

# Service Department Analysis for Tempe Honda

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Qualitative Analysis

## Strengths

1. Very loyal customer base a Tempe Honda. Our service department has good customer retention level.
2. We are open 7 days per week and our hour's mirror sales.
3. We have a very experienced service staff. The fixed operations director has been working for the company for 20 years.
4. We have 6 Master Technicians with over 150 years of experience.
5. Junior technicians have over 50 years of experience.
6. The parts manager works with service advisors by sending daily report of SOP's not installed so we can track and be accountable on any outstanding SOP's.
7. Our fixed absorption is over 100%. This allows the store to be aggressive in the sales department.
8. Our shop capacity is good. We have plans to expand our service drive to add space for more advisors.
9. Fixed Operations Director is open to ideas and solicits new ideas for improvement of the service department.

## Qualitative Analysis

## **Weaknesses**

1. New technicians coming in to the industry.
2. Incoming phone calls not being answered by Advisor because they are busy.
3. Not aggressively marketing for service department.
4. No non-dealer competitive pricing board in the service drive.
5. ASM have ability to discount work.

## Qualitative Analysis

### **Opportunities**

1. Better communication with service advisor and technicians.
2. With the volume of vehicles, we rush need to monitor that we are not rushing.
3. Better at explaining options to customers for up sale.
4. Routing of incoming service calls.
5. Better marketing for the service department.
6. Install a non-dealer competitive pricing board.

# Qualitative Analysis

## **Threats**

1. Cell phone use in shop for personal use.
2. Employee turnover.
3. Competitive pricing
4. Better communication

# Objectives/Strategies/Tactics

## **Objectives**

1. Track lost sales
2. Track CP hours per RO
3. Increase CP ELR
4. Increase CP % of door rate

## Objectives/Strategies/Tactics

### **Strategies**

1. Monitor ASM's ability to discount parts.

2. Have shop foreman be more involved with training and development of new technicians.
3. Pair Junior technicians with our master technicians to grow and learn.
4. Create a schedule for answering incoming service calls so calls get answered.
5. Shop competition and post non-dealer competitive pricing board.
6. Discuss lost sales tracking with parts manager and set up process.

## Objectives/Strategies/Tactics

### **Tactics**

1. Fixed operations director and/or Service Manager must authorize all parts and labor discounts.
2. Advertise special discounts to attract customers.
3. Have weekly meeting with service advisors to discuss discounts, CSE, MPI, OELR, hours per RO.

4. Have weekly meeting with service and parts manager to discuss lost sales and compare emergency purchases.

## Objectives/Strategies/Tactics

### Action Plan

<u>Task</u>	<u>By Whom</u>
<u>Completion Date</u>	
Track daily fill rate and lost sales Daily to ensure proper inventory mix	Parts Manager
Install non-dealer competitive 10.1.17	Service Manager

pricing board

Weekly Service/Parts Manager Weekly meeting to discuss lost sales and emergency purchases	General Manager
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Weekly Service Manager meeting Weekly to discuss MPI, discounts, OLER, hours per RO, CSE	General Manager
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Bi-weekly meeting with Shop Foreman Bi-weekly to discuss tracking of new technicians and junior technician	Service Manager
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## Synopsis

Tempe Honda does a really good job of running a successful service department. We run 113.5% fixed absorption year to date. The one area that sticks out when looking at the numbers is customer pay hours per RO and CP % of door rate.

We are at 80% of door for CP because of discounts. Guide is at 90% for our company. If we improve to guide

it will be \$42,000 more dollars for budget each month. If we improve to 85% it will result in \$20,000 gross profit.

The posting of the non-dealer competitive pricing board should make up-selling easier in the service drive.

Tracking the weekly report by service advisor showing CSE, MPI, discounts, hour per RO can help them improve if they see how they are doing weekly as an individual and within the team (no one wants to be the worst).