

NADA FIXED OPS 2 SERVICE HOMEWORK

2019 YTD)

(Any calculations were based on January 2019-December

David Brubaker - Class N358-05



SERVICE STUDY

a. Advertising

Currently our advertising consists of Billboards, Email blasts, and direct mail. I also will include a service coupon or a special along with any sales advertisement or mailer that I do. My current focus is to find new ways to drive new traffic to our service department.

b. Marketing

This is an area where we can get better. We are currently marketing tires in our service drive along with a desk top tire tread display of New, Caution, & Unsafe that is a discussion piece at time of check in. Educating our customers about the condition of their tires

should help increase awareness and sales.



We are working on a Competitive Non-Dealer Survey with focus on our customer lounge and ammeneties, & Dealer added value (Certified technicians, Shuttle vehicle, free wi-fi, refreshments, along with a childrens play area.

c. Facility

FACILITY POTENTIAL	
Number of Bays	18
	x
Number of Days	288

Number of Hours	x	8
Effective Labor Rate	x	105
FACILITY POTENTIAL		\$ 4,354,560

FACILITY UTILIZATION		
Total Labor Sales		\$ 1,607,409
	÷	
Facility Potential		\$ 4,354,560
FACILITY UTILIZATION	<i>equals</i>	36.91%

Our facility is made up of 16 service bays all with lifts. Our shop is at 36.91% facility utilization with the ability to grow as we currently have 9 technicians.

d. Productivity

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 687,612	÷	105.00	=	6548.7
Customer Truck*		÷		=	0.00
Customer Other*		÷		=	0.00
Warranty	\$ 347,724	÷	95.00	=	3660.3
Internal	\$ 341,473	÷	98.00	=	3484.4
New Vehicle Prep	\$ 230,600	÷	104.72	=	2202.1
Total	\$ 1,607,409				15895.4

POTENTIAL

$$\frac{\$1,607,409}{15895.42} = 101.12$$

Total labor sales for month Total hours billed Effective Labor Rate

$$9.00 \times 8 \times 22 = 1,584.0$$

Service mechanical technicians # Hours/Day Working Days/Month Clock Hour Aval

$$1,728.0 \times 101.12 = \$174,742$$

Clock Hours Available Effective Labor Rate Labor sales potential

How proficient are your technicians ?

$$\frac{15,895.4}{20,736.00} = 76.66\%$$

Hours Billed Hours Available Tech Proficiency

Last year our service department booked 15,895 hours leaving us with 4,841 hours available and a proficiency rate of 76.66%. Our goal is to achieve 100% + tech proficiency and to get there we will be having the manager dispatching the work to get the job to the right tech, and a more dedicated process in our parts department to count lost sales to make sure our FTFR is at 95% and providing a better experience for out technicians and our customers.

e. Production Method

Our company uses a conventional method that has proven success. The technicians work on

flat rate independently and the Advisors work as a team but are paid on what sales they produce. No changes planned.

f. Analyze Cost of Labor

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 687,612	\$ 510,266	74.21 %	42.78%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 347,724	\$ 252,604	72.64 %	21.63%
Warranty Other			0%	0.00%
Internal	\$ 341,473	\$ 256,187	75.02 %	21.24%
NVI / Road Ready	\$ 230,600	\$ 151,879	65.86 %	14.35%
Adj. Cost Of Labor		\$ (42,357)	0%	0.00%
Total	\$ 1,607,409	\$ 1,128,579	70.21 %	100.00 %

In 2019 our cost of labor was 29.79% of sales. Our gross profit was below nada guide of 73% coming in at 70.21%. With the changes we are making I feel we will be able to get to guide or above in 2020.

g. Changes in Expense Structure

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 1,155,251		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 600,143	51.95%	
Semi-Fixed Expense	\$ 186,512	16.14%	
Fixed Expense	\$ 190,152	16.46%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 976,807	84.55%	
Net Profit	\$ 178,444	15.45%	

Our expenses for 2019 were 84.55% of gross. 4.55% above nada guide. I am making changes within the department and working alongside the technicians for better inspections and better trained advisors to sell I can get this in line by producing more departmental gross.

h. Pay plans

Our company pay plan for service are as follows

Service Manager is paid off of a share value of net balance plus a CSI Bonus of \$1,000 if we are at or above national average for 1 month or 3 month.

Service Advisors are paid 5.5% of sales plus a 1% bonus if the service department is at or above national average and .5% if they achieve an individual score at or above national average.

Our company has a Presidents Club that the advisors can be rewarded with an Awards luncheon and receive \$250 bonus (if they achieve \$75,000 in sales) If they his Elite status (\$90,000 in sales) they receive \$750 bonus is paid.

All technicians and detailers work on flat rate with a pay scale rate of \$12/hr-\$35/hr

They are also eligible for Presidents Club if they average 50hrs per week they also go to Awards luncheon and receive \$100 bonus, If they average 55 hrs a week they receive \$150 bonus.

i. Detail Performance Programs

Every week we have daily service meetings that we review our daily pace and where we are at for Hours per R.O., CSI, & Gross. Every member of our team knows what our goal is and what our focus is.

This is also a good time to correct any issues and get the team on track if not on pace. Communication is key and if you keep the lines open you will find a much happier employee and team.

j. Level of current training

Current training level with the manufacturer is at 90% for the year end of 2019. The national average also is 90%.

Dealership Name: TEAM CHEVROLET, INC.

Address: 1856 W US HWY 30

City: VALPARAISO

State/Province: IN

Zip/Postal Code: 46385

Report Date: February 11, 2020

Dealership Group: B

Num Technicians: 9

Division/Product: C,X,R,U,V,H,D

Area	Percent Complete
Fundamentals	71%
Fundamentals - Tech Apprentice (Display Only)	0%
Emerging Issues	433%
Engine Performance	96%
Diesel Engine Performance	96%
Engine Repair	100%
Electrical/Electronics	97%
Manual Drivetrain & Axle	100%
Automatic Transaxle/Transmission	95%
Brakes	200%
Steering & Suspension	300%
HVAC	100%
Mech/Elec/Body Repair	100%
Advanced Technology Vehicles	197%
Service Training Subtotal	96%
Body Structural Repair (I-CAR)	52%
Paint	50%
Body/Paint Training Subtotal	51%
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% Training Requirement Completed	90%
% Certification National Average	90%
% Certification Regional Average	89%
% Certification Market Average	92%
Number Bronze Certified Technicians	2
Number Silver Certified Technicians	2
Number Gold Certified Technicians	2

k. Special tools

Our special tools are locked in the parts department. If there is one that is needed they are checked out through the parts manager on a per job basis.



- I. 100 Repair Order Analysis
Effective Labor rate is at \$97.77 which is below target of \$105 which is mainly driven by discounts and competitive labor pricing. We need to

train our service advisors better and work on reducing the one line repair orders as we are currently at 39%.

Repair Order Analysis Summary Report

		Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive		\$ 2,853	÷	47.50	=	60.05	FRH Average	
Maintenance		\$ 8,048	÷	78.90	=	102.00	FRH Average	
Repair		\$ 5,868	÷	45.10	=	130.10	FRH Average	
Totals		\$ 16,768	÷	171.50	=	97.77	Customer ELR	
		Target Labor Rate					105.00	Per FRH
Total Ro's in Sample	100	Difference					-7.23	Per FRH

Cost of Labor

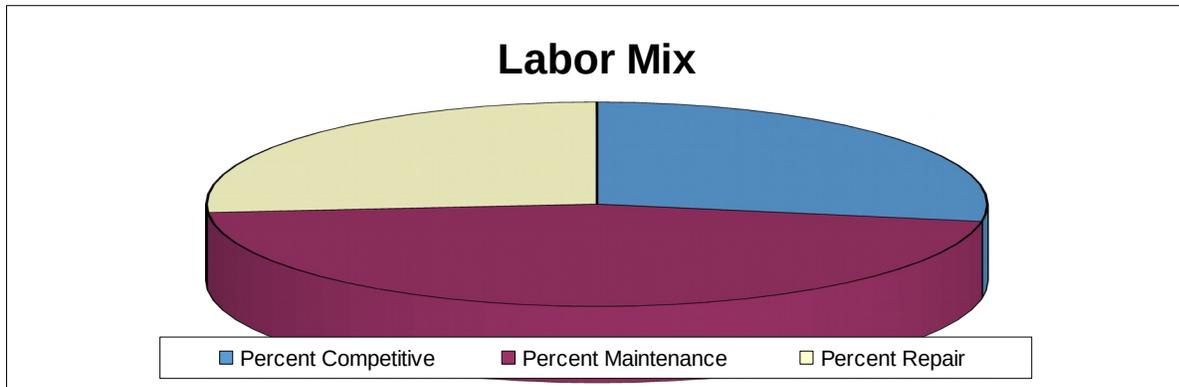
Total Cost of Labor	3983.40	÷	Total Sales	=	23.76%	Percent Cost of Sales
Total Cost of Labor	3983.40	÷	Total FRHs	=	23.23	Cost per FRH

Repair Order Measurements

Total Labor Sales	16,767.80	÷	Total ROs	=	167.67	Avg Labor per RO
Total FRHs	171.50	÷	Total ROs	=	1.72	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	47.50	÷	Total FRHs	=	27.70%	Percent Competitive
Maintenance FRHs	78.90	÷	Total FRHs	=	46.01%	Percent Maintenance
Repair FRH	45.10	÷	Total FRHs	=	26.30%	Percent Repair
One item ROs	39	÷	Total ROs	=	39.00%	Percent One Item RO

Model Year Analysis

2021	2020	2019	2018	2017	2016	Older	Total
0	0	9	19	14	14	44	100
0.00%	0.00%	9.00%	19.00%	14.00%	14.00%	44.00%	



m.S.W.O.T Analysis

STRENGTHS

1. Knowledge within the team of technicians that we have employed which means getting the vehicles diagnosed and repaired correctly the first time creating a good experience for our customers.
2. Good solid customer base with good retention that we are building on
3. Team work in the shop to help each other out in any situation going on at the time. This is where a strong bond between your technicians is important.
4. Communication is key in any department but especially between the technicians, advisors, and the parts department.
5. Utilization of the tools we have to use with in the service department, X-Time and everything it has to offer, Reynolds and all of the information it can provide.
6. Work Ethic of our team. Everyone shows up early and stays until the day is done. Dedication to the job has helped this department grow over the last 3 years and will continue to be the reason we will win.

7. Efficient with the work and acknowledgment of the customers time always looking out for the customers safety while inspecting their vehicle.
8. Attitude is key to anyones success and growth, this team knows how to keep the mind right even on the tough days!
9. We have several key players on our team that have experience and have been working for the dealership for some time. Service manager was a previous writer and has been here for 9yrs, Parts manager started at counter sales and moved her way to manager and has been here for 16 yrs, & Jeff our head tech started out as a porter and has been here for 20+ years.



WEAKNESSES

1. Poor Wifi in the service department slows the computers down and delays the downloads of programs and updates the technicians are trying to complete during day to day operations.
2. Accountability between advisors and technicians when something isn't done correctly. This sends a message that it is ok to no do something the way we expect as there is no consequence.
3. Direction of work flow through the service department. Can slow up a technician on a job when he is pulled off to do an oil change.
4. Ability to say yes to a walk in no matter the circumstance. Thinking that the shop is at full capacity and passing on walk in can cost you a customer for life.
5. Cleanliness of our personal space and the surrounding areas in the shop. Lack of no service porter nor taking responsibility for cleaning up a mess or taking our the garbage.

6. Advisors closing percentage on recommended items. More training and accountability.
7. Timeliness of getting customers to approve recommended items from their inspection report. Slows down the work flow in the shop.
8. Better phone skills in the parts department when taking an inbound parts sales/price inquiry. Getting the information and getting the appointment or redirecting back to the advisor to schedule the appointment.
9. Discounting when not needed and without a manager approval.



OPPORTUNITIES

1. Training opportunity to learn more and grow beyond our comfort zone.
2. Menu sales on the service drive at check in point and discussion of previously declined items from last service visit. These will help the technician and will be less time the customer will have to wait for their vehicle.
3. Growth opportunity in looking at shop utilization and overall effectiveness. Setting daily and weekly goals for each tech and advisor then following up every morning with results from the previous day to see if we are on pace or not.
4. Utilization of the alignment audit machine and tire tread depth measurements on every vehicle that makes it into the shop. Need new Alignment Machine that works.

5. Motivation, Coming up with different challenges or contests that help to drive better habits in the workplace and give our employees something to shoot for. Everyone loves a little competition.
6. Gm Credit Card, Get customers who cannot afford their repairs approved for credit and get the repairs needed done today.
7. GM Loyalty Rewards Program, Making sure every customer is signed up and getting the benefits from this program. This will create customers for life and will help overall retention numbers.
8. Track lost sales in parts department so we know we are stocking correct inventory and not just relying on the GM RIM program as a crutch.



THREATS

1. Competitive pricing in our market to ensure our customers feel like they are getting a great value when servicing in our dealership.
2. Lazy employees will hinder production and hold you back from hitting your goals.
3. Ignorant Decisions made by an unqualified technician, This is where teamwork comes into play and they need to check with a senior tech to make sure diagnosis is correct.
4. A lot of non dealer service centers in the area that all serve any make or model. Having a great reputation and competitive pricing along with servicing any make or model will help.

5. Parts delivery, This can slow up repairs if the parts department does not have the part and has to wait for next day delivery.
6. Low Appointments, Relying on the advisor to know what the schedule is and what the flow of the shop is for the day is key to keeping the shop busy.
7. Availability to remove a recommendation from techs inspection prior to the advisor offering what repairs were needed.
8. Afraid to slow down. When in a hurry everyone suffers, sometimes even the customer suffers due to repair not being done correctly.



OBJECTIVES

1. Create better communication between the technicians, advisors, & the parts counter. There is too much wasted time with not using x-time to our advantage and lack of communication between each other to make everything run smoother.
2. Increase our customer pay R.O.'s by doing our inspections correctly and not settling for one line repair orders.
3. Improve daily motivation and helping to keep the shop focused during business hours.
4. Improve parts phone sales and appointments by getting commitment when customer is on the phone.
5. Improve overall proficiency & efficiency of the shop.

6. Create more awareness of what the expectations of our technicians are on a daily/weekly basis.
7. Have fun and create a good work environment for our people. Make it so they want to come to work!



STRATEGIES

1. Consistent with our morning meetings with advisors and technicians. Daily awareness of what is going on and what the reports look like out of x-time. Set realistic goals for each individual to hit weekly and then hold accountable to that.
2. Verifying the inspections are being done and that the advisors are holding the techs accountable when one is not done properly.
3. Daily updates to board for techs to see what we are tracking for hours for the day and the week.

4. Phone training with our Advisors and the parts department. Get them working together to focus on the main goal of getting the appointment and selling the parts.
5. Award the guys who are making moves and changes helping the growth of the team.
6. Increase hours with training technician who verifies inspections and coaches the younger techs by working side by side with them on jobs they have not mastered yet.
7. Tracking lost sales in Parts Department and the counter employees understanding why it is important.
8. Daily accountability check ins with manager before going home for the day. Good time to discuss what work was produced and completed for the day along with hours booked.



TACTICS

1. Service manager to make sure the inspections are being done correctly with verification through x-time.
2. Advertising to help drive traffic to our customers that we are missing to help retention numbers,

3. Continuous phone and sales training with the advisors and the parts counter team to work together to sell the parts and get the appointments on inbound service/parts calls.
4. Do not allow the service schedule to be too restricted and never turn away a customer. We will always figure out a way to make it work out.
5. Review our monthly progress in our weekly manager meetings making sure that we are keeping the pace for our forecast. Making a plan to adjust or change when needed if not on track.
6. Offer additional oil change to new car sale customers above the one free from the manufacturer to help keep retention numbers up.
7. Car wash club for any service customer receives a free car wash in our automated wash.
8. Add additional 2 technicians to help with daily work flow to help increase our daily take in car count which will also increase hours sold.



ACTION PLAN

**TASK
COMPLETE BY**

BY WHOM

Track service/parts pace daily along with hours sold
Daily

Service Manager

Review schedule to make sure it is not to restriced Feb 1, 2020	Gen Mgr/Serv Mgr
Hire two technicians to help with growth Mar 1, 2020	Service Manager
Counting lost sales and compare to GM RIM Feb 1, 2020	Parts Manager
Phone Training with Applied Concepts Parts dept. Feb 1, 2020	Parts Manager
Install new Alignment Machine Feb 1, 2020\	General Manager
Get Technicians all new tire measurment gauges Feb 1, 2020	Service Manager
Track inspection rate alsog with close rate Weekly	Service Manager
Manager meeting with Service Manager Weekly	General Manager
Manager meeting with Parts Manager Weekly	General Manager



SYNOPSIS

After last years preparation and planning for this years forecast it was evident that our Service and Parts Departments have a lot of opportunity for growth. We know that service advisors talk to more customers every day than anyone else in the dealership and are the least trained. We are going to focus on sales training and service drive opportunity with our advisors which we know will help our hours go up with selling more.

Along with selling more we know that with the 8 technicians we curretly have that we need to add two additonal so we are not so pressed to get them in and get them out. Slowing down and doing a proper inspection is going to be key. We are going to be consistent with our daily shift meeting with the techicians, advisors, and along with our parts team. Hoping to create a better working environment and making sure all lines of communication are working.

We will be counting lost sales in the parts department and comparing with what GM RIM says we should be stocking. Making sure we have the parts to increase our First Time Fill Rate which in tern helps get the job completed sooner, happier customers, better CSI, better work flow in the shop. Along with phone training in parts to help get the sale at time of call and create an opportunity to shedule that appoitment for install at that time.

Focusing on our Hours and forecast board every day and also requing a check out before the techs leave will create accountability for their time while they are there and should help our shop porficiency go up this year.

With making these changes and holding people accountable we are looking forward to hitting our forecast for the year and making Team Chevrolet a great place for our employees to work and provide for their families.