

Service
Department
Analysis for
TruckSmart
Isuzu

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03625

Qualitative Analysis

Strengths

1. Our service department has very fast turnaround time for retail work. Other shops in our area might have a customer truck for a week, while our shop gets it in and out in 1 to 2 days.
2. Our service department has fair pricing that is competitive with similar shops in our area.
3. Our service department won't turn away work, and will work on most makes and models.
4. The service department invests in new technology, tools, and equipment to get jobs done efficiently and quickly.
5. The service manager has previously owned his own service business, understands every aspect of the business, and has over 30 years of experience.
6. Our technicians have diverse skillsets, allowing our shop to effectively work on many different types of trucks and equipment.
7. Our service department is known to be the best in our area for repairing and servicing Isuzu trucks.

Weaknesses

1. More experienced service advisors are needed. Current service advisors need additional training or new advisors need to be hired.
2. The dealership is 1 month away from installing an integrated DMS and SRM/CRM solution. Without the DMS/SRM/CRM software our service department can't track valuable customer, employee, and pricing data.
3. The service department needs a stricter pricing policy, and one that is difficult for the service advisors to over ride
4. Internal Repair work for the dealership's retail trucks bogs down the shop, increases wait times for retail customers, and lowers the shop's profitability due to the policies stipulating a lower markup on parts and a lower hourly labor rate
5. Service department does not currently offer courtesy or rental trucks to service customers
6. Service department does not currently offer mobile road service or towing. A road service truck and program are currently being created.
7. Our dealership isn't located in a convenient, high traffic area. It is out of the way for some of our customers.
8. There is no detailed marketing plan in place. The service department does not periodically call or email customers as a form of relationship management.

9. Our service manager is very competent but he does not have a foreman that he can count on to help run the shop. The current lead technician / foreman is a great mechanic but does not have the personality or mindset to help run a business.
10. Our parts manager and service manager do not normally agree on stocking levels and inventory breath. Technicians complain about waiting for parts on order.

Opportunities

1. There are very few commercial truck service centers in our area that offer great service, fair prices, and short wait times.
2. Market and advertise our parts and service department with an outside / road salesperson
3. Obtain more mega fleet service work (Ryder, Penske, Enterprise, etc.)
4. Advertise that we also repair automobiles, RV's, trailers, etc.
5. Increase our wholesale and retail parts business through additional marketing

Threats

1. Our area is saturated with truck dealerships (other OEM's as well as our own OEM).
2. Other service facilities in our area have longer hours of operation, and some are open 24/7.
3. It is increasingly difficult to find qualified and responsible technicians
4. Technician morale can be low due to unfamiliarity with their pay plan as it relates to shop production.
5. Smaller "mom and pop" shops can undercut our labor rate and parts markup do to lower overhead.

Objectives

1. Improve technician productivity, efficiency, and proficiency
2. Increase gross on customer pay repair order parts and labor sales
3. Increase gross on internal pay repair order parts and labor sales
4. Implement an employee training and recruitment campaign
5. Control parts price discounting and markup with DMS security features
6. Create a sustaining focus on marketing parts, service, and our dealership brand
7. Set stocking levels with our new DMS and create a pay plan bonus to disincentive emergency orders and lost sales.

Strategies

1. Monitor technician productivity, efficiency, and proficiency with our new DMS. Use data and technician feedback to better match their skillset to repair work
2. Create a lot map detailing vehicle locations so technicians and porters spend less time looking for vehicles
3. Increase internal OELR by convincing our used truck buyer to purchase cleaner, newer, less rusty, less complicated trucks for retail

4. Train parts employees on what we consider “lost sales” to actually mean, and use DMS to actually track lost sales
5. Reevaluate all employee pay plans to incentivize behavior that leads to increased profit and de-incentivize behavior that leads to low margins, obsolescence, lower OELR, etc.

Tactics

1. Evaluate technician performance data weekly with Service Manager
2. Schedule meeting with technicians concerning using a lot map with service vehicle locations identified. Utilize porter / lot man to create a more uniform and expected parking plan
3. Meet weekly with used truck buyer to evaluate his recent used truck purchases, and the amount of reconditioning that is expected versus actual reconditioning. Create a pay plan that better aligns with “low reconditioning” purchases
4. Post “lost sales” definition at parts counter. Monitor lost sales and lost sales reporting. Occasionally use “secret shopper” to test the parts department’s tracking of lost sales.

Action Plan

Task	By Whom	Completion Date
Hire outside / road salesperson to market the service and parts department	Dealer Principal	Aug 1, 2017
Install competitive pricing board	Service Manager	Aug 7, 2017
Review Customer Parts Pricing Policies, matrix, markup, etc.	Service Manager	Aug 15, 2017
Re-evaluate our used truck purchasing policies and tighten Up the constraints, categories, mileage, condition, etc.	Sales Manager	Sep 11, 2017
Choose a DMS Provider and schedule an installation	Dealer Principal	Sep 11, 2017
Gradually increase the parts markup and labor rate for Internal repair work	Dealer Principal	To be determined
Adjust Parts manager, Service Manager, Shop Forman	Dealer Principal	To be determined

Pay Plans

Lock down the ability to discount labor, parts markup,
Nov. 11, 2017

Dealer Principal

Shop Supplies, HazMat, etc. to only managers. Review
Exception reports daily and investigate.

Synopsis

Our dealership is in a state of flux currently. We are growing our parts and service businesses, we are incredibly busy, but we don't have a proper DMS installed and running. Without a DMS we are unable to properly track technician productivity, efficiency, and proficiency. We are unable to easily track lost sales. Our service advisors aren't able to provide customers an in-depth understanding and history of their vehicle and its problems. We aren't able to upsell and market. A DMS won't magically make a treasure chest full of money appear, but I do believe it is the missing keystone that will tie our dealership together and make management's job easier.

We have our DMS installation date set to November 10th of this year. We are currently going over set-ups, policies, mark-ups, op-codes, security, etc. After November 10th, we will have a much clearer picture when looking at tech productivity, OELR, parts margins, etc. I feel that this exercise would be much easier and accurate if I was tasked with re-evaluating our dealership during week 5 or 6 of ATD Class 036.