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2/26/20

NADA

Service week assignment

**Your homework assignment is to evaluate your service department. A detailed analysis is required of the following areas, to include what you are currently doing, plans for improvement, how you plan to achieve the goals, and evaluate if the changes that are made are beneficial to the store. Some of you may not have the authority to make any changes as to the outcome of the recommendations, but you are still required to make the evaluations and recommendations that you would perform if this was your department.**

**a. Facility: What changes will you make to increase your Utilization (4th Homework Calculation)?:** In order to capitalize on increasing our facility

utilization Centereachhyundai must make several changes. These changes consist of restricting techs from using more than one bay, hiring more techs to fill said bays, and removing vehicles that are not being worked on from active bays. In doing so, all of our bays would be utilized. Ultimately with all bays being used, and more techs are turning wrenches, facility utilization will increase.

**b. Productivity: How will you increase your Tech Proficiency? (3rd**

**Homework Calculation):** There are several ways we are able to increase tech proficiency. To begin, we should change the attitude the store has on the back end of the dealership. Treat service how you treat sales. Hold Saturday morning meetings and show service employees what it feels like to have some team pride. On top of this we can separate the shop into teams. These teams will force each of the techs to push each other to hit their goal. Whichever team produces the higher efficiency number will be given a bonus at the end of the month. Finally, base individual bonuses off of proficiency rather than tech hours clocked.

**c. Production Method: Will you make any changes to you service**

**department?** : I will absolutely try my best to. Unfortunately, I am not in the position in my career right now where I can make a ton of changes, but I absolutely have some influence and am working diligently to implement some of these changes. I would love to implement the sales style management to service, the tech teams, and the proficiency bonus.

**d. Analyze Cost of Labor: How do you pay the techs; will you make changes? What are the plans for setting objectives, tracking,**

**communication? (1st Homework Calculation)** : We pay our techs based on their hours clocked. Their bonus kicks in after they hit 120% efficiency. In order to do this, they need to produce over 8 hours per day. Moving forwards we will be calculating bonuses based on tech proficiency which will be calculated by dividing their hours clocked vs total shop hours available to them. Using this tactic, we will be able to monitor each individuals techs proficiency and hold them accountable for their independent actions. We will also assign teams to the shop and split them 50/50 so they compete for higher scores in order to secure a bigger bonus at the end of each month.

**e. Changes in Expense Structure: Are you selling all of the available hours,**

**are your expenses in line? (2nd Homework Calculations)** : No, we are not selling all of the clock hours that are available. Our of our 1220 hours available per month we are selling roughly 1090. We must begin working on all makes all models, and ensuring our techs are pushing for multi line RO's. And for the most part all of our expenses are accounted for and in line

**f. Pay Plans: Are any adjustments needed in your staff's pay plans and**

**why?:** We were over paying a service advisor and a service manager. Their pay was too high for their job duties. We listed out their responsibilities and took into account their loyalty/ performance and made adjustments accordingly.

**g. Level of current training: Are you within the minimum training standard**

**for your manufacturer?:** Yes, I am certified in sales and working on current up to date certification for the service advising position.

**h. Special tools: What do you currently have for the techs? Is it neat and**

**organized, or an unorganized mess?:** we currently have a few special tools. We have a Tred spec machine, and alignment lift, fuel pressure gauge, and a brake lade. All of these tools are well organized and utilized.

**i. 100 Repair Order Analysis: We need the summery page with your**

Tech #	Tech Pay Per FRH
2333	33.80
48154	26.43
2612	29.00
6241	28.00
38479	31.00
89459	30.00
12789	20.00
2606	16.00
912502	16.00
500588	16.00
90396	16.00
500633	16.00

**evaluation of the summery (recap) :**

The screenshot displays a Microsoft Excel spreadsheet titled "RO Analysis by Tech (1)". The spreadsheet is organized into columns for various repair order metrics. The main data area includes columns for RO Number, Year, Model, Mileage, Competitive Labor (sub-columns: Labor Sales, Flat Rate Hours, Technician Number, Pay Per FRH, Labor Cost), Maintenance Labor (sub-columns: Labor Sales, Flat Rate Hours, Technician Number, Pay Per FRH, Labor Cost), Repair Labor (sub-columns: Labor Sales, Flat Rate Hours, Technician Number, Pay Per FRH, Labor Cost), Total Cost of Labor, and One Item Repair Order. The spreadsheet shows data for 100 repair orders, with the last row (row 43) showing a total cost of labor of \$23.66. The interface includes the standard Excel ribbon with tabs for Home, Insert, Page Layout, Formulas, Data, Review, and View. The status bar at the bottom indicates the spreadsheet is ready and zoomed to 100%.



Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	
217928	17	TUSCON	20,629	37.00	0.50	0.00	0.00	0.00	0.00	8.00
217926	7	SANTE F	124	0.00	0.00	10.00	0.30	0.00	0.00	4.80
217924	19	TUSCON	12,473	10.00	0.30	0.00	0.00	0.00	0.00	4.80
217923	15	SANTE F	66,919	53.74	0.00	53.74	0.80	0.00	0.00	12.80
217913	14	SONOTA	60,792	0.00	0.00	169.09	1.30	0.00	0.00	36.40
217912	18	SONOTA	14,791	0.00	0.00	16.74	0.30	0.00	0.00	4.80
217908	18	SONOTA	27,531	0.00	0.00	44.94	0.60	0.00	0.00	9.60
217902	10	ALTIMA	16,795	37.00	0.50	0.00	0.00	0.00	0.00	8.00
217900	13	SANTE F	110,901	37.00	0.50	0.00	0.00	0.00	0.00	16.90
217898	14	TUSCON	85,385	81.95	0.80	0.00	0.00	0.00	0.00	12.80
217891	18	TUSCON	22,388	0.00	0.00	56.99	0.80	0.00	0.00	12.80
217890	10	SANTE F	206,288	37.00	0.50	54.45	0.60	316.43	2.60	102.60
217878	14	SONOTA	28,209	0.00	0.00	606.48	4.10	0.00	0.00	138.58
217872	17	SONOTA	30,963	76.64	0.80	0.00	0.00	0.00	0.00	12.80
217853	11	SONOTA	145,795	0.00	0.00	74.89	0.50	0.00	0.00	8.00
217848	11	SONOTA	65,682	0.00	0.00	0.00	0.00	114.11	1.00	20.00
217784	14	TUSCON	-	96.69	0.80	0.00	0.00	0.00	0.00	12.80
217783	11	SONOTA	51,775	0.00	0.00	229.99	1.70	0.00	0.00	34.00
217798	16	SONOTA	61,050	0.00	0.00	0.00	0.00	151.48	2.00	56.00
217781	14	SONOTA	51,909	0.00	0.00	0.00	0.00	77.50	0.50	8.00
217780	11	SONATA	168,530	0.00	0.00	0.00	0.00	372.60	2.70	91.26
217775	11	SONATA	154,996	0.00	0.00	0.00	0.00	650.99	4.00	105.72
217770	9	ELANTRA	60,340	0.00	0.00	0.00	0.00	741.90	4.50	139.50
217768	14	SONOTA	76,581	732.86	5.80	0.00	0.00	0.00	0.00	116.00
217764	13	SONATA	69,343	37.00	0.50	0.00	0.00	220.00	2.00	84.50
217763	12	SONOTA	46,221	37.00	0.50	109.50	0.80	0.00	0.00	20.80
217768	15	SONATA	76,582	37.00	0.50	457.70	2.70	220.00	2.00	104.00
217765	19	TUSCON	16,018	10.00	0.30	0.00	0.00	41.40	0.30	9.60
217764	13	SONATA	69,343	0.00	0.00	19.99	0.30	220.00	2.00	77.74
217763	12	SONATA	46,221	37.00	0.30	49.99	0.60	47.70	0.30	19.20
217755	18	ELANTRA	22,424	0.00	0.00	16.75	0.30	41.40	0.30	9.60
217752	19	TUSCON	15,278	0.00	0.00	81.78	0.80	159.00	1.00	52.20
217751	19	SONATA	14,606	37.00	0.50	277.45	1.80	0.00	0.00	64.40
217744	18	ELANTRA	14,366	37.00	0.50	22.50	0.30	82.80	0.60	28.00
217742	19	ELANTRA	7,133	10.00	0.30	22.50	0.30	41.40	0.30	14.40
217735	18	SONATA	18,230	37.00	0.50	100.20	0.90	0.00	0.00	28.00

217735	18	SONATA	18,230	37.00	0.50	100.20	0.90	0.00	0.00	28.00	0
217721	17	SONATA	50,351	0.00	0.00	0.00	0.00	96.60	0.70	23.66	0
217716	12	SONATA	93,816	0.00	0.00	0.00	0.00	247.00	1.80	52.20	0
217715	17	ELANTRA	46,241	37.00	0.50	0.00	0.00	247.50	1.50	52.86	0
217707	17	ELANTRA	45,552	0.00	0.00	0.00	0.00	110.40	0.80	23.20	0
217703	11	SONOTA	110,374	58.00	0.60	16.74	0.30	123.75	0.80	37.60	0
217702	15	SONOTA	22,668	0.00	0.00	361.00	2.50	0.00	0.00	66.08	0
217700	18	TUSCON	31,368	0.00	0.00	46.73	0.60	0.00	0.00	9.60	0
217699	20	PALISAD	9,867	40.00	0.30	0.00	0.00	0.00	0.00	4.80	0
217696	20	ELANTRA	56	0.00	0.00	0.00	0.00	124.20	0.90	26.10	0
217693	12	PALISAD	12	37.00	0.50	16.74	0.30	0.00	0.00	12.80	0
217640	14	ELANTRA	53692	0.00	0.00	226.00	1.60	0.00	0.00	46.40	0
217639	18	SANTE F	14556	0.00	0.00	67.69	0.60	0.00	0.00	9.60	0
217632	15	SONATA	65948	0.00	0.00	99.49	0.80	318.00	2.00	44.80	0
217631	18	ELANTRA	43672	0.00	0.00	79.50	5.00	41.40	0.30	84.80	0

ROs 1-50 Totals				1,650.88	16.30	3,389.56	31.50	4,807.56	34.90	1,983.90	0
Date of Study:				C Labor		M Labor		R Labor		Total Cost of Labor	One Item Repair Order
Study Compiled by:				Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours		

## Repair Order Analysis

Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor	One Item Repair Order
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate	Labor Sales	Flat Rate Hours		
217626	7	SANTE FE	193,065	37.00	0.50	19.99	0.30	24.99	0.30	17.60	0
217625	17	TUSCON	34,710	37.00	0.50	120.52	0.50	0.00	0.00	16.00	0
217619	13	SONATA	21,689	0.00	0.00	55.00	0.20	250.00	2.00	63.80	0
217612	17	ELANTRA	8,596	0.00	0.00	288.00	2.10	0.00	0.00	55.50	0
217609	18	SANTE FE	30,098	0.00	0.00	106.59	1.10	0.00	0.00	17.60	0
217608	16	ELANTRA	46,528	37.00	0.50	0.00	0.00	222.95	2.30	77.00	0
217607	19	TUSCON	14,253	0.00	0.00	71.69	0.90	0.00	0.00	14.40	0
217596	17	ELANTRA	8,024	169.94	1.20	0.00	0.00	0.00	0.00	36.00	0
217593	13	TUSCON	71,936	0.00	0.00	442.16	3.00	0.00	0.00	60.00	0
217585	12	VERCRUZ	-	37.00	0.50	19.99	0.30	220.62	1.10	53.20	0
217567	18	TUSCON	50,965	0.00	0.00	159.00	1.00	0.00	0.00	30.00	0
217556	14	SONATA	49,021	37.00	0.50	19.99	0.30	295.00	2.50	24.00	0
217456	11	SONATA	157,118	0.00	0.00	19.99	0.30	159.99	1.00	34.80	0
217544	16	SANTE FE	92,274	37.00	0.50	0.00	0.00	220.00	2.00	72.50	0
217541	11	SONATA	138,717	37.00	0.50	0.00	0.00	638.00	4.00	135.00	0
217532	19	ELANTRA	13,586	0.00	0.30	44.95	0.60	44.41	0.30	14.40	0
217530	14	SANTE FE	74,306	0.00	0.00	19.99	0.30	0.00	0.00	4.80	0
217524	13	SONATA	87,489	37.00	0.50	159.99	1.00	82.80	0.60	33.60	0
217513	14	TUSCON	56,213	0.00	0.00	54.95	0.50	189.99	1.00	28.00	0
217492	16	ACCENT	35,644	0.00	0.00	89.39	0.80	0.00	0.00	12.80	0
217479	18	ELANTRA	36,691	0.00	0.00	16.74	0.30	205.95	2.00	57.66	0
217477	9	SONATA	71,705	37.00	0.50	16.74	0.30	205.95	2.00	94.64	0
217476	18	SANTE FE	26,966	0.00	0.00	265.00	2.10	41.40	0.30	33.60	0
217472	8	SANTE FE	171,101	0.00	0.00	78.00	0.80	30.00	0.30	17.60	0
217469	17	SONATA	34,844	0.00	0.00	16.74	0.30	220.00	2.00	72.40	0
217431	16	TUSCON	28,689	79.50	0.50	6.75	0.30	0.00	0.00	12.80	0
217428	18	ELANTRA	19,876	0.00	0.00	49.99	0.60	0.00	0.00	9.60	0
217426	17	SANTE FE	36,864	0.00	0.00	560.00	3.50	0.00	0.00	70.00	0
217422	17	ELANTRA	33,854	0.00	0.00	159.00	1.00	82.80	0.60	48.00	0
217414	18	TUSCON	15,116	0.00	0.00	49.99	1.00	41.40	0.30	36.40	0
217408	14	SONOTA	28,421	0.00	0.00	356.00	1.90	0.00	0.00	30.40	0
217407	19	KONA	16,195	10.00	0.30	34.95	0.20	0.00	0.00	3.20	0
217406	17	ELANTRA	96,351	159.99	1.00	0.00	0.00	41.40	0.30	43.94	0
217396	20	PALISADE	4,688	0.00	0.00	0.00	0.00	232.00	1.10	37.18	0
217384	15	TUSCON	102,925	0.00	0.00	0.00	0.00	159.99	1.00	30.00	0
217384	15	TUSCON	102,925	0.00	0.00	0.00	0.00	159.99	1.00	30.00	0
217376	14	ELANTRA	45,914	0.00	0.00	54.95	0.70	0.00	0.00	11.20	0
217355	17	TUSCON	49,019	0.00	0.00	189.95	1.20	289.00	2.10	99.00	0
217339	19	ELANTRA	11,839	0.00	0.00	0.00	0.00	39.99	0.50	8.00	0
217337	11	SONATA	49,338	0.00	0.00	0.00	0.00	377.95	2.10	58.80	0
217335	17	TUSCON	7,188	37.00	0.50	34.95	0.20	0.00	0.00	11.20	0
217331	17	TUSCON	13,352	37.00	0.50	41.96	0.50	0.00	0.00	18.00	0
217330	15	SANTE FE	36,912	0.00	0.00	46.74	0.50	0.00	0.00	8.00	0
217314	14	SONATA	41,810	37.00	0.50	185.00	1.20	0.00	0.00	27.20	0
217310	16	SONATA	48,913	0.00	0.00	18.75	0.60	210.95	2.30	78.60	0
217309	7	SANTE FE	87,087	0.00	0.00	639.40	4.00	0.00	0.00	105.72	0
217307	17	SANTE FE	27,177	37.00	0.50	22.00	1.50	0.00	0.00	62.00	0
217299	2	SONATA	104,314	0.00	0.00	0.00	0.00	556.50	3.50	118.30	0
217291	13	ELANTRA	107,462	55.00	0.50	0.00	0.00	111.30	0.50	16.00	0
217268	19	KONA	7,348	30.00	0.30	0.00	0.00	0.00	0.00	4.80	0
217258	13	SONATA	62,716	0.00	0.00	0.00	0.00	205.95	2.00	67.60	0
<b>RO's 51-100 Totals</b>				<b>985.43</b>	<b>10.60</b>	<b>4,535.79</b>	<b>35.90</b>	<b>5,401.28</b>	<b>40.00</b>	<b>2,092.84</b>	<b>0</b>
Date of Study:				<b>C Labor</b>		<b>M Labor</b>		<b>R Labor</b>		<b>Total Cost of Labor</b>	<b>One Item Repair Order</b>
Study Compiled by:				<b>Labor Sales</b>	<b>Flat Rate Hours</b>	<b>Labor Sales</b>	<b>Flat Rate</b>	<b>Labor Sales</b>	<b>Flat Rate Hours</b>		

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 2,636	÷ 26.90	= 98.00	FRH Average			
Maintenance	\$ 7,925	÷ 67.40	= 117.59	FRH Average			
Repair	\$ 10,209	÷ 74.90	= 136.30	FRH Average			
Totals	\$ 20,771	÷ 169.20	= 122.76	Customer ELR			
		Target Labor Rate	140.00	Per FRH			
Total Ro's in Sample	100	Difference	-17.24	Per FRH			
Cost of Labor							
Total Cost of Labor	4076.74	÷ Total Sales	= 19.63%	Percent Cost of Sales			
Total Cost of Labor	4076.74	÷ Total FRHs	= 24.09	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	20,770.50	÷ Total ROs	= 207.71	Avg Labor per RO			
Total FRHs	169.20	÷ Total ROs	= 1.69	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	26.90	÷ Total FRHs	= 15.90%	Percent Competitive			
Maintenance FRHs	67.40	÷ Total FRHs	= 39.83%	Percent Maintenance			
Repair FRH	74.90	÷ Total FRHs	= 44.27%	Percent Repair			
One item ROs	0	÷ Total ROs	= 0.00%	Percent One Item RO			
Model Year Analysis							
2021	2020	2019	2018	2017	2016	Older	Total
0	0	0	0	0	0	100	100
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	

**j. Perform a complete Qualitative SWOT Analysis with an Action Plan: Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets, tabulate the data and then set Objectives, Strategies, and Tactics. Now it is time to create the Action Plan. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location.**

**: SWOT ANALYSIS**

**STRENGTHS)**

- The dealership has a very good work environment, and majority of people really enjoy working there
- Management is always willing and ready to help/ assist employees with questions or concerns.

- All employees feel as though they are supplied with the proper equipment to succeed
- Each department works well with one another, frustration between techs/advisors/parts is mild
- The higher level techs in the shop are always willing to help out lower level techs and answer questions if necessary.
- There is a lot of potential/ room for growth for our service department. We have 22 bays within the service department and 16 techs. This leaves an estimate of 200-300k in gross profit on the table every year.
- There is a lot of experience within the service department and the parts department.

#### WEAKNESSES)

- The higher level techs within the service department do not have the best attitudes, they are constantly getting worked up over simple mistakes.
- Although there is much room for growth, the dealership is not being fully utilized
- The customer base is decent and could be a lot stronger
- Our customer retention percentage needs some work
- Many customers come in simply for PPM
- The service team although hard working, is not very motivated to push themselves to the next level. We tried to establish a sales mentality within the service department to instil some drive and competition, yet not many of the employees seem to be too fond of it

#### OPPORTUNITIES)

- The town we are in is up and coming, there are many shopping centers opening up and it seems to be a flourishing neighborhood
- Hyundai as a brand has just released a 3-year free maintenance program that we believe will be very fruitful for the dealership. This will give us the chance to really get to know our customers and build long lasting relationships. Not only will this help the service department but it will also give the service department the ability to persuade customers to re-lease with Hyundai when the vehicles lease comes to end
- Room for growth of the service department
- Better explain to our customers the benefit of using a dealership/ certified factory trained technicians
- Increase of market size due to all the commerce moving to Centereach

#### THREATS)

- Other Hyundai dealerships within a decently close proximity
- The only things that separate us from the competition is the quality of the service we provide, meaning everything we do must revolve around the customer experience
- This can be difficult to achieve, and even more difficult to maintain.
- The coronavirus has been effecting our brand, and their capability to produce vehicles in specific areas of the world

#### OBJECTIVES)

- Increase gross profit
- Increase multi line RO's
- Secure a 60% / 40% customer pay warranty internal rate

- Grow tech proficiency to 120%
- Achieve 100% facility utilization
- Increase customer retention

#### STRATEGIES)

- Change the techs bonus program to be based on tech proficiency rather than hours clocked
- Separate service department into teams, that way we can create a friendly competition to achieve the higher tech proficiency levels and to promote team work between higher ranking and lower class techs
- Promote techs to recommend more items per RO
- Display a competitive pricing board to eradicate the stigma that dealer's prices are always significantly higher
- Ensure our service advisors are fully explaining the benefit behind using factory parts and techs
- Release more coupons and incentives for customers to return for whatever they may need
- Service all makes all models

#### TACTICS)

- Ensure all service managers are on board and communicating with GM daily on progress
- Get techs to understand the difference in their pay if they do achieve our objectives and show them how much more they can make per year if they can reach their goals
- Change managers pay plan to be based on proficiency as well

- Hold Saturday morning meetings with sales AND service
- Continue to push the sales mentality upon the service department

#### ACTION PLAN

- Explain ideas and next steps upon arrival back from NADA (1/2/20)
- Begin planning for competitive pricing board (1/2/20)
- Begin holding Saturday morning service meetings (1/2/20)
- Have competitive pricing board finished by (1/30/20)
- Finish adjusting pay plans by (2/30/20)
- Follow up with Saturday morning meetings on weekly basis (continuous)

#### SYNOPSIS)

: It is clear that there is much room for improvement within the service department. Based off of what I have learned from NADA and what I have seen working in service I can personally say we would not meet NADA standards. Our dealership must begin to watch, and treat the service department the same way we treat our sales department. Each individual employee must be held accountable for their performance and the managers must feel as though they are KEY members of our team.

In order to do this we must first change the attitude within the service department, and continue to supervise it until it is completely established. We will be creating teams within the service department and restructuring pay plans based on the performance of said teams. The teams will receive bigger bonuses if they achieve higher proficiency levels. On top of that we will also adjust the managers pay plans to be based on the shops overall proficiency.

There will be weekly management meetings with all departments, and weekly tech/ sales meetings every Saturday. These meetings will be designed so that everyone can follow their performance and ensure each month they are making improvements from the previous. We aspire to create a customer friendly/ market competitive service department that will increase our customer retention levels as well as satisfaction. If we are able to accomplish all we seek to accomplish the store will increase gross profit, increase customer retention, increase multi line RO's, the employees will be making more money, and the store will ultimately be functioning at a significantly higher level.

□