

NADA
Fixed Operations 2 – Service
Final Assignment

Malcolm R. Gage Jr.
Park Place Motorcars Arlington
Asbury – A04

Repair Order Analysis Summary Report

| | Sales in Dollars | FRH's on RO's | Averages | Analysis |
|----------------------|------------------|---------------|----------|--------------|
| Competitive | \$ 13,216 | 140.70 | 93.93 | FRH Average |
| Maintenance | \$ 15,153 | 114.40 | 132.46 | FRH Average |
| Repair | \$ 17,149 | 107.40 | 159.67 | FRH Average |
| Totals | \$ 45,518 | 362.50 | 125.57 | Customer ELR |
| Target Labor Rate | | | 183.60 | Per FRH |
| Total Ro's in Sample | 96 | Difference | -58.03 | Per FRH |

Cost of Labor

| | | | | |
|---------------------|---------|-------------|--------|-----------------------|
| Total Cost of Labor | 9764.05 | Total Sales | 21.45% | Percent Cost of Sales |
| Total Cost of Labor | 9764.05 | Total FRHs | 26.94 | Cost per FRH |

21.99 AVG TECH PAY

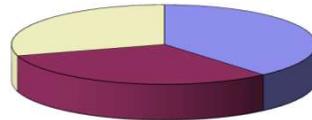
Repair Order Measurements

| | | | | |
|-------------------|-----------|------------|--------|---------------------|
| Total Labor Sales | 45,517.85 | Total ROs | 474.14 | Avg Labor per RO |
| Total FRHs | 362.50 | Total ROs | 3.78 | Avg FRH's per RO |
| Menu Sales | | Total ROs | | Percent Menu Sales |
| Competitive FRHs | 140.70 | Total FRHs | 38.81% | Percent Competitive |
| Maintenance FRHs | 114.40 | Total FRHs | 31.56% | Percent Maintenance |
| Repair FRH | 107.40 | Total FRHs | 29.63% | Percent Repair |
| One item ROs | 14 | Total ROs | 14.58% | Percent One Item RO |

Model Year Analysis

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | Older | Total |
|-------|-------|-------|-------|--------|--------|--------|-------|
| 0 | 2 | 9 | 7 | 10 | 14 | 54 | 96 |
| 0.00% | 2.08% | 9.38% | 7.29% | 10.42% | 14.58% | 56.25% | |

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair

Qualitative Analysis

Strengths

1. Team that works well together and always pushes to improve.
2. Turnover rate.
3. Morale between members.
4. Safety in the facility.
5. RO Turnover ratio
6. Clean facility.
7. Communication and accountability, lately there is a lot of finger pointing/blaming of the techs.
8. Excellent client service.
9. Getting work in and out timely.
10. Techs are eager to do the right thing.
11. Professionalism.
12. Great support from the management team.
13. Experienced members.

Weaknesses

1. Lack of consistent workflow.
2. Micromanagement on time clock policy even though we flag hours.
3. Valets not putting vehicles in the right locations.
4. Poor communication.
5. Getting consistent work in Sprinter.
6. Warranty labor times.
7. Clear and accurate webpay options.
8. Getting the correct parts ordered.
9. Work is not getting completed fast enough.
10. Staffing and scheduling.
11. Technicians pay.
12. Hourly wage mentality of ASM's.

Opportunities

1. ASM's to push for more customer pay work.
2. Building client relationships
3. Parts availability.
4. Better communication with the parts team.
5. Reduce unnecessary paperwork.
6. Technicians spending too much time on administrative work instead of working on cars.
7. Time management.
8. Shop equipment and maintenance – tools are broken or inoperative, shop door not working.
9. CDK tutorials/training to help improve job performance.
10. More techs and loaners are needed.
11. More employee recognition.
12. Performance feedback.
13. Shuttle driver.

Threats

1. Competition in the area giving better rates.
2. Location, visibility of the dealership.
3. Growth of the business.
4. Pandemic.
5. Political indifferences.

6. Poor support from Mercedes-Benz
7. Techs are having to do more test drives with clients – taking too long.
8. Clients financially unable to pay for repairs.
9. Advertising.

Objectives / Strategies / Tactics

Objectives

1. Improve communication between technicians, ASM's, and Parts department.
2. Review current Parts Department ordering process.
3. Increase customer pay hours per RO to increase overall repair work.
4. Implement new member annual review program under Asbury policy.
5. Develop and implement new strategies to reduce administrative work for technicians.
6. Increase visibility of member recognition programs and events.

Strategies

1. Require all service members and parts to attend a weekly department meeting to address any communication issues or opportunities.
2. Reduction of parts ordering errors by implementing a secondary review strategy.
3. Increase the CP hours per RO by .5 on each ticket.
4. Start the new Asbury annual review process and rollout the process to all members.
5. Review areas of opportunity to remove all work unrelated to technician repairs and productivity.
6. Create more awareness around member recognition and ensure that all members understand the process, events, and dealership team building programs.

Tactics

1. Conduct a weekly meeting every Tuesday and all members from Service, Parts, and the drive must attend to ensure proper communication.
2. Meet with the Parts manager to ensure that the correct members are aligned in the right roles, and review all orders that have been returned due to incorrect orders and coach those members for improvement.
3. Implement a monthly target for the ASM's to improve customer pay hours sold. Program would focus on adding an additional .5 hours to each RO in order to improve gross profit and technician productivity.
4. Rollout of the new Asbury annual review program and ensure that every member is up-to-date on their performance feedback. Implement a more aggressive onboarding program to ensure that new members are familiar with every department in the dealership.
5. Conduct an analysis to identify all unproductive tasks for technicians and find strategies to remove or reduce the need for them to conduct these tasks. Reassign unnecessary items to other members that are hourly, not flagging.
6. Ensure that member recognition events and team building events are properly communicated throughout the dealership and that time is set aside for everyone to attend if possible. For those members that cannot attend, find a way to include them with updates or gifts after the event ends.

Objectives / Strategies / Tactics

Action Plan

| <u>Task:</u> | <u>By Whom:</u> | <u>Completion Date:</u> |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|
| Ensure that all members attend a weekly meeting on Tuesdays at 8AM. | <i>Service Director, Parts Director</i> | <i>Ongoing.</i> |
| Conduct a member review regarding unsold/returned orders due to incorrect part. | <i>Parts Director, Parts Manager</i> | <i>March 1, 2021</i> |
| Implement new operating procedures to ensure that the right part is ordered the first time for all repairs. | <i>Parts Manager, Team</i> | <i>March 1, 2021</i> |
| Create accountability measures for the ASM's to manage to improve RO sales. | <i>Service Manager, ASM's</i> | <i>March 1, 2021</i> |
| Implement a productivity expectation for an additional .5 customer pay hours per RO for each ASM. | <i>Service Manager, ASM's</i> | <i>March 1, 2021</i> |
| Review the RO sales monthly to manage accountability for the additional sales expectations. | <i>Service Director, Manager, ASM's.</i> | <i>December 31, 2021</i> |
| Train the management team on the new Asbury Performance Review process. | <i>HR</i> | <i>February 1, 2021</i> |
| Conduct all overdue reviews for members and ensure that reviews are completed for each member. | <i>All Directors, HR, General Manager</i> | <i>December 31, 2021</i> |
| Review all administrative tasks that technicians are currently doing. | <i>Service Manager, Shop Foreman, Technicians.</i> | <i>February 15, 2021</i> |
| Implement strategies that can help reduce all unnecessary tasks for technicians to help improve productivity. | <i>Service Team, General Manager</i> | <i>March 1, 2021</i> |
| Post all member events in designated areas around the dealership for full visibility. | <i>Executive Admin and HR.</i> | <i>December 31, 2021</i> |
| Create member recognition events that adhere to current Covid-19 guidelines and ensure attendance by all members that can participate. | <i>Executive Admin and Hr.</i> | <i>December 31, 2021</i> |
| Work with all directors to improve individual member recognition throughout the year. | <i>General Manager, Directors</i> | <i>December 31, 2021</i> |

Synopsis

After reviewing the SWOT analysis sheets from our Service Department members, it is evident that every member has a lot of respect for the management team, and the overall processes that we currently have in place. The transition to Asbury and some additional administrative requirements has created some perception issues and caused many members to feel that there was an increase in “paperwork”. Through implementation of different operating procedures and better communication regarding the reasons for some of the new policies should improve the technician’s attitudes regarding these new policies.

Improving accountability is a continued opportunity and by developing additional protocols and performance metrics that the ASM’s can adhere to should increase RO’s per ticket and improve the workflow for the technicians. In addition, by making sure that every ASM is performing at the height of their ability should improve the department gross profit and sales, thus improving our fixed absorption percentage, one of our yearly strategic initiatives. Each ASM should be held accountable for these performance goals and coaching/performance programs should be conducted if they are not being met. There is no room for mediocrity.

Lastly, while communication is good within the dealership, the inter-departmental communication needs improvement. The technicians feel that the parts department is not communicating effectively, and this can create tension when we need consistent workflow. Therefore, including the Parts team into the weekly Service meeting should allow for many issues to be addressed and for the opportunities to improve. Also, the member recognition is currently at an extremely high level in our dealership, so I’m perplexed around the perception that there isn’t enough. We will reinforce the continued message of many dealership events being cancelled due to Covid-19 restrictions and continue to do individual recognition programs to improve dealership morale.