

Service Department Analysis for Jaguar / Land Rover Ottawa

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N326-01

Strengths

- The service department is viewed by many as having a good team generally with particular appreciation for the service advisors and the fact that they have a lot of experience between them. It is also seen as beneficial that the service manager was previously a technician for a number of years so has actual shop experience. The wider management team is also considered to be a strength for the dealership, as is the fact that we have a new parts manager who will hopefully be instrumental in improving how the service and parts departments work together.
- Although the facility generally is seen as a significant weakness, the fact that the shop has air conditioning is seen as a strength, boosting morale during the summer months. The fact that the techs are able to work on their own vehicles on Wednesday evenings is also viewed as being a benefit that is given to the techs and something that they appreciate.
- A significant amount of training is provided to the techs to ensure they are properly equipped to perform their roles. This is seen as representing a clear competitive advantage over other shops in the area when dealing with the Jaguar/Land Rover (JLR) product.
- We have strong relationships with loyal customers which will be beneficial when the new JLR dealership opens within the next couple of years.
- Our website is perceived as well designed and the fact it can be used to book service appointments is advantageous.

Weaknesses

- A number of issues have been noted in relation to our information technology (IT). There are too few computers with the belief that the techs should have one each. The number of Pathfinders is too low, network connectivity is considered to be poor and there are too few USB sticks available for the vehicle downloads that are required.
- The building is seen as a big detractor, including the general appearance, a roof that leaks, the exhaust hoses in the shop not functioning properly, poor ventilation generally, the shop heaters not working properly and a substandard lunch room. The service lot is also believed to be cluttered and poorly looked after and the availability of parking is not sufficient in tire season.
- The interactions with the parts department is seen as negative with required parts not being available, including those that are fast moving and should therefore always be in stock.
- Some of the special tools are missing, hindering the efficiency of the techs.
- The uniform company that is being used are not providing good service with damaged uniforms not being fixed or replaced and the uniforms are generally a poor fit.
- Although the training that is provided is a strength, the per diem that is granted for training that is provided out of town is considered to be too low. It is also believed that sales receive a higher per diem and/or food that is provided as part of their courses.
- Communication between departments is generally considered to be poor with lots of room for improvement.
- There is no shop janitor which means that either the techs need to do the cleaning, reducing the number of hours they can sell, or the shop becomes messy.
- There is no shop foreman to control the work.
- We do not appear able to retain competent service advisors.
- There is perceived to be a lack of organization which means that when a particular advisor is on vacation, nobody is aware of what they were working on and things then get missed.
- Having Volvo and JLR brands together is believed to be distracting and has an overall negative impact.
- There is a lack of advertising for the service department.
- There is a poor attitude within the shop.
- There are too few Medtronic battery keepers to meet JLR requirements.
- The history/story on work orders is insufficient if a new tech needs to take over a job.
- Items in the promotional show cases have poor pricing information and the process for purchasing these items is not clear and can be confusing for the customer.
- There is no designated staff for pick up/drop off of service cars for appointments but it is believed that this service is offered to sales customers.

- Poor attention to detail when closing invoices.
- The shuttle system for service customers is seen as being unreliable.

Opportunities

- Hire a shop foreman to assist with organization and work flow.
- Differentiate the store by focusing on the training provided to the techs.
- Upgrade to the lunchroom.
- Re-open the back parts desk and utilize a parts runner.
- Upcoming renovation to the building. Include epoxy for shop floor and re-arrange the shop floor to improve efficiency. Also take the opportunity to improve the shop ventilation.
- Use of integrated boxes.
- JLR brand is growing.
- Continue to utilize and build on the team that is in place.
- Avoid assigning work to techs to make up for other tech's deficiencies.
- Keep continuity of techs on a particular work order by ensuring the person who starts it sees the job through.
- Assist techs whose hours are short and not always help the same tech.
- Set aside the last 30 to 60 minutes of each Friday for the techs to clean the shop.
- Make use of the good location next to 417 highway by improving the signage facing the highway. At the moment, only the Volvo sign is clearly visible.
- Improve the showcases for promotional merchandise, including signs directing the customers to the merchandise and illumination of the items.
- Utilize available technology to allow communication with customers via text.

Threats

- The building and the poor impression that it gives to people who buy/own luxury vehicles.
- The new JLR dealership that will be opening within 24 months creating direct competition where none currently exists in the local market.
- Techs completing AC work without the required Ozone Depletion Prevention (ODP) card.
- Loss of techs with significant brand experience and training.
- Poor customer service.
- Low morale.
- Lack of advertising for the service department.
- Lack of brand separation between the JLR and Volvo franchises in the building.
- Poor internet connection causing vehicle downloads to crash part way through.
- Lack of respect and honesty.
- Limit the number of PDIs per tech n a given day.
- Potential customers not sufficiently aware of the location of the dealership.
- Crowded service lot creating a poor image with the customer and increasing the risk of lot damage.

Objectives

- Improve gross on customer pay repair order labour sales.
- Improve gross on warranty repair order labour sales.
- Improve the level of IT service being provided to the service department.
- Improve interaction between the service and parts departments.
- Ensure all required special tools are available.
- Increase service department advertising.
- Increase shop productivity.
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Strategies

- Eliminate the ability of the service advisors to discount work orders.
- Put a request in to the manufacturer to increase the warranty labour rate.
- Review IT support and equipment with the relevant IT personnel.
- Arrange meetings between parts and service managers.
- Perform physical audit of required special tools and replace any that are missing.
- Create an advertising campaign for the service department.
- Create a tech scheduling system to meet customer demand.
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Tactics

- The service manager must make all amendments to work orders for discounts and price changes.
- The service manager will monitor the effective labour rate on customer pay labour sales and once this reaches the required level, he will submit a warranty labour rate increase request to the manufacturer.
- The number of computers that are available to the techs will be reviewed to ensure they are sufficient. Connectivity speeds and reliability will be assessed to ensure they are adequate. Manufacturer approved USB sticks will be provided to each tech who will sign it out with the stick becoming the tech's responsibility.
- Weekly meetings between the parts and service managers will be scheduled to discuss any issues, to find improvements to their interactions and to generally make them work more closely together.
- The parts manager will review stocking requirements, particularly in relation to fast moving parts and make changes where necessary. Certain parts that are regularly used will be issued to each tech to be kept locked at their bays. The tech will be responsible for these parts, replacing any that go missing. The parts will be topped up each day by the parts department based on sales.
- Once all special tools are available, they will be moved from the shop to the parts department. When required, they will be signed out to the tech that needs them and that tech will be responsible for either returning the tool or replacing it.
- Advertise special discounts and offers. The advertisement will focus on the advantages of using an authorized dealer for the service, maintenance and repair of the customers Jaguar/Land Rover, differentiating the dealer from the independents by reference to the training and experience of the techs.
- The techs' schedules will be revised to better fit with traffic flow and the opening hours of the sales department.
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Action plan

Task	Responsible	Completion date
Remove access to discounting for everyone other than the service manager	Controller	Nov 1, 2017
Track customer pay effective labour rate and submit request for warranty labour rate increase once support for the increase is available	Service Manager	Feb 28, 2018
Review IT support and equipment and make changes where necessary	General Manager	Dec 1, 2017
Meetings for parts and service managers	General Manager	Weekly
Review of stock requirement set ups in CDK and update where appropriate	Parts Manager	Dec 1, 2017
Perform inventory count of all required special tools	Service Manager	Dec 1, 2017
Set up location in parts department for special tools and arrange sign in/out process	Parts Manager	Dec 1 , 2017
Create advertising campaign for service department	Service Manager / Marketing Manager	Feb 1, 2018
Adjust technician schedule to better fit customer demand and sales department hours	General Manager / Service Manager	Dec 1, 2017

Synopsis

The dealership has a number of strengths which the majority of the service department team are in agreement over. These include the strength of the team generally and the experience of the service advisors and service manager in particular.

There are a number of issues that need to be addressed though. The building is old and does not provide the right impression for the luxury brand that we are trying to sell. A major renovation is planned in 2018 that is required to fit the criteria being set by the manufacturer and this renovation should improve the building significantly.

Another common point of concern is the information technology not being sufficient to meet the needs of the techs. By reviewing the equipment and connectivity in the building, this concern can be rectified relatively quickly, hopefully improving the efficiency of the service department.

The interaction with the parts department was an item that has been raised by a number of individuals within the service team. A new parts manager has recently been hired which should remove the friction that existed between the techs and the previous parts manager. This is an ideal opportunity to improve the communication between the two departments to the benefit of both through regular meetings and updates.

Appendix A
Service Analysis

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 404.607	÷	110.18	=	3672.2
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 271.009	÷	106.00	=	2556.7
Internal	\$ 208.920	÷	110.18	=	1896.2
New Vehicle Prep	\$ -	÷		=	0.00
Total	\$ 884.536				8125.1

POTENTIAL

$$\begin{array}{r}
 \$ 884,536 \\
 \text{Total labor sales for month}
 \end{array}
 \div
 \begin{array}{r}
 8125.09 \\
 \text{Total hours billed}
 \end{array}
 =
 \begin{array}{r}
 \$ 108.86 \\
 \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 8.00 \\
 \text{\# Service mechanical technicians}
 \end{array}
 \times
 \begin{array}{r}
 8 \\
 \text{\# Hours/Day}
 \end{array}
 \times
 \begin{array}{r}
 118 \\
 \text{Working Days/Year}
 \end{array}
 =
 \begin{array}{r}
 7,552.0 \\
 \text{Clock Hour Avail}
 \end{array}$$

$$\begin{array}{r}
 7,552.0 \\
 \text{Clock Hours Available}
 \end{array}
 \times
 \begin{array}{r}
 \$ 108.86 \\
 \text{Effective Labor Rate}
 \end{array}
 =
 \begin{array}{r}
 \$ 822,146 \\
 \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{r}
 8,125.1 \\
 \text{Hours Produced}
 \end{array}
 \div
 \begin{array}{r}
 12,032.00 \\
 \text{Hours Available}
 \end{array}
 =
 \begin{array}{r}
 67.53\% \\
 \text{Tech Proficiency}
 \end{array}$$

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

FACILITY POTENTIAL

Number of Bays		8
	x	
Number of Days		155
	x	
Number of Hours		13
	x	
Effective Labor Rate		108.86
		<i>equals</i>
FACILITY POTENTIAL		\$ 1,754,899

FACILITY UTILIZATION

Total Labor Sales		\$ 884,536
	÷	
Facility Potential		\$ 1,754,899
		<i>equals</i>
FACILITY UTILIZATION		50.40%

Appendix B

RO analysis by tech

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$	3,452	÷	39.10	=	88.29	FRH Average
Maintenance	\$	14,496	÷	129.10	=	112.29	FRH Average
Repair	\$	27,791	÷	246.93	=	112.54	FRH Average
Totals	\$	45,739	÷	415.13	=	110.18	Customer ELR
			Target Labor Rate			108.00	Per FRH
Total Ro's in Sample		100	Difference			2.18	Per FRH
Cost of Labor							
Total Cost of Labor		12271.94	÷	Total Sales	=	26.83%	Percent Cost of Sales
Total Cost of Labor		12271.94	÷	Total FRH's	=	29.56	Cost per FRH
Repair Order Measurements							
Total Labor Sales		45,739.07	÷	Total RO's	=	457.39	Avg Labor per RO
Total FRH's		415.13	÷	Total RO's	=	4.15	Avg FRH's per RO
Menu Sales			÷	Total RO's	=		Percent Menu Sales
Competitive FRH's		39.10	÷	Total FRH's	=	9.42%	Percent Competitive
Maintenance FRH's		129.10	÷	Total FRH's	=	31.10%	Percent Maintenance
Repair FRH'		246.93	÷	Total FRH's	=	59.48%	Percent Repair
One item RO's		27	÷	Total RO's	=	27.00%	Percent One Item RO
Model Year Analysis							
2018	2017	2016	2015	2014	2013	Older	Total
0	4	12	9	5	5	65	100
0.00%	4.00%	12.00%	9.00%	5.00%	5.00%	65.00%	

