

Evaluation of RO Analysis

There is one glaring issue that is holding our service department back. We currently have almost 85% of RO's in the study with one line only. The majority of the RO's in the study are for quick service. This could be telling me a few things. One is that our oil mechanic is not inspecting and recommending work to the service advisor. Two could be that our single advisor is bogged down with so many phone calls and oil change tickets that he doesn't feel like he has the time to give quality presentations. Third our other mechanics are not inspecting the vehicles they are doing repairs on and recommending other work. I believe that all three are true. Our quickest opportunity to capitalize on is number one and two. The oil mechanic has recently been hired and has never done anything past changing oil in a car. We are going to work hard on training him to do good inspections while he has the vehicle. We are going to make checklists for him so that he doesn't miss certain items to check. Our other opportunity is to hire an assistant advisor. This assistant advisor will field phone calls, welcome customers in the lane, close RO's and handle customers with low mileage oil changes that don't need additional work. We will also work with the assistant advisor on selling in the lane and conditioning customers on maintenance work. This in theory will free up our primary advisor to prepare and give good presentations on additional work. He will also have more time to call customers that have deferred service work. These changes will decrease the number of One Line RO's and bring our hours per RO up dramatically. This is a huge opportunity that we are missing. I know that because 41% of the vehicles we have serviced recently are at least 6 years old. You can't tell me that those vehicles don't need something fixed now or in the near future.

Synopsis

For many years our service department has been a loser. Month after month of losing tens of thousands of dollars. We have identified some issues within the department. First the shop is not run by the Service Manager. The technicians seem to call the shots. We have learned that our Service Manager has some confidence issues. He is worried about pushing the technicians too hard and scaring them off. What he didn't realize was that he was hurting the shops profitability. He was also hurting his income and the income of the technicians and the service advisor. Once we taught the Service Manager how to start to gain control, his numbers started to improve. In 2019 our overall GP % of sales was 67%. We have been able to increase this number to 69% about halfway through 2020. This academy class has helped me uncover some other big issues in the shop. One reason our GP % is low is because the majority of the work is given to our top paid technician. The Service Manager did not understand the importance of distribution of work. I should him how much better his GP % would be if he started to tightly control where certain work went. For example, if we had a customer that came in to the shop wanting new brake pads the work usually would have gone to our \$38 per hour tech. Instead that work should go to our C tech that we pay \$18 per hour. He has now realized how important that is to the shop. We are nine selling days into November and his overall GP% of sales is at 74%.

Our next thing we started working on along side of work distribution was inspections in the lane and in the shop. Through observations and communication with the Service Advisor, we learned that he has been very bogged down with paperwork and phone calls. He feels like he doesn't have the time that he needs to focus on selling and maintenance presentations. It seemed like it wouldn't matter how good of a job the technicians did at recommending additional services. To free up the main advisor, we decided it was time for us to hire an assistance service writer. Her job was to complete oil change paperwork, field phone calls, and greet customers in the lane. This has given the Service Advisor the time to start making presentations more often. He has also been making better presentations than before. He is also trying to inform the customers of maintenance items that they will need to complete in order to maintain their vehicles. In order the bolster the work we have done in the service lane, we have been working on training and pushing the technicians to do more inspections and recommend more work. When I did additional RO studies, I saw that we had way too many one line RO's. One study saw 85% one line RO's. There was a huge opportunity that we were missing because nearly half of all vehicles that came into the shop were at least 6 years old. The changes in the service lane and in the shop should result in more multi-line RO's. We know that the service department needs around \$57,000 in sales to break even in a month. We have set our sales goal at \$60,000 for the short term. I mention above that we were nine selling days into November. We are not only showing 74%, but we are also tracking nearly \$70,000 in sales! I am anxious to complete an RO study to see what our percent of one line RO's will be.

As far as the routing sheet goes, we are working on getting our Service Manager to implement one. He has no idea how many hours he has sold in a day or how many available hours there are left to sell. To take his shop to the next level, he will need to know these things in order to keep his technicians days filled with productivity. He does not believe that the sheet will work. He just thinks it is going to be extra work. It may come to the point where we just have to force him to start doing it.