

Service Department Analysis
Gosch Toyota
Reagan Bendeck
N350-15

A. Advertising

1. Website – Maintain attractive service specials prominently on our website for competitive services.

Tire Balance, Rotation & Brake Inspection



\$69.95
Tire Balance, Rotation & Brake Inspection

Rotating tires keeps them from wearing unevenly. Tire rotation will make your ride smoother, handling safer and extend the life of your tires.

- Tire tread inspection for wear and tear
- Rotate tires
- Check and set proper air pressure
- Electron
- Inspect f

[Print Special](#) [Schedule Service](#)

Certain restrictions apply. Valid only at GC's 11 locations. Max. 1 coupon per service order. Offer Expires 07-30-2019.

Brake Special



15% Off!
Brake Pad and Rotors

Must present coupon at time of service. Coupons cannot be combined.

[Print Special](#) [Schedule Service](#)

Certain restrictions apply. Valid only at GC's 11 locations. Max. 1 coupon per service order. Offer Expires 07-30-2019.

Oil Change Special



\$5 Off!
Standard Oil Change

Must present coupon at time of service. Coupons cannot be combined.

[Print Special](#) [Schedule Service](#)

Certain restrictions apply. Valid only at GC's 11 locations. Max. 1 coupon per service order. Offer Expires 07-30-2019.

Battery Special



\$20 Off!
Vehicle Batteries

Must present coupon at time of service. Coupons cannot be combined.

[Print Special](#) [Schedule Service](#)

Certain restrictions apply. Valid only at GC's 11 locations. Max. 1 coupon per service order. Offer Expires 07-30-2019.

Alignment Special



\$79.95
Alignment Special

Recommended Every 15,000 Miles or 12 Months

- Set front wheel caster and chamber toe-in on most
- Applicable vehicles
- Set all specifications to achieve proper thrust
- Angle
- Inspect steering linkage & shocks
- Adjust tilt

[Print Special](#) [Schedule Service](#)

Valid only at GC's 11 locations. Max. not be combined with any other offer. Offer Expires 07-30-2019.

Minor Scheduled Maintenance Service



\$69.95
Minor Scheduled Maintenance Service

Recommended Every 5,000 / 7,500 Miles or 6 Months*

- Replace engine oil & filter*
- Check cabin air filter
- Check engine air filter
- Inspect brakes & test battery
- Rotate tires
- Check all
- Multi-po

[Print Special](#) [Schedule Service](#)

*Up to 5 quarts of oil. Synthetic may be extra. Offer Expires 07-30-2019.

2. We display our current specials on our closed circuit monitors throughout the waiting areas
3. Display current and relevant specials on our roadside digital billboard

B. Marketing

1. Send out monthly mailers with service specials and seasonal promotions to current and conquest customers.
2. Send out monthly service reminders via email/text to customers who have upcoming services due.
3. Advertise in local papers and ad books with coupons for competitive services.
4. Allocate monies in the ad budget for digital SEM marketing to ensure that we are in front of our online audience.

C. Facility

FACILITY POTENTIAL	
Number of Bays	23
	x
Number of Days	24
	x
Number of Hours	9
	x
Effective Labor Rate	100.23
FACILITY POTENTIAL	\$ 497,943

FACILITY UTILIZATION	
Total Labor Sales	\$ 300,835
	÷
Facility Potential	\$ 497,943
	<i>equals</i>
FACILITY UTILIZATION	60.42%

1. We must get more customer into the shop with advertising in order to fill the bays with more vehicles.
2. Utilize digital software that will assist in communicating between the technicians and the ASMs and save time from having to run back and forth between the shop and service drive.
3. Stock more necessary parts to prevent delays in repairs/maintenance jobs

D. Productivity

1. Ensure that jobs are being assigned to the correct technicians. Example: D techs get basic maintenance work and A techs more advanced, larger jobs.
2. Acquire an automated parts dispenser that will help and place it conveniently in the shop to allow technicians to get their parts faster.

NADA ACTUAL SERVICE ANALYSIS					
Performance					
	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 146,925	÷	100.23	=	1465.9
Customer Truck*	\$ -	÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 90,720	÷	97.00	=	935.3
Internal	\$ 63,190	÷	105.00	=	601.8
New Vehicle Prep		÷		=	0.00
Total	\$ 300,835				3002.9
POTENTIAL					
	\$ 300,835	÷	3002.95	=	\$ 100.18
	Total labor sales for month		Total hours billed		Effective Labor Rate
	24.00	x	9	x	24
	# Service mechanical technicians		# Hours/Day		Working Days/Month
					5,184.0
	5,184.0	x	\$ 100.18	=	\$ 519,333
	Clock Hours Available		Effective Labor Rate		Labor sales potential
How proficient are your technicians ?					
	3,003.0	÷	5,184.00	=	57.93%
	Hours Billed		Hours Available		Tech Proficiency
Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis					

E. Production Method

1. We currently use a Lateral Production method
2. Would consider using a Lateral Method with teams once we have the correct personnel in place.

F. Analyze Cost of Labor

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 146,925	\$ 105,269	71.65%	48.84%
Customer Truck			0%	0.00%
Customer Other			0%	0%
Warranty	\$ 49,162	\$ 35,743	72.70%	16.34%
Warranty Other	\$ 41,558	\$ 33,367	80.29%	13.81%
Internal	\$ 63,190	\$ 43,995	69.62%	21.00%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 300,835	\$ 218,374	72.59%	100.00%

We are currently using a flat rate hour system. We are very close to NADA guide of 73% and do not see a need to change at this time.

G. Changes in Expense Structure

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 218,853		
Variable Expense		0.00%	
Selling Expense	\$ 70,216	32.08%	
Personnel Expense		0.00%	
Semi-Fixed Expense	\$ 55,258	25.25%	
Fixed Expense	\$ 82,582	37.73%	
Unallocated Expense	\$ 20,087	9.18%	
Dealer's Salary		0.00%	
Total Expenses	\$ 228,143	104.24%	
Net Profit	\$ (9,290)	-4.24%	

1. We need to get a handle on unapplied labor by making sure we fill our stall better and hold our technicians accountable for being more efficient.
2. Policy expenses are way out of line. Policy is very controllable expense and begins with management holding employees accountable for making mistakes. Our new service will put a focus on this.

H. Pay Plans

1. The pay plans for technicians are in line and I do not see a need to change yet.
2. I would have the parts and service managers paid off of both departments.
3. The service manager's pay plan should include a portion that gets paid off of the departmental gross and not just the sales gross.

I. Detail Performance Programs

1. Objectives will be set to achieving a nominal improvement year over year.
2. Objectives will be created based on seasonality, and shop facility potential.

J. Level of Training

OEM, State and Federal training are far beyond the minimum standards. Our shop is filled with technicians that can perform many jobs and handle the workload. We will continue to train to achieve a high standard of quality and knowledge.

K. Special Tools

1. Toyota Scan tools that tie into the factory system
2. Specialty OEM hand tools that save time and improve proficiency.
3. Portable battery tester with Wifi connectivity

L. 100 Repair Order Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$ 6,881	÷	97.20	=	70.79	FRH Average	
Maintenance	\$ 3,316	÷	32.60	=	101.72	FRH Average	
Repair	\$ 4,792	÷	45.30	=	105.78	FRH Average	
Totals	\$ 14,989	÷	175.10	=	85.60	Customer ELR	
Target Labor Rate					105.00	Per FRH	
Total Ro's in Sample	100		Difference		-19.40	Per FRH	
Cost of Labor							
Total Cost of Labor	4226.75	÷	Total Sales	=	28.20%	Percent Cost of Sales	
Total Cost of Labor	4226.75	÷	Total FRHs	=	24.14	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	14,989.20	÷	Total ROs	=	149.89	Avg Labor per RO	
Total FRHs	175.10	÷	Total ROs	=	1.75	Avg FRH's per RO	
Menu Sales		÷	Total ROs	=		Percent Menu Sales	
Competitive FRHs	97.20	÷	Total FRHs	=	55.51%	Percent Competitive	
Maintenance FRHs	32.60	÷	Total FRHs	=	18.62%	Percent Maintenance	
Repair FRH	45.30	÷	Total FRHs	=	25.87%	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	4	9	11	21	19	36	100
0.00%	4.00%	9.00%	11.00%	21.00%	19.00%	36.00%	
Labor Mix							
<div style="display: flex; justify-content: center; gap: 20px;"> ■ Percent Competitive ■ Percent Maintenance ■ Percent Repair </div>							

M. Perform a Qualitative SWOT Analysis with and Action Plan

S.W.O.T.

Strengths:

1. Factory trained personnel
2. Continued high customer satisfaction - top 10%
3. Experience increasing with Service Advisors
4. Reorganize techs into one repair team, one maintenance team and one TXM team.
 - One MDT
 - Two Masters
 - Rest at various stages of Toyota certification
5. All technicians and advisors Toyota Certified

Weakness:

1. Retention of Toyota Care Maintenance declines after last Toyota Care service.
2. Lack of Toyota techs available
3. TXM customer wait times too long.
4. Increasing employee costs
5. 2 changes in Service Manager (stability)

Opportunities:

1. Increase retention after the Toyota Care Program
 - 4/45 & 2/25 contracts.
 - Target advertising to declined codes
2. Increasing units in operation
3. Improve customer wait times for TXM below 1.5 hrs.
4. Review vendors pricing
5. Reduce monthly expenses
6. Improve SMS / SCR to increase market share

Threats:

1. Customer defects to aftermarket after Toyota Care or warranty ends.
2. Aftermarket infringing on current market.
3. Monitor employee satisfaction to control losing employees
 - factory certified employees to other Toyota dealers.

S.M.A.R.T. Goals for 2019:

1. Increase and maintain Service Department Effective Labor Rate to \$100.00 and above
2. Increase Warranty Labor Rate to \$111.00
3. Increase and maintain Service Department CP RO average from 1.4 - 1.8 hrs.
4. Increase and maintain technician proficiency at 100 - 120%
6. Ensure all declined service receive follow up (BDC and email).
7. Track gross profit and expenses to achieve 50% selling gross
8. Reduce Policy account to 2.0% or below of gross profit.
9. Meet with vendors to ensure best price possible for outside services and products.
10. Maintain SPSI scores at or above 94% - top 10% of region

12. Develop specific campaigns to improve/increase customer retention by constant follow up and improving the customer experience.

Action Plans:

Increase ELR:

- Monitor ROAMS reports for grid utilization
- Review repair orders daily for compliance and hold advisors accountable for all processes with one on one coaching
- Monitor menu presentations to all customers closing ration 65%
- Monitor ROAMs for grid misses and investigate
- Review previous days performance

Increase tech productivity:

- Monitor MPI inspection process for all sales oppertunitites
- Meet with Shop Foreman to go over previous days production against goals.
- Purchase or rent a parts vending machine
- Utilize digital software/iPads for RO's and workflow

Increase customer retention:

- Maintain communication with BDC to make sure scheduling system is efficient.
- Provide constant feedback and training on customer handling using any resources available.
- Maximize advertising programs for positive results.

Synopsis:

We have definitely seen our share of struggles here at Gosch Toyota. Currently, we are on our 3rd Service Manager this year and I am hoping that we have found the right guy to take us to the promise land. The action items listed above are not only important, but essential to the long term success of the dealership. By improving our processes and communication, we will be ready for the influx of traffic created by the additional marketing. By getting a parts vending machine and iPads with service writing software, we should see an uptick in tech proficiency and reduce errors with better communication. Ultimately, it will come down to holding employees accountable and ensuring the processes put in place are followed. I believe by making these changes the Service will become profitable and add to the bottom line.