

## Qualitative Analysis

### Strengths

1. Large loyal customer base. The service department enjoys a high customer retention level.
2. All service staff members are very experienced. The Fixed Operations Director has been with the company since 1990. The Service Manager joined us in 1992. Parts Manager joined the company in 1991. He is forward thinking and cares about the customer. I consider our Parts Department a very well run business with very few areas for improvement. The ASMs vary in experience levels but do possess the required skills to do their jobs on largely an unsupervised basis if need be.
3. The area is growing in population and some mixed commercial development is beginning on the outskirts of the dealership market area.
4. Our shop capacity is very good. We can sell more work, however. Plans are being finalized for a new facility early next year.
5. We have invested in a computerized customer communication computer system. The system tracks SOPs and back ordered parts. It automatically monitors incoming parts inventory. When all appropriate parts arrive, the customer is notified and asked to contact the dealership in order to schedule an appointment.
6. The General Manager can concentrate all his efforts on the advancement of the dealership. His job is to push production levels up and increase overall sales and service business in order to allow the dealership to grow.
7. Shop Foreman is a **bright light**. He is looking for ways to improve operations and has had a number of good ideas that have been implemented. He is very flexible, a real asset to the shop.

## Qualitative Analysis

### Weaknesses

1. Morale of service staff is low
2. Service hours of operation do not mirror those of the sales department.
3. Customer satisfaction ratings are poor.
4. Fixed Operations Manager and Service Manager, being senior members of the company, are set in their ways. No forward thinking. Not open to new ideas.
5. Parts department has very low stocking levels. At times this causes customers the inconvenience of return visits for repairs involving special order parts.
6. ASMs have the ability to discount work. Gross profit percentages on parts and labor are not to guide or profile.
7. Service opens at 8:00 a.m. while competition opens at 7:00 a.m.
8. Current pay structure for technicians does not motivate the technicians to be productive.
9. Not working on all makes and models
10. No aggressive marketing for the service department.
11. No parts display board in the service drive
12. No non-dealer competitive pricing board in service drive.



## Qualitative Analysis

### Opportunities

1. Growing population with people moving into our market area.
2. Start working on all makes and models.
3. Aggressively market the service department.
4. Install a parts display board in the service drive.
5. Install a non-dealer competitive pricing board in the service drive.

## Qualitative Analysis

### Threats

1. In our market we have a large number of dealerships. The majority of the facilities are new. We must not fall behind the other dealers in terms of facility as it greatly impacts the public's perception of the dealership as a whole.
2. Independent repair shops in our market open earlier and close later than we do, Monday through Friday. They are also open Saturday and Sunday. We have limited hours on Saturday and no hours on Sunday.
3. Service staff takes customers for granted. They do not treat the customers as though they are fighting for their continued business; rather they feel they have a captive audience and that the retention of the customer throughout the warranty period is built in.
4. Warranty labor dollars are dropping.
5. Longer service maintenance intervals for current models
6. Inability to attract people to come to work in the dealership, i.e. technicians, service advisors, etc.



## Objectives / Strategies / Tactics

### Objectives

1. Improve gross on customer pay repair order parts sales
2. Improve gross on customer pay repair order labor sales.
3. Improve motivation of technicians during slow times.
4. Change managers pay plans from salary to “draw” with commission.
5. Increase number of daily repair orders written.
6. Improve technician productivity, efficiency, and, proficiency.
7. Track lost sales.

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## Objectives / Strategies / Tactics

### Strategies

1. Eliminate the ability for the ASMs to discount parts. Ensure all parts mark up factors are maximized.
2. Devise a scheduling system to meet with customer demand
3. Increase OELR by increasing mix of repair work.
4. Shop competition and post non-dealer competitive pricing board.
5. Increase number of hours produced by shop foreman.
6. Increase the amount of work in the shop by working on all makes and models. This will then lessen the amount of technician guarantees that have to be paid.
7. Start an Express Lube in order to drive traffic.
8. Discuss lost sales tracking with Parts Managers and implement.
9. Shop meeting with all technicians to discuss cleanliness issues in the service department.

## Objectives / Strategies / Tactics

### Tactics

1. The Service Manager must authorize all parts and labor discounts
2. All parts mark up factors to be checked versus all pricing guides.
3. Adjust technician shift schedule to take into account traffic flow.
4. Advertise special discounts to attract customers.
5. Adjust shop foreman's pay plan to be based on production.
6. Consider bonus program for technicians.
7. Have weekly meeting with Service Manager. Review forecasts versus current data. If on track, what will be done to stay there? If not on track, what will be done to achieve the forecast?
8. Have weekly meeting with Parts Manager. Look at lost sales posting. Compare to emergency purchases. Are all gross profit percentages with guide or profile? If not, what corrective action must be taken?

## Objectives / Strategies / Tactics

### Action Plan

<b>Task</b>	<b>By Whom</b>	<b>Completion Date</b>
Shut off computers ability to allow discounting	Service Manager	Jul 1, 2017
Adjust any parts mark up factors requiring alteration	Parts Manager	Jul 1, 2017
Track daily fill rate and lost sales, to insure proper inventory mix	Parts Manager	Daily
Adjust technician schedule to maximize growth	Service Manager	Jul 1, 2017
Extend service hours of operation	GM / Ser. Mgr.	Aug 1, 2017
Advertise new hours with discounts for evening and Saturday service	GM / Ser. Mgr.	Aug 1, 2017
Install non-dealer competitive pricing board	Service Manager	Jul 1, 2017
Adjust Shop Foreman's pay plan	GM / Ser. Mgr.	Aug 1, 2017
Create tech bonus program	GM / Ser. Mgr.	Aug 1, 2017
Install Express Lube	Service Manager	Aug 1, 2017
Weekly Parts Manager meeting	General Manager	Weekly
Weekly Service Manager meeting	General Manager	Weekly
Consider managers' pay plans to be based off of department net instead of department gross	General Manager	Sep 1, 2017

## Synopsis

It is evident that the lack of evening hours and shortened Saturday hours in service are having a dramatic impact on the profitability of that department. In addition, the lack of labor sales means less parts sales, thereby reducing the parts department profitability.

The addition of the Express Lube, extended service hours, Monday through Friday until 9:00 p.m. and 8:00 a.m. until 5:00 p.m. on Saturday will make us more convenient to our customers. Additional staff may need to be hired to ensure proper facility utilization. Technician proficiency will be tracked on a daily basis.

With the additional gross profit that will be generated with the new service hours, an immediate increase in fixed absorption percentage should be evident.

The posting of the non-dealer competitive pricing board and parts display board should make up-selling much easier in the service lane.

Changing the pay plans to focus on productivity instead of showing up for work, should result in a staff that is focused on serving the customer. Additional training for the service advisors may be necessary. They need to understand that CSI does not stand for Customer Satisfaction Index. Instead, it stands for Customer Supplies Income. Because without those customers, we won't be in business tomorrow.

Looking toward a bright and profitable future with planned controlled growth.