

Fixed Operations 2 Service Homework

Advertising:

What you are currently doing: Currently our service department advertising consists mainly of factory mailers.

Plans for improvement: We need to broaden our strategy; a local TV ad would go a long way with telling people our specials, hours and location.

How you plan to achieve the goals: Discuss with the owner the need for Service advertising and show how it would help grow the business.

Evaluate if the changes that are made are beneficial to the store: Bringing in new customers is hard, but retaining them is even harder. We need to grow the customer base now, so that when another recession comes, we will be prepared to come out on the other side.

Marketing:

What you are currently doing: We recently began using a customer acquisition company that specializes in getting new/lost customers back into the service drive.

Plans for improvement: Utilize this new tool we have to maximize market potential. Provide special offers that bring people in, and make sure they have a satisfactory visit.

How you plan to achieve the goals: Putting together packages for certain models/mileage will help advisors sell easier, freeing up their time to be more productive.

Evaluate if the changes that are made are beneficial to the store. So far with this program we have a 10:1 return ratio. They monitor which customers respond to the mailers/emails. Provide special offers and track how much they spend in house. It seems to be

working great for us, it provides a useful tool to see where our core customer base is, and where we need to grow it.

Facility:

What you are currently doing. 35% utilization.

Plans for improvement. There is a lot of wasted time in our shop. We are currently looking for a shop foreman and a parts runner.

How you plan to achieve the goals. These are just two of the many changes planned we think will bring an instant change to utilization. We are looking for an outside party for shop foreman, hiring one from within will only echo the cries of favoritism.

Evaluate if the changes that are made are beneficial to the store. I am excited about these changes, they can only help us decrease wasted time and increase hours turned.

Productivity:

What you are currently doing. 71% technician proficiency.

Plans for improvement. This somewhat ties back to facility utilization. We have to get our technicians turning more hours. The plan is to cut back on wasted time and give them a bonus if they reach their goals.

How you plan to achieve the goals. Giving them a \$2 bonus for achieving the goals we have set for them will make the technicians want to get those extra hours instead of being satisfied where they currently stand.

Evaluate if the changes that are made are beneficial to the store. One kickback to this plan was that "the technicians are already making too much". If we can get every technician turning more hours...it will only increase the money made for the dealership. Not only in terms of labor hours, but parts sales as well.

Production Method

What you are currently doing. Taking orders instead of upselling.

Plans for improvement. Using e-advisor to print out manufacturer and dealer recommend services.

How you plan to achieve the goals. The advisors have to present it to every customer and get their signature on the bottom or they do not receive spiff credit for the RO.

Evaluate if the changes that are made are beneficial to the store. This holds the advisors accountable that they are not simply going through the motions, and that they are actively trying to sell additional required services.

Analyze Cost of Labor

What you are currently doing. We have a high cost of labor.

Plans for improvement. Our area is extremely competitive for technicians; we seem to have to pay more for ours than others in the class. Along with that we have a few technicians with guarantees. We have to revisit pay plans with underperforming technicians.

How you plan to achieve the goals. Goal oriented pay plans for underperforming technicians is something that is needed. Having a base pay that goes up when certain targets are hit is long overdue.

Evaluate if the changes that are made are beneficial to the store. We have not changed these yet, but should be soon. Dropping technician's rates down never go over well, but if there's potential for a raise, if say 50 hours are turned then I think they will become more responsive.

Changes in Expense Structure

What you are currently doing. We are not selling the available hours.

Plans for improvement. Scheduling with the BDC is something we have constantly battled. The communication lines are now open between the two BDC service representatives and the advisors.

How you plan to achieve the goals. Appointments are monitored much more closely from the advisor standpoint and they now let the BDC know if they can take more appointments based off of what they currently have in the shop and what is scheduled.

Evaluate if the changes that are made are beneficial to the store. This was an easy change for us, animosity has built up between the two departments and favoritism was being showed. By bringing all parties together one night after work it has really helped with getting the right number of appointments in.

Pay Plans

What you are currently doing. Service Manager is paid salary. Advisors are paid \$500/week and a commission on what they sell (parts/labor).

Plans for improvement. I think more goal-oriented metrics are the way to go, especially with the service manager. He can bring about the most change in the service department.

How you plan to achieve the goals. There are several different areas to measure. One is how are we doing in hitting the service PASE objectives. I think he should get paid a % for hitting those goals. Another area would be CSI scores. If the score is at/above national it would check another box/bonus.

Evaluate if the changes that are made are beneficial to the store. I think these would be great for the store. People chase pay plans, and a good one will have them chasing the right goals. However it must be monitored so that they are not simply gaming the system.

Detail Performance Programs

What you are currently doing. We have a CSI scoreboard for advisors.

Plans for improvement. This could be expanded to have service drive goals, not just individual goals.

How you plan to achieve the goals. The big push GM has right now is on tires, brakes, engine/compartment filters, and wipers. If we had a service drive goal for each one, which triggered a bonus for each advisor I think it would help impact sales drastically.

Evaluate if the changes that are made are beneficial to the store. We actually started tracking what each advisor sold in those categories (no board yet) and gave them a rundown of where they stand weekly. Sales of these items have quickly improved.

Level of Current Training

What you are currently doing. Our STS training is at 98%.

Plans for improvement. Work on getting to 100% and improving the technicians we have.

How you plan to achieve the goals. The service manager stresses training to the technicians, without being trained in certain areas, you cannot receive OLH. Once the technicians realized that the dealership would not continue to pay their OLH, they quickly got on board with training.

Evaluate if the changes that are made are beneficial to the store. Training is extremely important if you want to help improve your technicians abilities, we have noticed a drop in comebacks after stressing the importance of everyone getting their training up.

Special Tools

What you are currently doing: Special tools have been neglected for years. We have a room of unorganized tools.

Plans for improvement: Take inventory of what tools we have, catalog and organize them.

How you plan to achieve the goals: I am going to personally do the inventory and add them to an excel spreadsheet with a bin location so we can find them. The parts department is going to handle the tools from there, by billing them on the RO for \$1000. This will help ensure that the tools are returned to them.

Evaluate if the changes that are made are beneficial to the store. This change is not going to happen overnight, there are thousands of tools to organize/catalog. However I think once this tool room is complete the technicians will take greater pride in their areas. Special tools are expensive by themselves, especially if you already have purchased one and simply can't find it. But they also cost the technician's time having to search through a crowded room, not even knowing if the tool is in there.

100 Repair Order Analysis Summary Report

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 4,848	÷ 77.30	= 62.71	FRH Average
Maintenance	\$ 2,461	÷ 26.20	= 93.93	FRH Average
Repair	\$ 8,329	÷ 73.90	= 112.71	FRH Average
Totals	\$ 15,637	÷ 177.40	= 88.15	Customer ELR
Target Labor Rate			113.52	Per FRH
Total Ro's in Sample	100	Difference	-25.37	Per FRH

Cost of Labor

Total Cost of Labor	4817.30	÷ Total Sales	= 30.81%	Percent Cost of Sales
Total Cost of Labor	4817.30	÷ Total FRHs	= 27.16	Cost per FRH

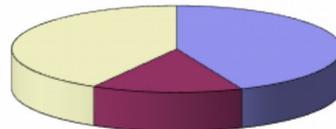
Repair Order Measurements

Total Labor Sales	15,637.49	÷ Total ROs	= 156.37	Avg Labor per RO
Total FRHs	177.40	÷ Total ROs	= 1.77	Avg FRH's per RO
Menu Sales		÷ Total ROs	=	Percent Menu Sales
Competitive FRHs	77.30	÷ Total FRHs	= 43.57%	Percent Competitive
Maintenance FRHs	26.20	÷ Total FRHs	= 14.77%	Percent Maintenance
Repair FRH	73.90	÷ Total FRHs	= 41.66%	Percent Repair
One item ROs	58	÷ Total ROs	= 58.00%	Percent One Item RO

Model Year Analysis

2020	2019	2018	2017	2016	2015	Older	Total
0	0	7	23	13	16	41	100
0.00%	0.00%	7.00%	23.00%	13.00%	16.00%	41.00%	

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair

Service Department Analysis for Kevin Whitaker Chevrolet – Cadillac

Ryan Whitaker

864-423-8300

Strengths

1. Location, location, location. We are at the center of one of the biggest cities in South Carolina.

2. Trained technicians. There are 3 GM master technicians in the shop. Their experience is great for training aspiring techs and getting work done.

3. Personnel. From the 5 advisors, 2 porters, and 2 managers, everyone works together to make sure the customers have a good experience.

4. E-advisor scan tool cuts down on time needed to write the ticket and errors that used to occur before.

5. Opening at 7:30, we are open 30 minutes before our biggest competitor. This allows a good majority of the customer base to choose us for their service needs.

6. Having over 60 service loaner vehicles at our disposal helps with keeping customer retention.

7. Service pricing screens/printed menus help increase sales.

Weaknesses

1. Technician morale/motivation is always a challenge.
2. Employees across the board are resistant to change. For example, going to a digital MPVI and presenting it to every customer.
3. Saturday is only a “light maintenance day”. Basically, it is an oil change/reprogram recall day for us.
4. We are not open on Sundays which would help increase revenue/retention for the dealership.
5. Poor extra selling in the drive. (GM BuyPower Card, OnStar activations, Accessories, extended warranties)
6. Little to no marketing for the service department other than mailers/coupons.
7. Service parking is extremely limited; we are landlocked without any room to expand in the future.
8. Poor shuttle service, only 1 car/driver. We need to look into Lyft or Uber for business.

Opportunities

1. Open Sundays to take care of more customers.
2. Show value in our services while showing competitor pricing.
3. Greenville is one of the fastest growing cities in South Carolina, we need to make sure we capitalize on the changing market needs.
4. Train advisors on how to sell, they are one of the least trained departments in the dealership. Could increase sales immensely.
5. If the shuttle service could get on par with the loaner department, it would be a great next step in providing an exceptional customer experience.

Threats

1. Finding the right employees. It is getting harder to find qualified technicians, which is why using the ones we have to teach the younger guys is so important.

2. Not filling out RO's correctly. Everything such as timestamps, signatures, stories, out mileage. If these items are not filled out correctly then it opens the dealer up for a debit when the audit team comes in.

3. Our biggest competitor is not as landlocked as we are, they have the ability to grow to meet the expanding market demands.

4. Dropping the Chevrolet free oil changes to 1 is going to hurt retention numbers.

Objectives

1. Increase MPVI presentation percentage.
2. Improve service team morale.
3. Capture all of the PASE money available.
4. Improve customer experience. (shuttle, wait times... etc)
5. Monitor RO's for mistakes, service manager now checks them daily.

Strategies

1. Have an individual in the drive to scan all tires with the Groove Glove and give printout to advisor.
2. Train technicians/advisors on proper ways to document RO's. (especially warranty)
3. No longer service just GM vehicles.
4. Take discounting ability away from service advisors. (except oil change coupons, \$5-\$7)
5. Have weekly meetings with technicians to go along with the weekly advisor meeting.

Tactics

1. Market the service department to increase business.
2. Spiff advisors for certain parts that we are lower than average on.
3. Develop packages for vehicle mileage intervals to make it easier to sell.
4. Take Google reviews/negative and neutral surveys to the service manager and have him look into/explain what the issue was and how we can improve.
5. Reward technicians for low comeback percentages.

Action Plan

Task	Role	Completion Date
Weekly Service Advisor Meeting	Service Manager	Weekly
Turn off discounting ability	Service manager	June 1, 2019
Weekly Tech Meeting	Service manager/warranty admin	Weekly
Expand Saturday services offered	General Manager	September 1, 2019
Open Sunday	Dealer Principal	September 1, 2019
Spiff advisors for certain parts	Service Manager	June 1, 2019

Synopsis

We have a unique problem in that our issue is not getting the work in, it is getting the work done and out. We have to improve our throughput in order to maximize the opportunity we have. In other words, we are mining copper in a gold mine.

Opening on Saturday as a normal day will be great for not having work linger into Monday which sets the week up for failure. I think once the technicians see the benefits it will provide, they will get on board.

Service Lane training is another area that is desperately needed. The team we have I believe is the right team for the job. However, the selling tools they've uses are mainly ones they have picked up over time. Our service manager is a great salesman and we are going to have him train advisors on how to sell properly. (mainly the quick maintenance advisor)

I think with better oversight from the service management team and the other items discussed will vastly improve the bottom line, as well as the overall customer experience.

