

HONDA OF FRONTENAC

Service Department Analysis

Honda of Frontenac

Jason Granstaff

11/11/2020

Strengths

1. Ability to retain a large amount of customers without a strong sales department
2. Ability to sell maintenance repairs on the service drive using a maintenance menu with manufacturer and regional recommended services
3. State of art equipment in new/renovated shop and service drive to provide accurate alignment checks and tread depth measurements to customers and expedite the service process.
4. Young advisor staff with a willingness to learn that act "HUNGRY". They are always trying to better themselves and help customers to the best of their ability.
5. Work dispatching process that distributes work evenly to all teams. This process is not perfect, but does ensure that on average all of the three teams get the same chance at the same amount of cars.
6. Average hours per repair order and effective labor rate are above average in the district and our 20 group. Our advisors do a great job of selling any work presented when they get the opportunity.

Weaknesses

1. Short staffed in express service department causing longer than normal wait times. This also affects the amount of work the advisors are able to sell in that department.
2. Team morale is low due to a combination of worry over the pandemic and lack of work in the full service shop on a consistent basis. Low morale is also caused by a lack of accountability with technicians. In the past we have "held their feet to the fire" by limiting the amount of work they are dispatched. With the team system we use now it would also affect team members who are performing the way they should.
3. MPI completion. After two years of having an electronic MPI there is still resistance in using it. This is our number one form of communication and when it breaks down in one area, the whole job is in jeopardy.
4. Close minded to working on non-Honda vehicles. Management staff and most advisors/technicians fail to see the opportunity to truly take care of ALL of our customer's needs.
5. Limited marketing and advertising. Our company purchased this dealership over 11 years ago and customers still come in calling us by the previous company's name.

Opportunities

1. Working with local hospitals and schools to try and offer pickup/delivery of employees vehicles to increase volume.
2. Loaner car program
3. Increase social media and TV advertising presence.
4. Start a program to work on all makes and models to truly help our customers
5. Offering referral bonuses to employees and customers for referring potential new hires and new customers.
6. Improve morale with weekly 10-15 minute morning meetings to explain any new information as well as recognize employees who are performing well

Threats

1. COVID-19. Everyone in the market right now is trying to deal with the current pandemic. This is something that we have no control over, but has limited our business due to people not driving or feeling comfortable having their vehicle serviced. We have started a pick-up and delivery service to accommodate the latter.
2. We are in the center of the St. Louis Metro area. The other six Honda dealerships in the area all pull from our demographic. We really have to work at retaining the customers on the outer edges to ensure they choose us over the competition.
3. Lack of applicants for entry level positions due to current climate. People are making more money staying home than we can pay them to work for us with the unemployment benefits they are receiving. Some people also do not want to risk exposure.
4. Warranty labor hours for repairs dropping.
5. Perception of cost of service. The average customer believes we are more expensive than our non-dealer competitors for maintenance and competitive services.

Objectives

1. Improve number of customer pay and warranty repair orders per day
2. Improve morale in the shop
3. Develop ways to hold technicians accountable
4. Increase total gross profit margin to drive an increase in net profit
5. Become fully staffed with competent individuals and give them access to all training materials. Also, have the right person doing the training for the position.
6. Looking at more user friendly MPI systems for better understanding and full integration with our DMS.

Tactics

1. Market our dealership to all local hospitals and schools and offer pick-up/delivery services as well as discounts for all front line workers.
2. Develop process to perform maintenance and minor repairs on almost all other makes and models
3. Improve morale in the shop by holding weekly morning meeting for quick review of any new happenings in the dealership to keep them informed and recognize good performance
4. Provide a clear path of growth in technician positions so they know what is expected of them to receive promotions and pay increases. This will help motivate the employees to try to better themselves and also improve morale.
5. Put career opportunity posts on social media to help increase the number of applicants we receive for needed positions.
6. Start a weekly special promotion on our social media site to increase dealership visibility.
7. Start a referral program to try and increase customer repair orders and loyalty.
8. Getting a new MPI system that is fully integrated with our DMS to increase proficiency and be more user friendly to technicians and advisors.

Action Plan

Task	Role	Completion Date
Weekly Morning Meetings	Service Manager	Weekly
Contact all local hospitals and schools	Service Manager/Fixed Ops Director	11/30/2020
Look at different MPI options	Service Manager/Fixed Ops Director/GM	11/10/2020
Decide if using new MPI option and start to communicate changes to employees	Service Manager/Fixed Ops Director/GM	11/30/2020
Set up new social media marketing campaign	Service Manager/GM	11/20/2020
Develop process for working on other makes and models	Service Manager	10/30/2020
Put other make and model process in place	Service Manager	11/09/2020
Monitor amount of other makes and models coming in for service	Service Manager	Daily
Start referral program for customers	Service Managers/Service Advisors	11/02/2020
Come up with a career path document for all service personnel	Service Manager/Fixed Ops Director	12/16/2020
Present career path document and show current status for each employee	Service Manger	12/31/2020

Synopsis

Our Fixed Operations Departments do a great job of maximizing opportunities with the chances we get. Our major problem is being motivated and confident enough to go out and get more business. The shop morale being low really hurts proficiency during slow times and directly affects the moods of all employees in the departments. This morale issue is caused by some things that are out of control, but others that we can control.

By having weekly meetings with the staff to give them information about what is going on in other parts of the dealership and recognizing great performance, I believe some of these issues can turn around. I also believe that giving the staff a clear career path will provide them with goals that are achievable and will make them more willing to work hard during the slow periods.

We will also be incorporating a new MPI system that will be easier and more efficient for our technicians and parts department. This will make for better communication and less confusion between the departments which ultimately will help increase proficiency allowing us to service more vehicles in the same amount of time.

Our customers are going to become a priority. This is going to happen by showing them that we are here to handle all of their automotive needs by servicing other makes and models. Setting up this process will help with customer retention by keeping them out of non-dealer shops and will help drive up RO count. If we can maintain our current average numbers with the increase in repair orders the gross profit dollars will increase by \$20,000 per month if we can add just 7 additional vehicles per day.

Since we are starting to repair other makes and models, it makes it easier to advertise to employees at local schools and hospitals that we will pick-up and deliver their vehicles. This way we don't have to focus on only Honda customers, but can help all frontline workers in those facilities. The plan is to set up a discount code for all frontline workers that are slightly better than our online coupons to lure the customers into our dealership.

Our dealership will also start a referral program that was suggested in class with the hopes of bringing in new customers to our dealership and improving relationships with our current customers.

The last big change we will make is increasing our social media presence. This includes when looking for new talent and advertising for our service department. We will be putting a new service special on our social media pages weekly for that week only with a disclaimer asking the customer to check back next week for the new service special. This will increase visibility on our social media page which can help all departments including sales. The more cars we sell, the more we have to get ready for purchasers!

Our dealership can flourish in these uncertain times with the correct direction and processes in place. I look forward to seeing what we are truly capable of.