

Fixed Operations II Analysis - Shah Karimi

Advertising/Merchandising

- Multiple platforms for customer outreach and marketing
- ELeads (Autopilot) provides timely email reminders, phone calls, and YouTube videos embedded in special offers via email
- These communications are sent on timed basis for customers due for service at 4 months, 6 months, 7 months, 9 months, and recapture (no visit in 12 months) using an algorithm to best anticipate time and mileage of the customer vehicles
- Ford Direct in conjunction with Ford Elite Program provides consumer interface via the manufacturer (FMC)
- Ford Direct creates a unique web solution for customers to be steered to the dealership of their choice based on location (or preference alone)
- The appointments made through Ford Direct are pushed via DMS to our appointment log
- AutoPoint Mobile Solutions is the mobile app utilized and we are about to install the GEO-fencing feature within the app to push content and specials to users
- Dare to Compare boards are posted within the Quick Lane and Service write-up areas (these are populated using data provided using the “non-dealer survey”)

Production Method

- Dealership is currently utilizing a “lateral support” system in the Main Shop
- Main Shop is comprised of two Service Advisors
- Each Service Advisor in the Main Shop has a team of 5 technicians (each team has a “master tech”, two certified techs, a “C” tech to R&R, and an entry-level tech for miscellaneous items and regular maintenance (for work orders requiring multiple skill sets)
- The Quick Lane is comprised of two Service Advisors that pool their work orders in a central dispatch form
- The work orders are dispatched via the Service Advisors to the next available Quick Lane technician based on customer need and promise time
- The goal of the dealership is to eventually institute a production-based bonus system to reward team productivity (proficiency component to achieve additional earnings for team members)

Pay Plan Evaluation

- Service Advisor pay plans are based primarily on 4 categories

- Percentage of individual parts and labor gross, total hours sold by category (CP, W, & Internal)
- Additional percentage for achieving individual CSI at or above Group Average
- Additional percentage for achieving individual CSI at or above Group Top 10 Average
- Commodities earnings for selling individual CP items (batteries, brakes, tires, cabin filters, etc)

Performance Objectives, Tracking, and Communication

- A goal and budget are constructed monthly and communicated to the appropriate staff members (Service Advisors do not receive budget input at this time – that is a dept head function)
- Service Advisors are given monthly performance targets for sales, gross, Total hours sold, CP-Hrs/RO, and CP-ELR, and individual and department CSI
- Reports are handed out daily (RAP report, custom Parts & Labor gross report, and CSI)
- Areas of opportunity and quality performance are highlighted for all to see
- CSI MTD performance is posted on a daily basis within the shop for all associates to review

Level of Current Training

- Service Management, Service Advisors (both Main Shop and Quick Lane) all certified
- Service Technicians meet manufacturer requirements regarding minimum training standards
- Dealership has invested heavily in sending qualified technicians to basic and advanced FMC training programs throughout the calendar year
- All Service Advisors have attended any available “off-site” FMC training as requested

Special Tools

- A RATS NEST!!!!!!
- What was once a very organized tool room has again become a mess
- Dealership has made the preliminary effort to lock the tool room and require the Service Manager to open whenever a special tool or kit is required
- It is critical to get this situation back in order

100 Repair Order Analysis

- CP-Hrs per RO are not a significant challenge for this dealership – performance is acceptable but could be better

- One-line repair orders seem to be a sore thumb based on the analysis, but I would suggest that our customer base is willing to spend but is hesitant to be “up sold” (very diverse cultural area in Silicon Valley – bartering, couponing, refusing to pay even after authorizing the charges, etc...) – the CP-Hrs/RO support my comments in a positive manner
- There is opportunity to increase CP-ELR but gradual means are necessary in that area
- Menu system provided through BG is too “product heavy” – need to back off slightly on selling BG and gain better gross penetration through retention-based selling

Qualitative Analysis

Strengths

- Established dealership with long history in the community – started in Fremont in the 1960’s and built current facility in 1988
- Close proximity to freeway access – nearby mall with shops and restaurants
- Large metropolitan area with dynamic client base – close to Silicon Valley in the heart of the greater Bay Area
- High level of income within client base – well educated and diverse culturally
- High number of units in operation – not only in primary market but throughout the region as well
- Private ownership – not a “conglomerate or corporate entity” (no cookie cutter mentality exists from the top down)
- Overall quality of management and staffing – the management (parts, service, body shop) have a very long and successful track record
- Reasonable amount of space to include the parts department, plenty of service stalls, and an on-site body shop
- Fleet Service business is steady and growing

Weaknesses

- High rate of turnover historically in the Service Advisor staff – a “prima donna” situation existed where one person was given favorable status and pay over the last several years and led to constant internal friction with staff and management

- On again, off again, on again relationship with local mechanics union has been problematic and created unrest within the shop
- Technicians are very unhappy because of wage freeze during current union de-certification process – union holding dealership hostage despite knowing they do not have votes to certify and/or enter into collective bargaining agreement
- Technicians are very unproductive as a whole and have developed a “so what” mentality due to wage issues
- Aging facility creates mechanical and electrical challenges as infrastructure requires regular and often unexpected repairs or replacement of equipment/systems
- Technician perception is “we don’t have enough parts and/or the right parts”
- Needed changes brought about by current Fixed Operations Director have put stress on the staff who were “comfortable” in their ways
- Retention level could be better – previous Service Advisors sold for their pockets, not the customers long-term interests

Opportunities

- Incredible amount of potential clients – there is huge upside to be tapped into
- 10 stalls in Quick Lane that have been under-utilized and poorly managed
- Alignment rack is sitting there largely un-used as a result of lack of focus and attention to basic maintenance need of our clients
- Despite a recent upgrade to the facility, there is a lack of POS materials throughout the facility and especially regarding the Fixed Operations departments
- Fixed Operations hours are not mirroring those of the Sales Department
- Used Vehicle Sales and Service operations have been a historical struggle – lack of volume, process, management, and focus – it’s hurting the store on multiple levels
- Regular departmental meetings – they don’t exist really – there is the need for a sense of togetherness and purpose that could be fostered by getting the management group together as one

Threats

- Morale within the technician base is low – an attitude exists that “so what, nothing is really going to change” amongst many of the technicians in the facility
- Despite quality management and overall strong talent level, the feeling of “all for one” is not present and employee turnover remains high

- The Union situation is starting to unravel the Service Department – defection is starting to creep in and the ability to find and recruit quality technicians is virtually impossible as a result (can't compete due to wage freeze)
- People sense the economy is about to change for the worse and are concerned that they need to go elsewhere to earn a higher wage
- Crumbling infrastructure – despite a recent upgrade, the employees feel that the technician areas (especially the break room) have been ignored

Objectives

- Improve overall morale within the facility
- Effectively eliminate the union
- Create a better retail environment
- Improve the productivity/proficiency of the technician staff
- Better compete with independent shops
- Focus on retention
- Special tools and overall shop and equipment organization

Strategies

- Schedule and maintain regular meeting times with for each group within Fixed Ops
- Create better (and more) educational and customer-driven POS materials for Fixed Ops
- Expand the hours of operation to mirror sales
- Create a kick-ass Quick Lane operation to drive retention
- Recruit more entry-level technicians and start rewarding for proficiency performance
- Improve on Lost Sales tracking to better stock true part needs
- Create regular employee focused “morale boosting” events
- Completely re-organize special tools and equipment – develop processes

Tactics

- Each Manager of Fixed Ops will determine the regular times for weekly staff meetings
- Post A La Carte Menus, Dare To Compare boards, educational POS provided by manufacturer in all customer facing areas – send these materials to clients via multiple advertising avenues

- Recruit additional staff for increased hours of operation and identify internal candidates to cover the shifts needed to mirror Sales Department hours
- Partner with manufacturer on providing training and guidance to enhance and grow the Quick Lane - be active in this process from the top down
- Regularly visit technical schools and colleges to recruit techs - utilize manufacturer programs to find more talent
- Create bonus programs for achieving proficiency targets/benchmarks
- Monthly employee BBQ's as well as reward programs for performance and "attaboys"
- Pay a dedicated employee to organize the tool room and equipment storage area and then maintain that system

Action Plan

- Get together with Department Managers in Fixed Ops to determine a meeting schedule for their staff (By Whom: Service Manager / Completion Date: September 30, 2017)
- Create the A La Carte Menus and Dare To Compare Boards, take the PDF's to FedEx Office, have them printed - go to framing store and have them mounted - post them in all customer facing areas (By Whom: Service Manager / Completion Date: September 30, 2017)
- Post job adds through all dealership approved means for staffing needs to expand hours (By Whom: Parts Manager and Service Manager / Completion Date: September 30, 2017)
- Meet with FMC and Quick Lane reps to determine a regular schedule of in-house training and implementation plan for increased focus and performance of Quick Lane operation (By Whom: Parts Manager, and Service Manager / Completion Date: September 30, 2017)
- Visit UTI and the other local training colleges to meet with training instructors and Employment Services (By Whom: Service Manager / Completion Date: immediate and on-going)
- Implement bonus program for technician proficiency (By Whom: Service Manager / Completion Date: September 30, 2017)
- Schedule first monthly BBQ and announce Fixed Operations "Employee of the Month" (By Whom: Fixed Operations Director / Completion Date: August 1, 2017 for BBQ and September 1, 2017 for Employee of the Month)
- Identify the person who will organize the Tool Room and Equipment Storage Area and finalize the process (By Whom: Parts Manager and Service Manager / Completion Date: October 31, 2017)

Synopsis

Because we operate in a very large and competitive area (there are 7 Ford dealerships within 30 miles of our store), recruiting and retaining quality technicians has been a major challenge due to our Union issue and the related wage freeze. Allowing this to stifle our growth and direction is not an option, yet certainly a sizeable challenge for the staff, management, and ownership.

One of the things that came ringing through when analyzing the data from the SWOT responses is that although there is a palpable negativity to the wage issue, for the most part, associates like where they work and want to succeed. We have a great opportunity to enjoy a prosperous 2017 calendar year with growth and customer satisfaction gains imminently achievable.

It is key that we, as a staff, focus on not only the customer part of the equation, but also the “people” (ie: employees) part as well. There is a lot that can get better through motivating and emotionally investing in our staff (particularly the technician staff).

It would be easy to “cut and paste” data from our training exercises and curriculum from the Fixed Ops II session with the instructor, but we’ve seen that many of the typical challenges of a Service Department (low CP-Hrs/RO, low CP-ELR, lack of units in operation, declining RO counts, bad location, brand image problem, etc) are not our most pressing issues. In fact, those areas are not primary concerns and in some cases, actually strengths of our current operation.

When it all came together and the picture became clearer through this analysis, we really need to focus on GROWTH through RETENTION. We MUST improve our Quick Lane operation to reduce/eliminate defection to the independent shops that specialize in fast-moving transactions (ie: basic maintenance and repairs). We MUST improve employee (technician) morale through reward programs and recognition, as well as creating goodwill via functions and events. We MUST provide a more visual and educational environment for our clients (soft-sell approach) by posting POS materials, menus, Comparison Boards, and special offers that compel our client base to STAY with us - ELIMINATE DEFECTION!

Tracking Lost Sales and re-organizing our Special Tools and Equipment Storage Areas are boring and tedious processes - nobody has any fun doing that stuff! Yet it is obvious that those issues will create benefits not only to our technicians (right parts when you need them, right equipment when you need it) but will reap efficiency and profitability through increased production in the shop.

Finally, it's a no-brainer to expand hours and go to a seven-day workweek in Fixed Operations. It has been done before by this Fixed Operation Director and we WILL make this a priority for our organization. We will NOT bite off more than we can chew - we will start with expanding into evening hours, then tackle Sundays later in the spring of 2017. Frankly, we have too many Oakland Raider season ticket holders in our shop to go down that road before the Super Bowl is concluded...and if you know those fans, they can be a bit testy at times!!!

In conclusion, everything we've looked at and identified all leads to the goal: increase profitability. That's the bottom line - it's the whole goal!