
Nada Academy

Jay Wolfe Honda

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Qualitative Analysis

Strengths

- 1.** We have a great reputation in the Midwest, and excellent customer service which helped to create our loyal customer base. We have very good customer retention, well above industry average.
- 2.** We have been in business since 1954 when the founder started four used car lots. In the 1960's we opened a Rambler-Nash dealership as well as recreational vehicles, and motor home dealerships. We acquired Pontiac-GMC in 1971 in Kansas City. From there we continued to expand into brands such as Saturn, Acura, Nissan, Toyota, Ford, Chevy, Mercedes Benz, Ford, Dodge, Jeep, Chrysler, and Honda. We strive on treating customers better than the next guy and the company motto "Every day in every way nice people" is a statement we continue to drive and keep as a foundation in our culture here at our stores.
- 3.** We now currently have all Japanese brand including Honda, Acura, and Toyota, which are all high-quality brands to be associated with as they have stellar reputations for longevity, reliability, durability, as well as being fun to drive.
- 4.** Our Honda store has been in the same location since 1994. We have serviced the surrounding community for 23 years from this same location. Before that we were still located in the Kansas City area at another Honda location for over ten years. Because we have the reputation of treating people how we would like to be treated, we have continued to attract the right mix of great employees and a good loyal customer base. This was built over year over year over decades, and this is by far our biggest advantage not that is not tangible. Reputation is everything in the car business.
- 5.** We have a very tenured staff. Our Fixed Operations Director has been with the company for 21 years! He oversees our fixed operations for 5 stores. The service manager joined the company over 20 years ago. Our parts manager has been with us for ten and our countermen have been with us seven years and 18 years. I view our parts and service departments a very well-run part of our operation with few areas of improvement. The service writers have varying levels of experience, but we also hold a tenured staff with them as well and they indeed possess the necessary tools to perform at elevated level of standard. One huge strength is our seasoned technicians. We have four who have worked for us for over 25 years. That's about my entire life span. They set the standard for work in the shop and give younger technicians

vision for where they can take their skills. Some of our techs have over \$70,000 in tools. Their knowledge and experience over time is unrivaled by other Honda stores in the area.

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6. We have customer service lounges in all our stores, including Honda, which sets our level of service standard apart from the pack. We give all service or potential new/ used car customers free food and drink. We have built out our service waiting areas with kid's areas with toys and games, free WIFI for customers, TV's, with complimentary breakfast, lunch, and dinner. No one else offers that level of service in the city. We also provide our customers loaner cars as demand permits and shuttle services to and from work or home as a bonus.
7. The Kansas City area is booming. We are in an upward growth phase with numerous multi-family apartment complexes, high rises, and new business flooding into the market. Our skyline continues to grow and building has ramped up for the new influx of demand for housing. We recently won the World Series, as well as banks opening their doors with more loans, which have both contributed to putting the city on the up and up.
8. We have a brand new three lane service drive to help provide quick and speedy process for customers due to our high demand, busy morning rush, etc. We have added express service for lube filter changes, and tire rotations.
9. We track obsolescence and have tied pay plans of the service advisors to include SOP's so they now have an added focus on closing those R.O.s and following up with the customer and the part because they are paid on it.
10. Our General Manager is worked in Honda Corporate for the beginning of his career and ended as one of their top executives before coming and joining us at Jay Wolfe Honda. He knows Honda inside and out, and is committed to its success.
11. We are constantly looking for ways to improve our effectiveness, customer service, gross profit, and reduce our expenses.
12. We are the number one volume Honda store new and certified in the district which helps create an ever-growing customer base
13. We provide complementary first 5 oil changes and tire rotations to keep customers engaged in the dealership and used to getting their service done here.

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Weaknesses

1. Service hours of operation and sales hours of operation are not the same. Sales is open Monday through Saturday opening at 8:30 am. Sales closes at 8 pm every night except Saturday and Sunday which we close at 6 pm. Service is open Monday through Friday 7 am to 6 pm, and Saturday at 5 pm.
2. Some of our customer satisfaction ratings are poor. This can be due to employee complacency or possibly the sheer amount of volume we do.
3. Service advisors can be set in their ways, may be top producer and have bad CSI because they are making money and don't care.
4. Our biggest weakness is capacity. We have more business than we can provide service for and we are at maximum capacity. We have every bay in use we can use, we have express, we hired a new tech who moves around as well. But capacity of the sheer volume we do in service will continue to be a problem and it is being addressed.
5. Service advisors have ability to discount work, but we can run reports to track deviations from price, and know if someone is discounting their work sold.
6. We mostly service Hondas, and we do not advertise that we service all makes and models, as well as we don't service many other makes and models unless it's through used cars via the recon process.
7. We only have a few techs who can work on other makes and models. Four to be exact.
8. No non-dealer competitive pricing board in service drive or displays.
9. No part display board in service department

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Opportunities

1. Growing population in Kansas City with people moving here from all over the Midwest and surrounding states. New Tech boom with tech companies coming into town, creating new customers in our small-town market.
2. Increase capacity is our biggest opportunity. We currently are at our maximum, something has got to give.
3. Start doing wheel and dent repair in house. We spend thousands on sublet repair, and we need to develop in house talent and a training program to offset the cost of outside lenders and control our own destiny with costs as well as generate a new source of income for the service department.
4. Start working on all makes and models, and not just Honda or used cars we recon.
5. We need to market aggressively, and more online especially, that we offer competitive pricing in service department.
6. Install a parts display board in service drive as well and install a non-dealer competitive pricing board in the service dept. to show consumers that we are very affordable compared with the other options in the area.

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Threats

- 1.** There are 13 other Honda dealerships in our zone. They will do anything they can to try and beat us because we are the number one Honda store in the city. They are also revamping many of their facilities to imitate our customer service lounges. We must continue to be the leader in providing excellent and world class customer service to maintain our position as leader in the market.
- 2.** Many shops service Hondas in our area for cheaper because they do not offer OEM parts. They are also open on Sundays which we are not and longer hours such as 8 pm and even 10 pm in some cases.
- 3.** Our oil changes take too long and it can take 2-3 hours for an oil change sometimes due to the fact we have so much volume daily and not enough capacity and bodes to do the amount of demand.
- 4.** There are not enough techs for each stall and for every day. Finding good techs in hard thing to do, and at times you may be a little fat on techs (winter time when its slower), then you may be short techs (in the summer time) . It is a balancing act, we would rather be a little fat if you must choose one, so the customer is getting taken care of in a timely fashion
- 5.** Customers now have synthetic oil on new cars which results in longer intervals for current models needing to be serviced. Oil changes are now 7500 to 8500 miles instead of 5,000!
- 6.** It had always been a problem in the car business and within our own service dept. of where to find good techs, service advisors, parts people, and how we retain them.

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Objectives/Strategies/Tactics

Objectives

1. Increase number of daily repair orders written
2. Increase technician capacity and hours
3. We want to improve gross on customer pay repair order parts sales
4. We also want to Improve gross on customer pay repair order labor sales
5. Increase customer CSE, customer service surveys

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Objectives/Strategies/Tactics

Strategies

1. We will improve gross on customer pay repair order part sales by copious and continuous training of advisors and parts countertermen.
2. Eliminate service advisor's ability to discount parts. This helps increase our profitability. If a customer comes in for an oil change and doesn't mention the discount, there is no need to offer them one.
3. Increase hours via capacity and vice versa.
4. Increase number of work we do on all makes and models, we currently only have 4 technicians who work on other makes besides Honda our of 24 technicians.
5. We will improve our gross on customer pay repair order labor sales by MPI. We need our technicians to have better shake downs on cars. A more throughout shakedown on cars allows our service advisors to give more work recommendations to sell to our customers. Without recommendations from the shakedown with the technician, the advisor has nothing to sell. By increasing our shake downs and doing them better we will find more work to sell to our customers.
6. To increase number of repair orders written we need to continue to advertise and increase customer retention
7. Capacity is biggest issues and to fix that we need to move to night shift hours and hire more techs to do the night shift hours.
8. We will increase customer CSE by tying our service advisor pay plans to CSE.

Objectives/Strategies/Tactics

Tactics

1. Make it mandatory that any discount must have a coupon and if not, it requires a manager's signature, either the assistant service manager, service manager, or the fixed ops director.
2. Use a matrix as guide for pricing parts. Lower cost parts will have higher matrix and higher cost parts will have lower matrix cost because we don't have a matrix for high
3. We have adjusted our technicians shifts to reflect traffic flow, most work 8 hours days.
4. We advertise special discounts with email blasts via our new software to increase the customers we touch. We have thousands of customers in our base due to the longevity of time we have been in business.
5. We will continue to have and increase the frequency of meetings. We will meet with service manager and service staff constantly and daily, in the mornings. Also shop foreman, assistant service manager, and service manager will meet once weekly to go over the months plan and how we are tracking, with regards to how we did the previous year. Focus will be on growth always and thus increase bottom line gross profit.
6. We will also send one of our seasoned employees to dent school, which we have already in process. Once he completes these classes and becomes efficient in dent and wheel repair we can pay him to go to the other stores and train people to do his job at that store. We would create a new stream of revenue for all the stores while driving down our costs for outside services. I would expect we would add 300,000 in gross in 2018 based on completing his training throughout the remainder of this year.
7. Increase CSE by penalizing service advisor if they do not meet the benchmark set by Hondas required standard for the president's award. The penalization will be 500 and another 500 if they miss both components of the CSE scoring.

Objectives/Strategies/Tactics

Action Plan June-July

Task	By Whom	Completion Date
Adjust computer system's ability to allow discounts and 7-1-2017 Make them required to be signed off by manager.		Service Manager
Track Daily fill rates, lost sales, deviation from price, SOP Dir7-1-2017	Parts Manager/Fixed ops	
Create extended service hours for internal technicians Manager/Fixed ops Dir 7-1-2017 To increase capacity, our biggest problem		Service
Adjust shop foreman's pay plan to be performance based 7-1-2017	Fixed Ops Director	
Weekly parts Manager Meeting Weekly		General Manager
Weekly Service Managers meeting Weekly		General Manager
Make pay plans reflective of and based off 8/1/2017 department net instead of dept. gross		General Manager
Make CSE part of the Service Advisor pay plan Dir. 8/1/2017		Fixed Operations

Make dent and wheel repair in house

And train staff at each store to do the same

1/1/2018

Service Manager

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Synopsis

It is painfully obvious that we are at maximum capacity with our shop. We have more work than we do hours available, which is a fantastic opportunity to have. It is obvious that lack of evening service and lack of enough technicians play the biggest factor so we will increase both areas.

In addition to being open late-night hours to knock our jobs and PDIs, as well as other mundane time-consuming tasks, that take away from daily business coming into the shop out, we will also find techs who can work on Sunday. No other Honda store is open Sunday, and to be convenient to our customers we need to be available to them when THEY need us to be, and not when we want to be.

We would gain a significant strategic advantage by being open Sunday in service because it is something none of competitors offer.

We would have an increase in fixed absorption due to the new increase in service hours as well as proficiency.

We also will increase CSE by trying in pay plans to reflect good customer surveys. This way each customer is important to the service advisor because they can dictate them making or losing an additional thousand dollars! Money talks.

We have already changed pay plans to focus on productivity, but having better shakedowns of cars will help our advisors to increase their ability to sell as well as changing their pitches to soft sales for work that is less immediate than others. A good example of this is soft selling more tire rotations whenever the alignment is in the red because it may or may not lead to wear. We also need to add an additional advisor to handle the increase in hours we are implementing as well as the new techs which will be working at night and on Sundays.

We will also gain a new profit center from doing dents and wheel repair in house instead of subletting the repair and paying someone else for work we should be doing and making profit off. It's an easily controllable profit center. We will go from a negative expense to a positive, and expect it to add couple hundred thousand dollars to the bottom line over time.

These changes will set us apart from the pack, give us a competitive advantage over the competition all while setting a standard for being available every day to our customer, and increasing net gross profit to the bottom line.