

Fixed Operations 2 Service Homework

Ron Fortenbury

N360-07

a. Facility

Our utilization is very low. We just moved to this much larger facility and have not incorporated a business development center to help with out bound calls for schedule service appointments. I would like to higher a team of people (three) to follow up with customer to schedule appointments and make CSI calls. As repair order counts go up, we will need to add technicians to the open service bays. We need to finish our service drive addition as soon as we get factory approval on the site plans.

FACILITY UTILIZATION	
Total Labor Sales	\$ 333,610
	÷
Facility Potential	\$ 558,289
	<i>equals</i>
FACILITY UTILIZATION	59.76%

b. Productivity

Technician proficiency will be helped as we increase our new and used volume our internal ticket is not at where they should be. Our variable departments are not selling at the volume necessary to for there success. With the addition of a service BDC we should see a steadier growth of service appointments.

How proficient are your technicians?			
3,212.2	÷	3,840.00	= 83.65%
Hours Billed		Hours Available	Tech Proficiency

c. Production Method

I feel we need to add a BDC and technicians; in that order. I would also like to add additional training to the Service manager to be service his employees. He is very tough on people and we need to be proactive in our approach.

d. Analyze Cost of Labor

Our technicians are paid flag excluding four lube techs. This is very standard for our area and we believe the rate of pay is comparable to our competition. We use a daily operating statement to track our gross. We plan for \$250k in labor gross with an objective of reaching \$350K in 12 months. The service manager will begin to do weekly one-on-ones to go over repair orders with the service advisors.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 203,071	\$ 149,229	73.49%	60.87%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 74,495	\$ 58,417	78.42%	22.33%

Warranty Other			0%	0%
Internal	\$ 46,178	\$ 34,414	74.52%	13.84%
NVI / Road Ready	\$ 9,866	\$ 8,988	91.10%	2.96%
Adj. Cost of Labor		\$ -	0%	0.00%
Total	\$ 333,610	\$ 251,048	75.25%	100.00%

e. Changes in Expense Structure

I would like to increase the store expense allocation from 20% to 30%. This would push the service manager to increase gross margin to retain his overall department net income.

Expense Category	Dollar Amount		% of Gross	Profile
Department Gross	\$	251,048		
Variable Expense	\$	-	0.00%	
Selling Expense	\$	-	0.00%	
Personnel Expense	\$	132,791	52.89%	
Semi-Fixed Expense	\$	28,079	11.18%	
Fixed Expense	\$	32,143	12.80%	
Unallocated Expense	\$	-	0.00%	
Dealer's Salary	\$	-	0.00%	
Total Expenses	\$	193,014	76.88%	
Net Profit	\$	58,034	23.12%	

f. Pay Plans

Outside of the service manager our pay plans get our overall compensation in line with NADA guide. His current pay plan is based on when we were in a much smaller facility. We are working on a new pay plan now and this should fix the commission overpayment.

g. Level of current training

Yes, we meet all training requirement from General Motors.

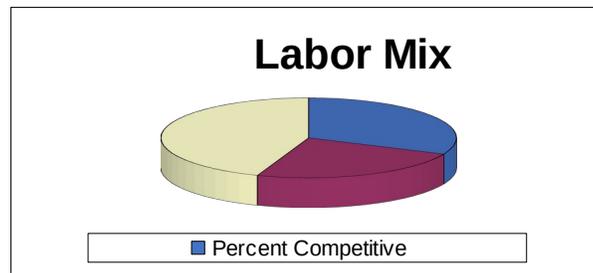
h. Special Tools

We have two if not more of all GM required specialty tools (due to buying a GM Store). Our tool room is an absolute mess. We are in the process of fixing our organization of these tools. We are in the process of remodeling and Parts will be able to better keep these tools organized with the new components. I believe we are going to be purchasing GM's tool boxes.

i. 100 Repair Order Analysis

Repair Order Analysis Summary Report							
		Sales in Dollars	FRH's on RO's	Average s	Analysis		
Competitive		\$ 1,757	÷ 28.40	=	61.86	FRH Average	
Maintenance		\$ 2,153	÷ 21.50	=	100.14	FRH Average	
Repair		\$ 4,784	÷ 39.80	=	120.20	FRH Average	
Totals		\$ 8,694	÷ 89.70	=	96.92	Customer ELR	
		Target Labor Rate			123.65	Per FRH	
Total Ro's in Sample	100	Difference			-26.73	Per FRH	

Cost of Labor							
Total Cost of Labor	2031.00	÷	Total Sales	=	23.36%	Percent Cost of Sales	
Total Cost of Labor	2031.00	÷	Total FRHs	=	22.64	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	8,693.97	÷	Total ROs	=	86.94	Avg Labor per RO	
Total FRHs	89.70	÷	Total ROs	=	0.90	Avg FRH's per RO	
Menu Sales		÷	Total ROs	=		Percent Menu Sales	
Competitive FRHs	28.40	÷	Total FRHs	=	31.66%	Percent Competitive	
Maintenance FRHs	21.50	÷	Total FRHs	=	23.97%	Percent Maintenance	
Repair FRH	39.80	÷	Total FRHs	=	44.37%	Percent Repair	
One item ROs	41	÷	Total ROs	=	41.00%	Percent One Item RO	
Model Year Analysis							
21	20	19	18	17	16	Older	Total
0	2	17	18	12	12	39	100
0.00%	2.00%	17.00%	18.00%	12.00%	12.00%	39.00%	



j. Perform a complete Qualitative SWOT Analysis with an Action Plan

Strength

1. Training of techs; we allow are techs to get certified, and send all the Service Writers and Managers to NCM training
2. Large Service Facility (34 lifts)
3. Customer Loyalty and community pride
4. Techs enjoy each other (Friends)

Weakness

1. We do not have Parts immediately available (long waits)
2. Service drive not big enough to handle incoming customers
 - a. We need additional service porters to handle the traffic
3. Customers complain about lounge (restrooms, water, snacks)
4. Carwash doesn't clean, Scratch vehicles
5. Service advisor are lazy, don't greet customer, don't work as a team
6. Not enough loaners
7. Tool room organization
8. Have to hand write recalls and warranty cards to customers

Opportunities

1. Customer Service expectations
2. Parts availability
3. Fix service lounge

- a. Supplies (water, snakes, etc.)
- b. Cable for the second lounge
- c. Phone charging station
- 4. Advancement opportunity
 - a. Growth plan

Threats

- 1. Parts not available
- 2. Coronavirus
 - a. Not being able to pay my bills
- 3. Overall Health
 - a. Age
 - b. Smoking
 - c. Getting hurt

This may be from Coronavirus
- 4. Job being threatened by manager
 - a. Rude
- 5. Work distribution
 - a. Appointment Schedules
- 6. Other Dealerships
 - a. They care more about customers
 - b. They care more about Employees
 - c. More convenient
 - d. Lower prices
 - e. Benefits

Objectives

- 1. Increase Parts availability
- 2. Fix customer lounge
- 3. Improve tech proficiency
- 4. Define expectation for employee
 - a. We need to have a better employee experience
 - b. Career path

Strategies

- 1. When doing are remodel we need to be concerned with the customer lounge.
- 2. Work on customer follow-up
- 3. Employee orientation needs to be updated
- 4. Job descriptions need to be defined better and explained to employees
- 5. Work with updating safety training an create an ongoing program
 - a. Daily meeting to discuss cleaning and safety
- 6. Continue with NCM training
- 7. Change the process for parts stocking

Tactics

- 1. We will adjust our phase in of parts
 - a. We will stop parts runner from getting parts and order direct
 - i. During Covid-19 this is ok
- 2. Train our manager how to better deal with his employees
 - a. Training
- 3. Look into having a more even work distribution.
 - a. Open ticket dispatching?

Action Plan

- | | |
|--|----------|
| 1. Update phase in in and parts ordering | 03/17/20 |
| 2. Added individual to make a call for service | 07/31/20 |
| 3. Create employee orientation presentation | 01/01/21 |
| 4. Update service lounge | 08/01/21 |

- | | |
|--------------------------------------|----------|
| 5. Management training | 09/30/20 |
| 6. Work to increase tech proficiency | Weekly |
| 7. Safety meetings | Weekly |
| 8. Update job description | 09/01/20 |

Synopsis

After getting the service departments SWAT sheets back, it seems we have a “culture” problem. We need to make sure we are training our managers properly so they are able to manage effectively and appropriately. Individual are worried about losing their job and/or not have enough work. Our staff is also worried about our customers and their perceptions of service department.

We need to make sure we have the parts available in the parts department so our technicians are able to be more efficient. This can be done by updating our phase in/phase out. We need to do a physical inventory and free up real-estate in the parts bins for more fast-moving parts.

We need to work on an employee orientation as well as an ongoing communication strategy so our employees feel more connected to the organization. This could also encompass a health, safety and wellness program. We need to more engaged with our employees and look to increase their job satisfaction.