

## Service Class Homework

### Qualitative Analysis of my Service Department

**Facility-**We do a pretty good job utilizing the facility per the calculation, however, some cleanliness and organization could help a ton. Techs would finish jobs quicker and increase proficiency with a well organized work station. Also adding a detail department would be a big profit generator for service and help with the sales side of things as well. We are just giving money to the competitor right now when we sublet details.

**Productivity-** A well organized work station and an easier process for techs getting parts. A parts runner will get the parts to techs quickly. Also we added a board to track each techs proficiency, so the one understand what proficiency is and are able to make a competition of it.

**Production Method-** We have a new service manager with new ideas that is making several changes to get the department to his beliefs. We have continually set records each month under him. I'm excited to see what how he continues to make changes for the better.

**Analyze cost of labor-** Our flat rate pay plan for techs other then lube lane techs works well especially now that we are tracking proficiency. I believe that putting an emphasis on proficiency will help a couple of our under performers step it up.

**Changes to expense structure-** There are more hours available then we are selling per the calculation. We are booked out with customers so it's not the available work holding us back. It's processes, organization, parts availability etc.....We can tighten this up and get better with many procedures and processes the new service manager has in in store for us.

**Pay Plans-** Tech pay is spot on in my opinion, our service advisor pay plan could be changed a bit. We recently made a change that is a base plus commission on sold hours which is already doing good things. Hours per RO are going up with each advisor. The advisors are the face of the dealership and if performing well should have opportunity to be well compensated. The biggest issue our advisors have is with getting RO's closed in a timely manner and not getting buried. Maybe a part of their pay plan could be based on having a minimum number of RO's open or their bonus is affected.

**Level of Training-** All are up to snuff on minimum training needed for Ford, but I'd say more training could be utilized. We have 2 master techs that could be used in an apprentice program to get some the for younger techs up to speed with best practices and routines. The advisors NEED sales training. We will have service meetings once a week and the advisors are now asked to attend one sales meeting per week to pick up on best practices.

**Special Tools-** Our special tools room is well organized. Tools are easy to find and don't get lost. The tech bays and tool boxes could use some organization. Our master tech Brian has a great bay and tool organization. We could use him as an example of what it "should" look like.

**100 RO Analysis-**

# Repair Order Analysis Summary Report

		Sales in Dollars	FRH's on RO's	Averages	Analysis	
Competitive	\$	1,698	÷ 47.30	= 35.90	FRH Average	
Maintenance	\$	4,040	÷ 34.00	= 118.83	FRH Average	
Repair	\$	11,754	÷ 87.40	= 134.49	FRH Average	
Totals	\$	17,493	÷ 168.70	= 103.69	Customer ELR	
		Target Labor Rate			105.00	Per FRH
Total Ro's in Sample	25	Difference			-1.31	Per FRH

### Cost of Labor

Total Cost of Labor	3923.95	÷	Total Sales	=	22.43%	Percent Cost of Sale
Total Cost of Labor	3923.95	÷	Total FRHs	=	23.26	Cost per FRH

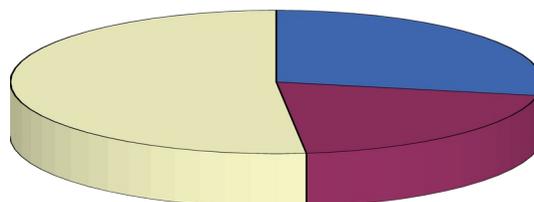
### Repair Order Measurements

Total Labor Sales	17,492.77	÷	Total ROs	=	699.71	Avg Labor per RO
Total FRHs	168.70	÷	Total ROs	=	6.75	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	47.30	÷	Total FRHs	=	28.04%	Percent Competitive
Maintenance FRHs	34.00	÷	Total FRHs	=	20.15%	Percent Maintenance
Repair FRH	87.40	÷	Total FRHs	=	51.81%	Percent Repair
One item ROs	55	÷	Total ROs	=	220.00%	Percent One Item R

### Model Year Analysis

2021	2016	Old
0	13	57
0.00%	3.00%	57.00%

Labor Mix



■ Percent Competitive ■ Percent Maintenance ■ Percent Repair



Takeways-We came in a little under our target ELR and the best way to work I think I see is in out competitive repairs. They are hard to maintain a high sales\$ per RO so what we need to do is find ways to add work to those RO's. A quality inspection and upsell of maintenances is KEY. A push for advisors to sell more and push for Techs understand the increase in available pay of the upsells make the difference we need.

#### **Swat-**

##### **Strengths -**

Personnel-We have some great techs who have been in the business a long time and can produce very well.

Available work-We have more work then our 11 bays can handle, but we do a good job maximizing what we can. Parts availability and first time fill rate could be an area for improvement.

##### **Weakness-**

Parts Availability

Number of Bays

##### **Opportunities-**

We have more work then we can get through the shop currently. If we can find a way to be more efficient we can continue to grow and make more profit

##### **Threats-**

Extended time to get parts

Come Backs

#### **Action Plan**

We really do a good job in our shop, but there is always room to improve. I would there are many small changes or fixes we could make that were mentioned earlier that could get us operating very efficiently. I plan would be to Pick 3 items to tackle. 1. Organized Work Space 2. Faster Parts delivery 3. Organized Vehicle lot. Each one of these items will help keep the techs in the bays and working, in turn moving the vehicles through the shop faster and helping to keep up with the demand of the shop. I'd like to implement this immediately and have a time frame of completion of Jan 1 2021

How to tackle-

During the service meetings we will have Brian go over how he organizes his bay and why he does so. Brian could do most of his repairs blind folded and that is because he knows exactly where all his tools are and spares no time hunting around. If we can get all 9 techs to have similar organization as Brian each techs proficiency would shoot up and so would gross profit.

We are getting a parts runner to deliver parts to techs so they don't have to leave the bay. Also we will put a bin system IN THE SHOP close to bays for often used parts. This will de-clutter the parts department and allow the parts employees to focus on getting parts that we need and don't have or daily in their stock.

We will add a new layout on the back lot for service vehicles with numbers so tech don't have to search around for cars and can stay in their bay working.

Each of the items can get tackled immediately and we shouldn't have problem with the buy in as per the swat these were the main complaints of the techs and they would be happy that we are addressing them.

To measure this we will use the proficiency log to track how the changes affect the techs numbers. Each week in the service meeting we will go over the numbers and talk about who's doing well and how the changes have really helped them.

We will be able to continue the positive advances form the changes by talking about it in the weekly meetings and the techs will be liking their paychecks from the increased proficiency.