

Strengths

1. We are busy! With the introduction of the "Open Service Drive" no appointment necessary policy in the service drive, we have doubled our service gross profit and repair order count in 8 months.
2. Most of our service support staff is experienced, seasoned and well versed in the Subaru Product.
3. We have 25 technicians including 5 Subaru Master Technicians.
4. Our service department is running very efficiently. For example, for the pay period ending 5/15/2019, even with 3 new technicians we were 150% proficient.

TECH NAME	FLAG HOURS	ONE MINT HOURS	
ROBERT BANGERT	140.5	115.48	122%
MATT CARLSON	107.1	80.12	134%
DAN DEROO	150.9	86.92	174%
JULIO FERNANDEZ	142.7	95.77	149%
JAMES FOSSI	203.6	90.33	225%
DAVID FURMIDGE	65.4	70.7	93%
STEVE HOBUSS	129.2	85.56	151%
RENE MARTINEZ	121.7	75.98	160%
MATT NARDELLA	141.1	88.01	160%
MIKE O'HARROW	147.8	97.23	152%
OMAR PEREZ	105.5	97.41	108%
CHRIS THOMPSON	154.4	95.93	161%
DANER TORRES	102.4	51.13	200%
SAM VITALE	117.7	84.81	139%
DAVID VOLSKY	125.4	76.74	163%
NOLAN VORCE	106.2	93.21	114%
DAVID WILLCOX	124.6	105.17	118%
KINNARD KYLER	220.1	90	245%
JEREMY SANETEL	144.5	77.82	186%
DAVID HOUK	164.4	90.82	181%
JOSEPH HARDING	140	78.85	178%
DEREK SNOOK	55.3	96.91	57%
JOHNATHAN PHAN	140.8	82.16	171%
TERRY RUTZ	136.45	97.82	139%
DAN SANTOS	72.1	73.22	98%
	3259.85	2178.1	150%

5. Assistant Service Managers and Technicians are happy with their pay checks.
6. The service department is very profitable. The net profit year to date for March 2019 is over \$350,000.

Weaknesses

1. Our greatest strength is also our greatest weakness, the amount of service business we have has exceeded our capacity. We are not able to complete the work in a timely manner. We are averaging 150 carryovers a day eating up valuable parking spaces.
2. We are not retaining our customers because we can't complete the service work quick enough.

Apr-19	First Maintenance Complete	Ongoing Service Retention		
Companyname	FMC Rate	FMC National Average (at retailer)	Total OSR Rate	OSR National Average
Subaru of Portland	52.60%	59.95%	37.48%	54.52%

3. We are located in downtown Portland with a limited amount of parking space for service customers.
4. The Assistant Service Managers are continually writing up new business throughout the day and do not have enough time to up-sell or follow up with work in process customers. On average they are writing over 20 repair orders a day.
5. The service department facility is full. Every stall is in use with only one stall per technician. We are close to 100% of our facility potential.

FACILITY POTENTIAL	
Number of Bays	25
	x
Number of Days	26
	x
Number of Hours	10
	x
Effective Labor Rate	124.9
FACILITY POTENTIAL	\$ 811,850

FACILITY UTILIZATION	
Total Labor Sales	\$ 797,653
	-
Facility Potential	\$ 811,850
	<i>equals</i>
FACILITY UTILIZATION	98.25%

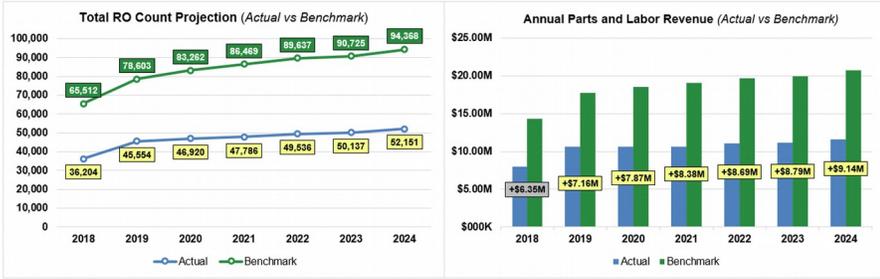
Above based on March 2019 Financial Statement Data.

Opportunities

- Based on the number of age and number of vehicles in service in our we will see a 44% increase in Service Capacity in the next 5 years. We now have 19,426 Subaru Vins in our Area of Responsibility.

Subaru Of Portland (402558) Service Capacity Outlook

2018	2019	2020	2021	2022	2023	2024	44% Increase by 2024
17,227	19,426	21,362	22,738	23,571	23,857	24,815	



- We have over 10,500 vehicles in our area that require completion of the Air Bag recall replacement.

TAKATA Grp 1~10 052819	Affected	Completed	OPPORTUNITIES	TAKATA Grp 1~10 021819	Affected	Completed	OPPORTUNITIES
080-02-01-402558-SUBARU OF PORTLAND	11,610	7,486	4,124	080-02-01-402558-SUBARU OF PORTLAND	11,941	5,418	6,523

- With the large volume of repair orders being written we have a huge potential for additional income with additional service sales. We are now averaging \$176.18 in sales per customer pay RO. Increasing that by just \$25 per RO would increase the gross profit by \$45,000.

NO. RO'S WRITTEN	SALES	GROSS PROFIT	GP %	SERVICE, BODY & PARTS DEPTS.
1872	391904	303055	7733	S Customer Labor
1880	303001	246760	8144	U Warranty Labor
126	146953	109710	7466	A Internal Labor
				U Prepaid / Courtesy Maintenance
3878	841858	659525	7834	SUBARU MECH. SERVICE LABOR Sub-Total
323	10566	7597	7190	S Customer Labor Express
				U Warranty Labor Express
				A Internal Labor Express
				U Prepaid / Courtesy Maintenance Express
323	10566	7597	7190	SUB. EXPRESS SERVICE LABOR Sub-Total
4201	852424	667122	7826	TOTAL SUBARU SERVICE LABOR
107	3068	2371	7728	O Customer Labor
				H Warranty Labor
				E Internal Labor
436	17990	14009	7787	TOTAL SERVICE LABOR - OTHER
543	21058	16380	7779	S Sublet Repairs - Service
	40456	6077	1502	M Miscellaneous Service Sales (Shop supplies, hazmat & tire disposal, etc.)
		8522		A Adjustment Cost of Labor Sales
4744	913938	681057	7452	TOTAL SERVICE DEPARTMENT

- Currently we have a waiting list of 75 customers (most are in a loaner car) in need of the Valve Spring Recall. The job pays 7 warranty hours and our recall team can complete the job in 4 hours.
- We have 6,455 vehicles in our Area of Responsibility needing the Brake Switch Recall.

Threats

- The technicians are beginning to get burnt out. They are coming in early, working late and volunteering to work on days off.
- The stores CSI scores are below the Region average and Subaru will begin to penalize us if they do not improve soon.

Service Satisfaction, NPS®, & SQI Scores

6/1/2019

Qtr 2, 2019

		Satisfaction Score	Net Promoter Score®	Survey Quality Index	
Service		SS	NPS®	% No	
Subaru West (WST)					
	May 2019	10,632	770	54.3	96.2
Subaru of Portland					
	May 2019	91	703	29.9	95.6

- Customers are threatening to defect and never return because of the time it is taking for service and our poor communication with them during the service process.
- Independent shops are opening up around us intending to steal business from us.
- We are and have the potential of losing employees and customers due to ever increasing shortage of parking around the dealership.

Objectives

- Increase Service CSI scores.
- Decrease carry overs.
- Decrease the amount of time it is taking to diagnose and/or begin work on a customer's car.
- Increase the average labor sale on customer pay ROs by \$25.

Strategies

- Use the existing Chevrolet facility (awaiting remodel for new Subaru Service facility) for additional service bays.
- Hire 10 additional technicians.
- Hire 5 additional ASMs.

Tactics

- Increasing the number of technicians will decrease the wait time to get to and finish work.
- Increase the number of ASMs to allow them to have time for adequate follow up and up sales. (Goal of 12 ROs written per day per ASM).
- Rearrange the service drive to allow for a better flow of cars and customers.
- Modify the ASM's pay plan to encourage additional products sold in the service drive.
- Involve the entire service staff in plans to increase CSI.

June CSI Incentive for the Service Call Center Plan:

Re:
Call Center CSI Spiff for June 2019

To encourage follow up CSI calls we are replacing the \$50 perfect survey bonus with the following:

The following bonus will be paid for improvement in the Service Satisfaction Score based on June month end results;

Baseline: The Western Region's Service Satisfaction Score for May 2019 was 770. The Service Satisfaction Score for Subaru of Portland was 703. We had 91 Surveys returned.

For a 20 point increase in the Service Satisfaction Score at month end each call center team member will receive \$50.

or

For a 40 point increase in the Service Satisfaction Score at month end each call center team member will receive \$100.

or

For a 60 point increase in the Service Satisfaction Score at month end each call center team member will receive \$250.

or

If the June Service Satisfaction Score for Subaru of Portland exceeds the score of Western Region Chris Borquist will host a celebration dinner (location to be chosen by the call center staff) and each call member will receive \$500 (in lieu of the \$50/\$100/or \$250).

This event will be held on Sunday July 7th at 6:00 PM.

Service		Returns	Satisfaction Score	Net Promoter Score®	Survey Quality Index
			SS	NPS®	% No
Subaru West (WST)					
May 2019		10,632	770	54.3	96.2
Subaru of Portland					
May 2019	detail	91	703	29.9	95.6

Service Drive Plan:

Part A:

Add wiring and power for 9 ASM work stations and a printer to the left-hand side of the drive.

Use the wall to the left-hand side of the service drive for accessories and wheel display.

Put in 5 new ASM desks on the now.

Eventually move the 2 ASM desks from the center front of the drive to the left-hand side of the drive.

Eventually move the 2 ASM desks next to the door leading to the cashier's office to left hand side of the drive.

Result: 14 ASM workstations and a cleaner service look. (we now have 9)



What we need now:

Wiring and power on concrete wall (Dave is arranging)

Flat wall for concrete wall (Mark is ordering and will get installed)

5 new desks (Abel is purchasing)

3 new computers (Dave is ordering)

Set up printer in new desk area (use printer we have not in use now).

Part B:

Remove the wall on the right-hand side of the service drive (not including the Manager's office wall) and revamp the ASM office to add additional desks to match the other side of the drive.

Result: 17 ASM workstations, cleaner service look and a wider service drive.

Action Plan

Task	Role	Completion Date
1. Add 9 new ASM workstations to Service Drive (Desks and equipment have been ordered)	Asst Service Manager IT Department	6/9/2019
2. Hire 5 additional ASMs (5 hired awaiting workstations to put them at)	Service Manager	6/15/2019
3. Add 10 bays in the old Chevrolet building	Service Manager/IT	6/30/2019
4. Hire 10 new technicians (5 hired and set up in old Chevrolet building)	Service Manager	6/30/2019
5. Widen Service Drive (Getting Bids Now)	Contractor	7/31/219

Synopsis

Our Service Department is busy. The growth of the Subaru market in our area has outpaced our facility potential. Now is the time to play catch up.

Increasing the number of technicians will decrease the time it takes to complete service jobs. This will decrease the number of carry over work we have and decrease the number of parking spaces required for service work.

Increasing the number of Assistant Service Managers will increase the amount of time they have to sell and allow adequate time for follow up.

Increasing the number of technician work bays by using the future service facility while being remodeled, will allow us space for additional technicians.

Increased CSI scores will be the result of improving our work load capacity and allowing ASMs more time for selling service and follow up.