



## Fixed Operations 2 Service Homework

Your homework assignment is to evaluate your service department. A detailed analysis is required of the following areas, to include what you are currently doing, plans for improvement, how you plan to achieve the goals, and evaluate if the changes made are beneficial to the store. Some of you may not have the authority to make any changes as to the outcome of the recommendations, but you are still required to make the evaluations and recommendations that you would perform if this was your department.

**a. Facility:** What changes will you make to increase your utilization (4th homework calculation)?

- Slightly increasing the Service Department by one hour per day (Monday to Thursday) and 2 hours on Fridays and Saturdays can make an impact in on the Facility Utilization rate.
- Add 6 more technicians to cover the extended shifts then eliminate 2 nonproductive personnel.

**b. Productivity:** How will you increase your Tech Proficiency (3rd homework calculation)?

- Service Manager and Shop Foreman to work with team leaders for proper dispatching to technicians; and proper multi-point inspections to get more recommended lines per RO. Team leaders to work with their respective team members to increase proficiency and productivity. Team leaders need to identify underperformers, and have an action plan to improve performance. Team leaders to monitor progress and provide necessary training. Need to have accountability within the teams. Increasing awareness of individual team members will increase proficiency.

**c. Analyze Cost of Labor:** How do you pay the techs (1st homework calculation)?

- We are currently paying our technicians based on the level of their certification plus bonuses based of proficiency and productivity: Entry level technicians - \$12/hr. - \$15/hr.; certified technicians - \$16/hr. - \$19/hr.; Expert Certified Technicians from \$20/hr. to \$27/hr. For production bonus: Technicians get an additional \$0.50 per flagged hours once they hit 108 to 129 flagged hrs.; \$1.00 per flagged hours if they hit 130 to 151 hours and \$1.50 per flagged hours over 152 flagged hours.
- The Team Leader Bonus is based on team's efficiency: If the team efficiency is less than 110%, they get \$0.50 per flagged hour; 110% to 114.9% they get

\$1.50 per flagged hour; 115% to 119.9% they get \$2.00 per flagged hour; and 120% or greater, they'll get paid \$2.50 per flagged hour.

- d. Changes in Expense Structure:** Are you selling all of the available hours, and are your expenses in line (2nd homework calculations)?
- Based on NADA guideline our expenses are in line. Our Net Profit is at 30.27% while our total expenses were at 69.73%.
- e. Detail Performance Programs:** What are the plans for setting objectives, tracking, and communication?
- General Manager meet with Service Director and Manager monthly to discuss Sales and Gross Profit, service advisor performance, facility utilization, technician productivity/proficiency, expenses, and advertising.
  - General Manager to meet with Service Director and Parts manager regarding extended operating hours on Friday and Saturday.
  - General Manager will get with facility coordinator for plans on converting the wash bay into a drive-through alignment bay.
  - Service Director weekly meetings with Team Leaders to discuss weekly progress regarding Facility Utilization, Technician proficiency and productivity, expenses. Accountability.
  - Service Director weekly one on one meetings with Service advisor to discuss open RO's; discounts; sales and gross profit, SSI, and customer retention. Accountability.
  - Service Director will eliminate 2 nonproductive personnel by end of August.
  - Team leader one on one weekly meeting with their respective team leaders based on productivity and proficiency. Accountability.
  - Team leader daily meeting with team members to go over metrics and daily goals.
- f. Level of Current Training:** Are you within the minimum training standard for your manufacturer?
- To-date every technicians have met the minimum training requirement based on the manufacturer's standard.
- g. 100 Repair Order Analysis:** We need the summary page with your evaluation of the summary (recap) sheet.

Use whatever time frame is best for you. You may use Word or PowerPoint. **Homework will only be graded if in a single document.** Please email it to us, or if the file is too large, upload it to DropBox in the Homework Dropbox. Once it has been uploaded, email us that it has been uploaded, so we may grade the assignment.