



AMERICAN  
TRUCK DEALERS  
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## 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 that are 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. **Advertising:** What are your plans to keep your dealership name in front of your customer? Gerry's has a contract with one of the largest radio stations in the Middlesex area; FM96. The add runs multiple times throughout the day. Also, for every truck that is sold, Gerry's attaches a customer loyalty card that offers discounts off of services rendered by the shop.
- b. **Marketing:** Who will you be marketing the dealership service department with the goal to obtain new customers? New and existing customers, but also internally. We will be working on marketing our offerings to the new and used sales department with the goal of keeping more of the work in house.
- c. **Facility:** What changes will you make to increase your Utilization (4<sup>th</sup> Homework Calculation)? While I am not in apposition to implement these changes, the only real way to increase utilization is to increase total labor sales. Gerry's is currently running at a 70.14% utilization percentage. Any of the key items sold; customer pay, warranty, internal will all have a positive effect on utilization. I would try and drive more of the repair work that is quick in and out that drives quick cash flow, safeties, brake jobs, PM, etc. Given that we will soon be heading into the fall. I would put together a one page flyer for my OPS to take to all of the businesses in the area promoting a Pre-winter prep service. Initiatives like this will drive business into the shop.
- d. **Productivity:** How will you increase your Tech Proficiency (3<sup>rd</sup> Homework Calculation)? As mentioned above, I am unable to act on these recommendations, however, Gerry's tech proficiency is currently running at 73.48%. The biggest contributor to the 26% unrealized time, is the fact that the dealership is spread across a campus under different roofs. I like the idea of a designated parts person (paid by the shop) that could fetch parts for the techs. This would reduce idle time and keep the tech in their bay.
- e. **Production Method:** Will you make any changes to you service department? While I am unable to make these changes myself, I will be



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recommending a “No Cell Phone” policy, as well as a dedicated parts puller for the shop.

- f. **Analyze Cost of Labor:** How do you pay the techs (1<sup>st</sup> Homework Calculation)? Currently all of the techs are paid by the hour, and are given a profit sharing component as well.
- g. **Changes in Expense Structure:** Are you selling all the available hours, are your expenses in line (2<sup>nd</sup> Homework Calculations)? Given that our Tech proficiency is at 73.48%, we are obviously not selling 100% of the hours available. We could probably increase the number of hours sold lightly. By implementing the suggestions in “d” we could increase the hours sold. In addition, we could also likely increase the hours sold, by upselling through our parts department (oh.. you need a water pump? Are you all set to install, or would you like one of our professionals to install it for you?). Nothing in our expenses seem outside of reality.
- h. **Pay Plans:** Are any adjustments needed in your staff’s pay plans and why? Gerry’s current pay structure is competitive for the market they are in. That said, given our discussion in class, I think it would be a worthwhile exercise to get a “senior” tech’s hours worked, billed, and paid for a given period and show them what that would look like if they were working in a flat rate shop. I like the idea of that pay structure leading to a units of output expense structure rather than a fixed cost model.
- i. **Detail performance programs:** What are the plans for setting objectives, tracking, and communication? Quarterly meetings between department heads, dealer principle, and the CFO. At these meetings the team discuss the current health of the business, the future prospects and potential threats. Agreements are made as far as accounts to target, waste that needs addressing and overall performance. Once these are identified, the appropriate measures are decided upon and then monitored.
- j. **Level of current training:** Are you within the minimum training standard for your manufacturer? Yes
- k. **Special tools:** What do you currently have for the techs? Is it neat and organized, or an unorganized mess? Gerry’s has all of the latest in specialized tools needed to work on the latest Volvo trucks. The specialized tools are kept in a well-organized and secured location.
- l. **Perform a complete Qualitative SWOT Analysis with an Action Plan:** Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input.



Collect the sheets, tabulate the data and then set Objectives, Strategies, and Tactics. Now it is time to create the Action Plan. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location.

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 it is too large, upload it to the dropbox in the homework dropbox. Once it has been uploaded, email us that it has been uploaded, so we may grade the assignment.

#### L. SWOT Analysis Exercise;

The service department team had a pretty consistent response to the SWOT analysis. I will summarize those here;

- 1) **Strengths;** In general the team feels that given Gerry's is a small family run business is a major differentiating factor. They feel that because it is a family run business their customers have access to the upper management (Owners). This type of access is not common today, given the "corporate" landscape that most dealerships embody. This leads to a more personal touch, which as we know, most fleet managers today feel that they not given this personal attention. Secondly, the majority of the service members view the Volvo brand as being a strength. They consensus is that being associated with a Global brand with an industry leading reputation has its own strengths. They feel that all of the tools that come with a Volvo franchise help them be at the top of their game; training, Asist, specialized tools, and the best connected services in the business.
- 2) **Weaknesses;** the weaknesses section was very short and surprisingly specific. There was a lot of people who felt that the service van's condition was a big weakness. This is because of both image and reliability. It can be said that the service van is one of the first impressions a customer will receive and probably should portray the image that Gerry's is trying to achieve "Top of their Game". Secondly, there was a lot of comments towards the coveralls. The techs feel that they are horrible. Lastly, a comment was made about younger staff (in the short term).



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- 3) **Opportunities;** There were the standard opportunities, shop cleanliness, Employee/Employer pension contribution, but there was also a reoccurring trend of “growth within the company”. Given the younger staff within the service department, I believe this relates to our discussion on how the younger generation wants to feel that they are a part of a greater good. There is an opportunity here to convey to the staff what it is that Gerry’s does for the industry and how they contribute to the success of their customers.
- 4) **Threats;** Contrary to what has been summarized above, there was also a note made that one of the threats facing Gerry’s truck center is “Foul staff creating a hostile work environment” I believe that the staff in question are likely longer tendered employees who will likely disappear though natural attrition, however, this could also be seen as an opportunity to identify these employees and either coach them to become more positive or work on a plan to remove them. Another major threat was that of competing shops poaching Gerry’s techs. There seems to be a desire among shops to hire out of other dealers, as these techs are typically the best trained in the business and can be an immediate driver of output.

### **The Plan**

Based on the summary of the SWOT analysis above there are a few areas that Gerry’s could benefit from taking a look at. The first and most obvious is the situation of the dealership being located under multiple roof on the same property. While in the short term it would not be feasible to build a new building that houses all of the departments under one roof, it is possible in the short term to hire a dedicated parts person for the shop. This person would be able to grab the parts needed for the techs in the shop, thereby keeping the tech in their bay producing billable hours. If Gerry’s was to hire a dedicated parts person to pull the parts for the shop they could undoubtedly increase the tech efficiency, and inadvertently their bottom line.