Fixed Operations 2 Service Homework

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Given I am based at Corporate with limited access to service advisors and techs at the store, I have done this analysis with other executives for Asbury with intimate Service/Fixed Operations knowledge of all the stores as well as my adopted store, Audi North Atlanta (e.g., Head of Fixed Operations, VP Store Accounting, other executives at Corporate).

Qualitative Analysis: Strengths

- Good benefits relative to other dealer groups; attractive pay plans
- Corporate infrastructure offering support and investment
- Talented, experienced Service Advisors and Technicians
- High quality shops (tools, training, space)
- IT infrastructure and software programs to leverage

Qualitative Analysis: Weaknesses

- Lack of consistent communication of updates and vehicle status
- Missed promised delivery times
- Appointment times not honored
- Loaner vehicle availability challenged
- Pictures/videos not sent to guest advisor (not using Xtime software)
- Advisors not aware of online specials; lack of product, process knowledge

Qualitative Analysis: Opportunities

- Growing complexity favors larger dealers with multi-brand
- High, growing demand for quality service
- New technology that improves appointment setting, tracking and completing repair work
- High turnover across entire sector means access to best advisors and techs if you can create a favorable work environment, a career path and attractive pay plans

Qualitative Analysis: Threats

- Growing competition in markets (especially Atlanta)
- Poor training leads to lower guest retention rates – most clients switch within three years
- Industry is consolidating – larger, better capitalized players can steal market share
- New business models that deliver value for guests

Objectives

- Create a consistent, positive experience for guests (foster loyalty)
- Increase GP with higher proficiency (target 125%)
- Reduce turnover for Sales Advisors and Techs
- Improve cycle time
- Improve CSI
- Improve Parts/Labor Ratio...target 1:1
- Reduce unsold labor hours

Strategies

- Invest in training – guest experience (phone, greeting, selling, uniforms), software (scheduling) and product knowledge
- Get better at cross-selling on RO's; leverage inspections by using software (photos, videos) and selling enhanced service
- Coordinate efforts between sales and parts (communicate across the store to create seamless experience)
- Improve labor scheduling and RO allocation using software tools

Tactics

- Hire professional trainers to draft training material, process maps and train Service Managers/Advisors
- Leverage service drive to complete free multi-point inspection; use XTime software to communicate with techs, guests (send pics and videos) to ensure optimal service appointment for guest and store
- Incentivize Service (adjust pay plans) to work with Sales and Parts to coordinate scheduling and RO's (ensure parts are in stock, boost tech efficiency, higher average RO)
- Invest in and track loaner cars to ensure higher convenience for guest (use GPS tracking)
- Launch mobile service units to improve CSI and overall guest experience
- Establish KPI's for tracking; create scorecard (Proficiency, RO's per tech, $'s per RO, Fixed Gross Profit)
- Institute daily Service huddle to review schedule, opportunities, issues

Task	Role	Completion Date
Hire trainers	GM	June 1st 2021
Draft training material and rollout to store(s)	Trainers, GM, Service Manager	September 1st 2021
Implement loaner tracking	Service Manager	June 1st 2021
Redesign pay plans for Service Manager and Techs	Corporate HR, GM, Service Manager	April 1st 2021
Upgrade Tech Facilities (locker room), purchase uniforms, invest in mobile units	Facilities, GM	July 1st 2021
Create Service Scorecard and distribute weekly	Accounting Manager, GM, Service Manager	March 1st 2021
Daily Service Huddle	Service Manager, Advisors	Daily – Start now
Upgrade website to better market service	IT, GM, Service Manager	April 1st, 2021

Synopsis:

As a public company with a Corporate Infrastructure, Asbury stores are well equipped to service guests and able to attract high quality talent in the Service and Tech areas. Going forward, it will be important to properly compensate Service Advisors and Technicians and also provide comprehensive benefits in order to retain the talent. But this is still not enough and turnover is still high. Employees need a positive environment with a good culture and a career path; so further investment in training is critical to success.

Although service proficiency and profitability are strong, we can do better by leveraging systems (Xtime), extending hours and coordinating with the rest of the store (Sales, Parts). Operating at high capacity can lead to poor guest experience due to missed appointments, lack of loaner cars and missed delivery times. Investment in creating more capacity and in new ways of servicing the guest (mobile repair units) will be needed to ensure higher revenue and gross profit, while also improving CSI scores.

The opportunity here is very attractive, but will require investment and training and a commitment from leadership!

100 RO Analysis Summary:

Repair Order Analysis Summary Report					
	Sales in Dollars		**FRH's on RO's**	**Averages**	**Analysis**
Competitive	$ 16,685	÷	156.45	= 106.65	FRH Average
Maintenance	$ 9,930	÷	61.92	= 160.36	FRH Average
Repair	$ 29,474	÷	185.70	= 158.72	FRH Average
Totals	$ 56,089	÷	404.07	= 138.81	Customer ELR
			Target Labor Rate	140.00	Per FRH
Total Ro's in Sample	100		Difference	-1.19	Per FRH

Cost of Labor

Total Cost of Labor	12893.29	÷ Total Sales	=	22.99%	Percent Cost of Sales
Total Cost of Labor	12893.29	÷ Total FRHs	=	31.91	Cost per FRH

Repair Order Measurements

Total Labor Sales	56,088.94	÷ Total ROs	=	560.89	Avg Labor per RO
Total FRHs	404.07	÷ Total ROs	=	4.04	Avg FRH's per RO
Menu Sales		÷ Total ROs	=		Percent Menu Sales
Competitive FRHs	156.45	÷ Total FRHs	=	38.72%	Percent Competitive
Maintenance FRHs	61.92	÷ Total FRHs	=	15.32%	Percent Maintenance
Repair FRH	185.70	÷ Total FRHs	=	45.96%	Percent Repair
One item ROs	1	÷ Total ROs	=	1.00%	Percent One Item RO

Model Year Analysis

2022	2021	2020	2019	2018	2017	Older	Total
0	1	1	8	16	11	63	100
0.00%	1.00%	1.00%	8.00%	16.00%	11.00%	63.00%	

Observations:

- Strong effective labor rate close to target labor rate
- Strong Gross margin of 77%
- High average FRH per RO
- Strong mix of higher ticket Repair work
- Good Service department generating strong gross profit and operating near full capacity
- Good job allocating hours across techs to optimize proficiency
- Opportunity to grow the business by extending hours, adding technicians