
Dly Avg CP Billed	6	5	6	5
Dly Avg TTL Billed	9	9	9	8
Promise	8	8	8	8
Variance	1	1	1	0
Avg \$ per CP RO	\$478	\$363	\$567	\$798
Promise	\$464	\$464	\$464	\$464
Variance	\$14	-\$101	\$103	\$334
Avg Hrs per CP RO	2.60	2.20	2.90	3.80
Promise	3.20	3.20	3.20	3.20
Variance	(0.60)	(1.00)	(0.30)	0.60
Email Capture %	-	-	-	-
Promise	70.0%	70.0%	70.0%	70.0%
Variance	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Lines per RO				
Total # ROs on WIP	70	79	100	51
#>30 Days	21	24	15	13
%>30 Days	30.0%	30.4%	15.0%	25.5%
#>30 Days w/Warr	8	4	10	6
%>30 Days w/Warr	11.4%	5.1%	10.0%	11.8%
#>60 Days	9	11	5	9
%>60 Days	12.9%	13.9%	5.0%	17.6%
#>60 Days w/Warr	1	1	4	4
%>60 Days w/Warr	1.4%	1.3%	4.0%	7.8%

AGENDA ITEM 3: NEW CONQUEST ACCOUNTS				
SEE NEW ACCOUNT LIST	Review List			

AGENDA ITEM 4: MARKETING

SEE MARKETING SHEET	Current Campaigns	Upcoming Campaigns	Ideas
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AGENDA ITEM 5: PEOPLE

PEOPLE: HIRES	Name	Position	Start Date	Comments

PEOPLE: TERMINATIONS	Name	Position	End Date	Reason

PEOPLE: PERFORMANCE	Name	Position	Issue	Status

AGENDA ITEM 6: MANAGER TOPIC

MGR TOPIC(s):

AGENDA ITEM 7: OWNER TOPIC