
**SERVICE DEPARTMENT ANALYSIS
REINEKE FORD LINCOLN, INC.**

**KARL C. KERSCHNER
NADA ACADEMY CLASS 350-07**

**FINANCIAL STATEMENT ANALYZED:
JULY 2019**

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A. Advertising

In preparation for our class, I asked our team to provide me with our Service Department advertisements. The below ad is the only one they were able to provide for the past month.

THE WORKS
FUEL SAVER PACKAGE

- 5 qts. Motorcraft Premium synthetic blend oil & filter
- Rotate & inspect 4 tires
- Check air & cabin air filters
 - Inspect Break System
 - Test battery
 - Check Belts & hoses
- Vehicle multi-point inspection

\$ 39.95 PLUS TAX

SOME MODELS SLIGHTLY HIGHER.

EXPIRES 7/31/19 @LOC.COM

Reineke Family
Dealerships.com

Service Centers
Call for Appointment
@ Either Lima Locations

WE SERVICE ALL MAKES & MODELS
We are a factory authorized repair center for:

1350 N. Cable Road, Lima
419-227-7400

Breathe Clean Air
CABIN AIR FILTERS



Before After

- **Replace Cabin Filter**

\$ 10.00 OFF

EXPIRES 7/31/19 @LOC.COM

WINDSHIELD WINDOW WIPERS
Any Model!

\$ 24.95 PLUS TAX



EXPIRES 7/31/19 @LOC.COM



1360 Greely Chapel Rd., Lima
419-223-3673



AIR CONDITIONER PERFORMANCE INSPECTION

- Visually Inspect All Lines & Fittings
- Test Air Temperature Output

\$ 24.95 PLUS TAX

EXPIRES 7/31/19 @LOC.COM

In response to my inquiries, the Service Department and Marketing teams acknowledged that we needed to engage in more strategic and consistent advertising campaigns. As a result, one of our key Action Plan Objectives is to improve customer and community knowledge of our services, capabilities, and quality of work.

We plan to work toward accomplishing that Objective through the Service Department weekly meetings that I've encouraged our leadership team to conduct based upon our needs for improved communication, operational advancement, and increased revenue generation. Part of our weekly meetings will include an agenda item to discuss our current advertising efforts and evaluate ways to improve our existing advertisement practices in both print and digital environments including, without limitation, electronic mail, print mailers, and digital media.

We will also be holding the team accountable for improving upon our advertising efforts through our instruction and oversight of the Service Director and V.P. of Marketing's development of a written Advertising & Marketing Plan to optimize our Service Department's advertising efforts. The Advertising & Marketing Plan will evolve over the course of time and will be a consistent source of discussion and evaluation during our weekly Service Department meetings.

B. Marketing

During our initial weekly Service Department meetings, the Marketing team indicated they had implemented an increased focus on digital marketing through sites including Twitter and Facebook. I reviewed those sites as part of this project and it appears we're doing a relatively good job with our digital marketing efforts, as demonstrated by some of the following postings.



The image shows a Facebook profile for Reineke Family Dealerships. At the top is a circular profile picture with the text "Reineke Family Dealerships.com". To the right of the profile picture are icons for a menu, message, and notification, along with a blue "Following" button. Below the profile picture, the name "Reineke Family Dealerships" is displayed in bold, followed by the handle "@ReinekeFamily" and a "Follows you" badge. The bio states: "Reineke Family Dealerships is committed to upholding the highest standards of service for both customers and their vehicles." Below the bio, it shows the location "Ohio", the website "reinekefamilydealerships.com", and "Joined April 2009". At the bottom, it shows "4,996 Following" and "2,787 Followers", along with a note that the profile is followed by "Empire at 138, Bill Reineke, and 3 others you follow".



The image shows a Facebook post from Reineke Family Dealerships. The post is dated "Aug 30" and features the Reineke Family Dealerships profile picture. The text of the post reads: "This Labor Day, Ford and Reineke Family Dealerships are celebrating the Hardest Working People we know! Tag the #hardestworking person in your life and tell everyone how their work impacts you!". Below the text is a large image of a man in a factory setting, wearing safety glasses and a dark t-shirt, working on a piece of machinery. Overlaid on the image is the text "THE HARDEST WORKING PERSON I KNOW" in large, white, bold letters, with the Ford logo at the bottom.

 **Reineke Family Dealerships** is in Downtown Tiffin. ⋮
 August 28 at 10:19 AM · 🌐

Thank you to all who attended our 2nd Annual Motors N' Music Car Show & Road Rally this past weekend! The weather was perfect! Here are a few more pictures from the event along with the award winners!

- 🏆 East Green Choice: 1969 Dart (John Curtis)
- 🏆 Artist's Choice: 1960 Bonneville Safari (Darell Weaks)
- 🏆 Best Historic: 1963 Catalina (Randy Halen)... [See More](#)




  21 3 Comments 4 Shares

Nevertheless, we can continue to improve our marketing efforts in both the print and digital environments with the end goal of obtaining new customers and driving increased revenue generation.

As we learned in class, on-site dealership marketing efforts can also be quite helpful, including the posting of a non-dealer competitive pricing board and a parts display board. Our Non-Dealer Competitive Maintenance Pricing Survey demonstrated that we are highly competitive in the area, so posting this survey should be an effective marketing tool.

The advertising and marketing portion of our weekly Service Department meetings will include discussion concerning effective marketing and new customer acquisition. Moreover, the Service Director and V.P. of Marketing have been charged with including marketing and new customer generation as part of the Advertising & Marketing Plan they are developing, which will be consistently evaluated during our weekly Service Department meetings.

C. Facility

NADA ACTUAL SERVICE ANALYSIS					
Performance					
	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Car*	\$ 77,229	÷	112.00	=	689.5
Customer Truck*		÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 41,621	÷	97.00	=	429.1
Internal	\$ 46,466	÷	112.00	=	414.9
New Vehicle Prep		÷		=	0.00
Total	\$ 165,316				1533.5
POTENTIAL					
	\$ 165,316	÷	1533.50	=	\$ 107.80
	Total labor sales for month		Total hours billed		Effective Labor Rate
	14.00	x	8	x	22
	# Service mechanical technicians		# Hours/Day		Working Days/Month
	2,464.0	x	\$ 107.80	=	\$ 265,626
	Clock Hours Available		Effective Labor Rate		Labor sales potential
How proficient are your technicians ?					
	1,533.5	÷	2,464.00	=	62.24%
	Hours Billed		Hours Available		Tech Proficiency
Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis					

The foregoing calculations as well as the calculations that follow demonstrate that our dealership has substantial opportunities to increase utilization. While we had **2,464** clock hours available, we only billed **1,533.50** hours and our technician proficiency stood at **62.24%**—which is low by any measure. Moreover, our labor sales potential of **\$265,626** exceeded our actual labor sales of **\$165,316** by over **\$100,000**.

Our dealership should be performing much better and may do so through a number of important measures. From a pure pricing standpoint, Ohio law permits warranty labor rate reimbursement at an amount equal to a dealership’s customer pay rate, as established through a statutory process. We’ve identified the need for a warranty labor rate increase and must apply to the manufacturer to obtain it. Presuming a **\$15 per hour** warranty labor rate increase, that would have resulted in an increase in the month analyzed alone (July 2019) of **\$6,436.50** ($\15×429.1). Extrapolated over a 12-month period, the labor sales increase would amount to **\$77,238**.

Service Advisor mentoring and training are further measures upon which we need to focus to improve Service Department utilization. The 100 R.O. Analysis made it clear that far too much of our work starts and stops with the standard “Works” service package. The advisors are simply not doing enough to capitalize on our existing customers to upsell additional necessary service work. As a result, a key element of the below Action Plan is to focus on Service Advisor mentoring and training.

In addition, advertising, marketing, and hours of operation will allow our dealership to drive utilization of the Service Department and help close the labor sales potential gap. While simply adding hours of operation may not assist with this issue, increasing hours of operation to include times that are convenient for our customers will be an important element in generating more labor sales.

Our Service Department is currently open Monday through Friday from 7:30 a.m. to 6 p.m. and on Saturday from 8 a.m. to 2 p.m. We are closed on Sundays. In contrast, our Showroom is open until 8 p.m. during weekdays and until 5 p.m. on Saturday.

One of our independent competitors is open from 7:30 a.m. to 6 p.m. on Saturday and another is open from 8 a.m. until 2 p.m on Sunday, while we are closed. Other competitive dealers are open later than us on weekday evenings. As a result, I’ve encouraged our leadership team to consider improving the hours of operation so that our Service Department is more available and convenient for our customers.

In addition, improved advertising and marketing will be important elements of increasing Service Department utilization and closing the labor sales potential gap. Our renewed advertising and marketing efforts are set forth in Sections A and B of this project as well as the Strategic Plan & Action Items set forth below. Quite simply, our competitors do a much better job of advertising than us and addressing that shortcoming should meaningfully assist our efforts to increase labor sales.

D. Productivity

FACILITY POTENTIAL	
Number of Bays	33
	x
Number of Days	22
	x
Number of Hours	8
	x
Effective Labor Rate	107
FACILITY POTENTIAL	\$ 621,456

FACILITY UTILIZATION	
Total Labor Sales	\$ 165,316
	÷
Facility Potential	\$ 621,456
	<i>equals</i>
FACILITY UTILIZATION	26.60%

The above calculations as well as the calculations from Section C demonstrate that our technician proficiency of **62.24%** has significant room for improvement, particularly when compared with much higher industry benchmarks.

I discussed the above facility potential and facility utilization statistics with our leadership. One of the initial observations was that this analysis was a bit skewed because we are fortunate to have an exceedingly large shop with 33 bays and don't anticipate the opportunity to use them all. Still, even if we were at 50% of our facility potential of \$621,456—which would amount to **\$310,728**—we would substantially exceed our current total labor sales of \$165,316. Leadership agreed that we have significant room for improvement.

As a result, we are taking steps to improve technician proficiency, including adding the new position of Shop Foreman who will report to our Service Director and Service Manager; implementation of a Service Technician Onboarding Program; and developing increased training for our technicians to complement our Service Advisor training program.

Our Service Director, who we now have overseeing four of our dealerships' Service Departments, had success elevating an experienced technician to the role of Shop Foreman at another dealership. As a result, we've done the same at the Ford & Lincoln dealership under analysis for this project. The Shop Foreman's responsibilities include, for example, mentoring young technicians, driving technician hours, and managing projects and production within the Service Department. We're seeing good initial results from this move and anticipate further improvement in our technicians' proficiency.

Attracting new technicians is just as challenging in northwest Ohio as it is across the industry. We have had the most success with mentoring and developing our own technicians, but haven't done so as consistently as we would like. As a result, we've decided to implement a formal 12-month Service Technician Onboarding Program similar to the one presented to the class during Service Week. We've tasked our Service Director, Service Manager, and Shop Foreman with leading the mentoring and onboarding effort and are optimistic they will rise to the occasion.

In addition, we realize that the timeliness and quality of our technicians' work—including prompt and thorough completion of MPIs—impacts our Service Advisors' ability to sell necessary service work to our customers. As a result, a key part of the below Strategic Plan & Action Items is to include technicians as part of the Service Advisor training detailed below. Training our technicians' to put our advisors in a position to effectively sell work will ultimately allow them to bill more hours and optimize their proficiency.

E. Production Method

Our current production method is Conventional Shop Production. Our Service Technicians work individually in their own work areas, which typically consist of 1.5 to 2.0 service bays. Our technicians report directly to the newly instituted Shop Foreman and Service Manager, who both report to the Service Director.

The technicians are paid according to two classifications: Lube Techs and Main Shop Techs. The Lube Techs are paid an hourly rate ranging between \$12 and \$14 per hour. Our Main Shop Techs are paid a flat rate based upon hours billed/turned that correlates to their experience and level of certification. Current flat rates range between \$17 and \$33 per hour. In addition, technicians are paid an incentive bonus based upon hours turned per week that begins once they reach at least 45 hours per week.

Currently, our Service Advisors are paid a rather high hourly rate of \$16 per hour and a lower incentive bonus based upon gross sales. This is an area of weakness that is under discussion for improvement in the near term.

As the prior analysis under Sections C and D demonstrate, our resulting productivity is sub-optimal, with low technician proficiency (**62.24%**); low hours billed (**1,533.50**) versus hours available (**2,464**); low labor sales (**\$165,316**) versus labor sales potential (**\$265,626**); and low facility utilization (**26.60%**).

Accordingly, we believe a number of changes are appropriate for our Service Department, including those set forth above and within the below, detailed Strategic Plan & Action Items.

Those changes include, for example, continued focus and improvement upon the Shop Foreman role; implementation of a formal 12-month Service Technician Onboarding Program; and focused Service Technician mentoring and training. In addition to our work with technicians, we plan to make additional changes to our Service Department, including a comprehensive Service Advisor mentoring and training program; development of a formal Advertising & Marketing Plan; evaluation of improved hours of operation; and modifications to Service Advisor pay plans.

F. Analyze Cost of Labor

Service Department Sales And Gross (Labor Only)				
Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 77,229	\$ 55,932	72.42%	44.78%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 41,621	\$ 31,252	75.09%	24.13%
Warranty Other	\$ 7,159	\$ 5,199	72.62%	4.15%
Internal	\$ 46,466	\$ 32,091	69.06%	26.94%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor		\$ (7,557)	0%	0.00%
Total	\$ 172,475	\$ 116,917	67.79%	100.00%

As set forth above, our Service Technicians are paid according to two classifications: Lube Techs and Main Shop Techs. The Lube Techs are paid an hourly rate ranging between \$12 and \$14 per hour.

Our Main Shop Techs are paid a flat rate based upon hours billed/turned that correlates to their experience and level of certification. Current flat rates range between \$17 and \$33 per hour. In addition, technicians are paid an incentive bonus based upon hours turned per week that begins once they reach at least 45 hours per week.

I discussed our costs of labor and technician compensation with our President and Service Director. They were generally comfortable with our technician pay structure because it is a tiered hourly system that reflects training and expertise and includes incentive compensation that only rewards production above a certain base level—i.e., 45 hours turned per week.

One substantial critique of our current cost of labor is our **unapplied time** (i.e., unproductive technician time that is not being billed to a repair order), which is reflected in the above chart under Adjusted Cost of Labor.

For the time period analyzed (**July 2019**), we had **(\$7,557)** in unapplied time—which equates to **(\$90,684)** over the course of a 12-month time period. During the time period analyzed for Service Week (**May 2019**), we had **(\$11,276)** in unapplied time—which equates to **(\$135,312)** over the course of a 12-month time period. While it appears our focused efforts on departmental improvement are assisting with the reduction of unapplied time, continued improvements in that area will have a meaningful impact on our gross over the course of time.

G. Changes in Expense Structure

Service Department Profit Centering			
Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 117,750		
Variable Expense		0.00%	
Selling Expense	\$ 69,043	58.64%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 70,649	60.00%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 139,692	118.63%	
Net Profit	\$ (21,942)	-18.63%	

Our expense structure could be better controlled and plays an important role in our Service Department's negative net profit calculation, as set forth in the above chart.

In reviewing our Service Week calculations, and discussing our financial performance with our President and Service Director, we identified three significant categories that need to be addressed as part of the analysis under this section. First, we are not selling all of our available hours and, as we learned in Service Week classes, one of the primary ways to address out-of-line expenses is to increase gross contribution.

As set forth above and in the Strategic Plan & Action Items below, we're committed to complementary training for our Service Technicians and Service Advisors to ensure they focus on identifying and selling all available and necessary work, as opposed to approaching the customer with an indifferent attitude and not engaging with them to optimize each customer visit. Consistently engaging with the customer and identifying and selling all appropriate service work will substantially assist with bringing expenses in-line through gross contribution.

Second, as detailed in Section F, we're working diligently to reduce technicians' unapplied time, which will decrease wasted labor expense and correspondingly increase technicians' respective contributions to gross. And third, we need to align our Service Advisor compensation with our success. Currently, advisors are paid a rather high hourly rate of \$16 per hour and a lower incentive bonus based upon gross sales. Our leadership team is working to improve the advisor pay plans with the ultimate goal of decreasing the hourly rate of pay while providing higher upside compensation prospects based upon achievement of mutually aligned sales objectives focused on gross generation.

H. Pay Plans

Service Technician pay plans were discussed in detail under Sections E and F. Service Advisor pay plans were addressed in Sections E and G. As stated, our leadership team has identified the alignment of our Service Advisors' compensation more closely with our fiscal success as a top priority.

Currently, advisors are paid a rather high hourly rate of \$16 per hour and a lower incentive bonus based upon gross sales. Our leadership team is working on improving the advisor pay plan with the ultimate goal of decreasing the hourly rate of pay while providing a higher upside compensation prospect based upon achievement of mutually aligned sales objectives focused on gross generation. As addressed under the Action Items set forth below, we would like to accomplish advisor pay plan restructuring yet this year.

I. Detail Performance Programs

We've placed a great deal of emphasis on our Performance Programs this year, including the establishment of objectives, tracking our key performance metric progress, and improving communication within our Service Department and across the dealerships.

As detailed in the Strategic Plan & Action Items set forth below, we've established weekly meetings with key stakeholders for our Service Department, including our President, Chief Operating Officer, Service Director, Service Manager, and V.P. of Marketing. We've also established monthly meetings with our Service Director and the Service Managers across all nine of our dealerships. Agenda items for our weekly Service Department meetings include progress tracking and reporting for the following key performance metrics:

- Sales Pace & Monthly Projections
- Technician Proficiency
- Effective Labor Rate
- Hours Sold Per R.O.
- Dollars Value Per R.O.
- Gross Margin
- Daily Advisor R.O.s
- Customer Viewpoint Scores
- Phone Call Audits & Service Advisor Audits
- Service Director's Top Goals
- Service Director's Action Plans for Goal Achievement

Our improved departmental communication, establishment of agreed upon objectives, and consistent tracking of key performance metrics has resulted in an upward trajectory of our fiscal performance within the Service Department. We're confident that our weekly meetings and consistent focus on key performance metrics will ultimately have a significant impact on our Service Department's long-term fiscal success.

J. Level of Current Training

Our training programs are comprised of two separate training protocols—the manufacturer’s training protocol and our internal training programs.

Our Service Director and Service Manager oversee the training that the manufacturer establishes for our technicians. Our Service Director informed me that he electronically monitors our technicians’ compliance with manufacturer required training on a weekly basis to ensure our technicians are staying on track. Manufacturer training program compliance appears to be well-managed and has not been a problem at our dealership.

In addition to manufacturer required training, we have developed and are continuously improving upon internal training for our Service Department team. To that end, the Strategic Plan & Action Items set forth below detail the efforts we’re undertaking to enhance departmental training including, for example:

- Development of a Service Excellence Business Card that sets forth our customer commitments;
- Development of a Service Excellence Checklist to guide our advisors’ daily work;
- Production of a Service Department training video;
- Development of Service Advisor & Service Technician Onboarding Programs;
- Development of Service Advisor & Service Technician comprehensive training protocols; and
- Development of an auditing protocol to be overseen by the Service Director and Service Manager.

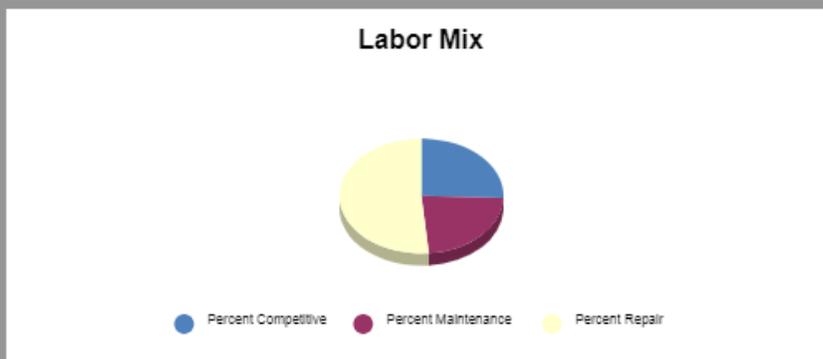
K. Special Tools

At the insistence of our Service Director, our technicians maintain a relatively neat and organized special tool area. Specifically, our special tools are located within a designated section of our Parts Department. Access, tool check-in, and tool check-out are controlled by our Shop Foreman, under the Service Director’s guidance.

During our visit to the special tools section of the Parts Department, the Service Director mentioned that another dealership he manages is cleaner and more organized. He attributed that to the fact that he’d been managing the other dealership’s Service Department for several more years and he was relatively new to the Ford & Lincoln dealership that is the focus of this analysis. He assured me that the special tools area would be improved upon, but it appeared well-organized based on my observations.

L. 100 Repair Order Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 1,558	÷ 42.90	= 36.32	FRH Average			
Maintenance	\$ 2,535	÷ 38.60	= 65.67	FRH Average			
Repair	\$ 6,729	÷ 86.35	= 77.93	FRH Average			
Totals	\$ 10,822	÷ 167.85	= 64.47	Customer ELR			
		Target Labor Rate	99.00	Per FRH			
Total Ro's in Sample	100	Difference	-34.53	Per FRH			
Cost of Labor							
Total Cost of Labor	3288.15	÷ Total Sales	= 30.39%	Percent Cost of Sales			
Total Cost of Labor	3288.15	÷ Total FRHs	= 19.59	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	10,821.59	÷ Total ROs	= 108.22	Avg Labor per RO			
Total FRHs	167.85	÷ Total ROs	= 1.68	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	42.90	÷ Total FRHs	= 25.56%	Percent Competitive			
Maintenance FRHs	38.60	÷ Total FRHs	= 23.00%	Percent Maintenance			
Repair FRH	86.35	÷ Total FRHs	= 51.44%	Percent Repair			
One item ROs	8	÷ Total ROs	= 8.00%	Percent One Item RO			
Model Year Analysis							
2020	2019	2018	2017	2016	2015	Older	Total
0	4	14	10	13	10	49	100
0.00%	4.00%	14.00%	10.00%	13.00%	10.00%	49.00%	



The 100 Repair Order Analysis was a bit arduous, but it was also quite enlightening. One of the primary items that stood out was that our dealership is not maximizing revenue on each R.O.

Indeed, far too many of our competitive work R.O.s started and stopped with one to three items of competitive work and did not include any additional maintenance or repair work. The Service Advisors' indifference toward upselling appropriate and necessary additional service work was evident from the analysis. The analysis demonstrated the need for additional Service Advisor mentoring, training, and pay plan restructuring.

The R.O. Analysis also revealed that we were discounting a significant number of competitive rate R.O.s with very little return on our investment because, again, we consistently failed to capitalize on opportunities to sell additional service work on the discounted competitive work R.O.s.

Moreover, the R.O. Analysis demonstrated the high leverage value of repair work as compared to competitive and maintenance work. The analysis revealed that only 20 out of 100 R.O.s included an element of repair work, with most of the repair work coming on standalone repair work tickets.

Repair work, however, resulted in the grand majority of our sales dollars (**\$6,729** out of **\$10,822**); the majority of our flat rate hours (**86.35** out of **167.85**); and, of course, our highest flat rate hour average (**\$77.93** versus a **\$64.47** overall average and **\$36.32** for competitive work). The analysis emphasized the need for our dealership to focus on optimizing service work on competitive R.O.s to include the sale of additional, necessary maintenance and repair work, and to emphasize all three types of service work as part of our Advertising & Marketing Plan.

Overall, the foregoing shortcomings add further support for the imminent need to implement the Strategic Plan & Action Items set forth below.

M. SWOT Analysis & Action Plan

<p>Strengths (Internal)</p> <ul style="list-style-type: none"> ● We hired a new Service Manager about a year ago and are starting to see fiscal improvement. ● We've begun a Service Advisor training program, but it's not yet fully implemented. ● We've improved our ELR by reviewing & maximizing pricing, but still need to improve hours & dollars per R.O. ● We've evaluated and identified that our warranty labor rate may be increased under Ohio statute, but have not yet applied for the increase. 	<p>Weaknesses (Internal)</p> <ul style="list-style-type: none"> ● We need to improve our volume of higher profit service work. The R.O. analysis confirmed this fact. ● We need to improve training for our Service Advisors so that they may be more effective at selling our work. ● We need to sell all available hours and increase hours and dollars per R.O. to maximize profitability. ● We need to increase our warranty labor rate by applying to the manufacturer for the statutory increase equal to customer pay.
<p>Opportunities (External)</p> <ul style="list-style-type: none"> ● We are only open M-F 7:30 a.m. to 6 p.m. & Sat. from 8 a.m. to 2 p.m., while competitors have better hours. We have the opportunity to sell more work simply by improving hours of operation. ● Service Advisor training to attain the high level of customer engagement observed at some of our competitors. ● Service advertising is insufficient & our competitors are much more active. We have the opportunity to capitalize on quality & consistent advertising & marketing. ● Experienced technicians that can assist with next generation of technicians through mentoring and coaching. 	<p>Threats (External)</p> <ul style="list-style-type: none"> ● New dealers and independent repair shops entering the market. ● Competitive Dealers & Non-Dealers with better hours of operation. ● Our Service Advisors often come across as indifferent, compared to engaged advisors at some of the competitors that I visited. ● Competitive Dealers & Non-Dealers with better advertising. ● Electric vehicles and prospect of a reduction in potential service revenue per vehicle. ● Lack of ability to attract new technicians because of high competition in area.

OBJECTIVES

1. Improve Service Advisor training and customer engagement.
2. Improve Service Advisor completion of revenue generating activities (e.g., vehicle walk-around evaluations and thorough review of MPIs with customers).
3. Increase hours and dollars per repair order.
4. Improve symmetry of Service Department operations and communications between leadership and internal stakeholders.
5. Improve customer and community knowledge of our services, capabilities, and quality of work.
6. Improve internal auditing practices to ensure phone calls are conducted appropriately and team members are consistently performing their key job responsibilities.
7. Improve productivity and proficiency of our team through focused planning of daily work and elimination of time-wasters (e.g., wandering, meandering, and not staying on task).

STRATEGIES

1. Implement a Service Advisor training program to address the full breadth of key job responsibilities and ensure advisors are maximizing customer engagement and revenue generating opportunities.
2. Implement a specific focus on customer engagement as part of Service Advisor training program.
3. Increase Service Advisor completion of vehicle walk-around evaluations through improved Service Director and Service Manager oversight.
4. Implement processes by which Service Director and Service Manager may more reliably ensure team members maintain focused planning of daily work and eliminate time-wasters.
5. Increase Service Technician completion and delivery of MPIs through better Service Director and Service Manager oversight.
6. Increase Service Advisor review and discussion of MPIs with customers through improved Service Director and Service Manager oversight.
7. Implement a specific focus on vehicle walk-around evaluations and MPI reviews with customers as part of Service Advisor training to assist with increased hours and dollars per repair order.
8. Hold meetings between leadership and internal stakeholders to improve communications regarding Service Department challenges and operations.
9. Increase advertising and marketing efforts to improve customer and community knowledge of our services, capabilities, and quality of work.
10. Implement management auditing of internal practices to ensure Service Department phone calls are conducted in high quality manner.
11. Implement management auditing of internal practices to ensure team members are consistently performing their key job responsibilities.

TACTICS

1. Create and ensure Service Advisors are trained to use **Service Excellence Business Cards** as part of efforts to maximize customer engagement and revenue generating opportunities (see attached).
2. Create and ensure Service Advisors are trained to use **Service Excellence Checklists** as part of efforts to maximize customer engagement and revenue generating opportunities (see attached).
3. Create and implement **Service Excellence Training Video** as part of Reineke Academy to ensure Service Department—with a specific focus on Service Advisors—execute job responsibilities and customer engagement to our standards.
4. Have **weekly meetings** with key internal stakeholders—including President, Chief Operating Officer, Service Director, Service Manager, and V.P. of Marketing—to improve communications and operational objectives.
5. During weekly meetings, discuss **hours of operation** and determine the best ways to maximize hours of operation.
6. During weekly meetings, discuss current **advertising** and **marketing** and ways to improve upon both.
7. Ensure Service Director and V.P. of Marketing are held accountable for **developing Advertising & Marketing Plan** to optimize Service Department **advertising** and **marketing**.
8. Prepare and submit **manufacturer request to increase warranty labor rate** in compliance with Ohio law.
9. Instruct Service Director to ensure that the **Service Manager** spends more **oversight time in service lanes**.
10. Direct Service Manager to ensure that the **Service Advisors** spend **less unnecessary time in shop**.
11. The Service Manager must conduct training and ensure **Service Advisors** are consistently completing **Vehicle Walk-Around Evaluations** in front of the customer.
12. The Service Manager must conduct training and ensure **Service Technicians** are consistently completing and delivering **MPIs** to Service Advisors in a timely manner.

13. The Service Manager must conduct training and ensure **Service Advisors** are consistently reviewing and discussing **MPIs** with customers to maximize opportunities.
14. Conduct weekly **phone call audits** to ensure Service Department phone calls are addressed in high quality manner.
15. The Service Director must conduct training to ensure Service Manager **audits** all **Service Advisors** to ensure they are following the **Service Excellence Checklist** and consistently performing their key job responsibilities.

**SERVICE DEPARTMENT
STRATEGIC PLANNING ACTION ITEMS**

Action Item	Responsible Party	Completion Date
<p>Service Advisor Business Card Prepare and complete business card setting forth key customer promises and implement use throughout dealerships.</p> <p>*A draft business card is included as an attachment. Please retain as confidential and proprietary. Any recommended revisions would be appreciated.</p>	<p>Leadership Team (“LT”: SD, SM, VP of Marketing)</p>	<p>09/15/2019</p>
<p>Service Advisor Checklist Prepare and complete Service Excellence checklist to guide Service Advisors’ daily work and implement use throughout dealerships</p> <p>*A draft checklist is included as an attachment. Please retain as confidential and proprietary. Any recommended revisions would be appreciated.</p>	<p>LT</p>	<p>09/15/2019</p>
<p>Hours of Operation Leadership Team to evaluate and provide recommendations to President & C.O.O. regarding increased and improved hours of operation.</p>	<p>LT</p>	<p>09/15/2019</p>
<p>Weekly Meetings: Pres., C.O.O., LT Confirm this practice has been solidified and that these meetings occur on a weekly basis.</p>	<p>LT</p>	<p>09/15/2019</p>
<p>Warranty Labor Rate Increase Apply to manufacturer to obtain statutory warranty labor rate increase.</p>	<p>C.O.O. & SD</p>	<p>10/01/2019</p>
<p>Advertising & Marketing Leadership Team to evaluate and provide recommendations to President & C.O.O. regarding improved advertising & marketing.</p>	<p>LT</p>	<p>10/01/2019</p>

<p>Service Manager Time in Service Lanes Develop monitoring with SD and team to ensure Service Managers are spending adequate time in Service Lanes</p>	<p>Service Director (“SD”) & Service Manager (“SM”)</p>	<p>10/01/2019</p>
<p>Service Advisors’ Time in Shop Develop monitoring with SD and team to ensure Service Advisors are not spending unnecessary time in shop</p>	<p>SD & SM</p>	<p>10/01/2019</p>
<p>Service Director Position Discuss, evaluate, and implement agreed upon management metrics for Service Director position, including final Job Description and Performance Metrics.</p>	<p>President & C.O.O.</p>	<p>10/15/2019</p>
<p>Service Advisor Walk-Arounds Develop training and monitoring with SD and team to ensure Service Advisors are completing Vehicle Walk-Arounds, without fail</p>	<p>SD & SM</p>	<p>10/15/2019</p>
<p>Multi-Point Inspections Develop training and monitoring with SD and team to ensure Service Technicians are completing MPIs and providing them to Service Advisors in quarter-turn, without fail. Include complementary training to that of Service Advisors.</p>	<p>SD & SM</p>	<p>10/15/2019</p>
<p>Multi-Point Inspections Develop training and monitoring with SD and team to ensure Service Advisors are meeting with customers and thoroughly addressing MPIs, without fail.</p>	<p>SD & SM</p>	<p>10/15/2019</p>
<p>Service Advisor Accountability Audits SD to finalize Audit Template for placement in Google Drive. To be used by SM to audit and ensure Service Advisors are complying with Service Advisor Checklist.</p>	<p>SD & SM</p>	<p>11/01/2019</p>
<p>Service Technicians Discuss technician mentoring, coaching, and recruitment, and whether any technician items should be added to Action Items</p>	<p>LT</p>	<p>11/01/2019</p>

<p>Service Advisor Accountability Audits Confirm this practice has been solidified and SD will provide updates via weekly meeting reporting.</p>	SD & SM	11/15/2019
<p>Phone Call Audits Confirm this practice has been solidified and SD will provide updates via weekly reporting.</p>	SD & SM	11/15/2019
<p>CDK's ELEAD Phone Management Conduct Phone Call Audits to ensure ELEAD phone call outsourcing is proceeding in acceptable form. Critique ELEAD if it does not.</p>	LT	11/15/2019
<p>KPI Daily Update Tool Confirm this practice has been solidified and SD will provide updates via weekly reporting.</p>	SD & SM	12/01/2019
<p>Service Advisor Training Video LT to provide detailed production and finalization comments to V.P. Marketing for relaying to production company. Include complementary training for technicians.</p>	SD & SM	12/01/2019
<p>Service Advisor Training Video Implement video as part of Reineke Academy training throughout dealerships. Include complementary training for technicians.</p>	SD & SM	12/15/2019
<p>Service Advisor Pay Plans Confirm SD has implemented updated pay plans and obtain report on how rollout is proceeding.</p>	SD & SM	12/15/2019
<p>Service Advisor Onboarding & Training Protocol Develop and implement onboarding and consistent training protocol. Also including formal onboarding program for technicians.</p>	SD & SM	12/15/2019
<p>Service Department Contests Confirm SD has identified and implemented periodic contests to encourage behaviors we want to improve upon, mostly sales focused.</p>	SD & SM	12/15/2019

N. Synopsis

Detailed analysis of our Service Department demonstrated that there are significant opportunities to drive departmental growth.

A key growth area is the development of our Service Advisors through mentoring and training. Our Service Advisors oftentimes demonstrate a general sense of indifference based on my personal observations and discussions with customers and key dealership staff. Their relative indifference toward our customers is contrasted by my visits to competitive dealers and independent repair shops where, more often than not, the advisors were far more engaged than our staff.

This state of affairs is unsettling and may be corrected through internal coaching and training, internal cultural evaluation and critique, and personnel evaluation. First and foremost, however, our dealership believes that a substantial part of this concern may be addressed through diligent focus and improvement upon our Service Advisor mentoring and training.

To that end, my Strategic Plan focuses upon improvement of our Service Advisor training and customer engagement. I've developed the draft of a Service Excellence Business Card that sets forth our customer commitments (Attachment "1"). I've also developed the draft of a Service Excellence Checklist that will guide our advisors' daily work (Attachment "2"). In addition, I'm working with our Service Director and V.P. of Marketing to produce a Service Department training video and develop a Service Advisor training protocol.

To ensure our hard work in this regard pays off, I'm also developing a Service Advisor auditing protocol to be overseen by the Service Director and Service Manager. We're confident these measures will go a long way toward achieving key objectives, including improvement of Service Advisor skills; improving customer engagement; and focusing our Service Advisors on key revenue generating activities.

We will continually measure our success through key performance metrics, including one of the aforementioned objectives of using this process to meaningfully increase hours and dollars per repair order and, thus, improve the fiscal performance of our Service Department.

Through this strategic planning analysis, I've also recommended—and leadership agreed—to implement weekly meetings focusing on our Service Department among our President, Chief Operating Officer, Service Director, Service Manager, and V.P. of Marketing. During those meetings we plan to consistently focus on improving departmental operations, beginning with an Advertising & Marketing Plan to improve customer and community knowledge of our services, capabilities, quality of work and, ultimately, drive revenue growth.

This Strategic Plan will evolve over the course of time, but I've persuaded our team that continued, diligent focus on a mutually agreed upon Strategic Plan is essential if our dealership is to achieve its long-term business objectives.

SERVICE EXCELLENCE



My pledge to you is that I will:

- Greet you promptly & with a smile*
- Listen & understand your service needs*
- Explain work we will perform & charges that will apply*
- Explain approximate time of completion*
- Notify you when vehicle is completed & available for pick-up*
- Explain repairs made & applicable charges at vehicle pick-up*

Erica Blaser
Service Advisor



419-425-2293

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Reineke Service Excellence

Attachment "2"



PRE-ARRIVAL

- Confirm all appointments and key information 24 hours in advance
- Review appointment log each morning to begin your day
- Organize and have all paperwork prepared when appointment customer arrives
- Prepare by knowing who the customer is and why the customer needs service. Check for all scheduled vehicle service and recall items
- Confirm whether customer needs transportation (e.g., Shuttle, Loaner, or Pickup & Delivery)

CUSTOMER ARRIVAL

- Greet customer promptly and with a smile
- Confirm customer's accurate contact information is in system
- Determine customer's preferred method of communication and obtain legally compliant written authorization
- Listen and obtain clear understanding of customer's service needs
- Provide and review Service Excellence Business Card with customer
- Review and explain blank Multi-Point Inspection form with customer
- Conduct thorough Walk-Around Evaluation of vehicle
- Address transportation options with customer (e.g., Shuttle; Loaner; Pickup & Delivery)
- Document customer concerns on Repair Order in detail
- Provide concierge service to customer (e.g., Walk to waiting Area/Loaner; Offer Beverage; Offer Food Items)

RESTORATION/ WORK IN PROCESS

- Ensure prompt vehicle delivery to Service Technician
- Obtain completed MPI from Service Technician within 15 minutes
- Thoroughly explain MPI to customer
- Explain requested work being performed and charges that will apply
- Explain additional necessary or advisable work revealed by the service check, recall check, or MPI
- Determine whether customer wants to proceed with additional necessary or advisable work revealed by MPI
- Explain approximate time of completion
- Communicate with customer regarding status of vehicle through completion
- Before customer arrives, inspect vehicle for damage and ensure cleanliness

CUSTOMER DEPARTURE

- Ensure vehicle is in service lane and ready for pick-up
- Ensure customer concerns have been fully addressed
- Explain repairs made and applicable charges at vehicle pick-up
- Review survey with customer and let customer know you did your best to fulfill Reineke Service Excellence commitment
- Ensure customer is aware that survey addresses Reineke Family Dealership's performance
- Be proactive and set next appointment ahead of time, if possible
- Escort your customer to the vehicle
- Thank customer for choosing Reineke Family Dealerships

CUSTOMER FOLLOW-UP

- Contact customer with 24-hour follow-up communication
- Address follow-up through customer's preferred method of communication (ensure legally compliant advanced written approval is obtained from customer)
- Answer all customer questions
- Ensure customer is pleased with the service provided
- Confirm customer data is entered into CRM system
- Schedule appropriate future customer engagement and communication
- Be certain to follow-up on all customer commitments