

Service Department Analysis for Kuni Lexus of Greenwood Village:

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Strengths-

- 1.) Managers and associates are professional, dedicated, and care. Although we have experienced some turnover in the shop there remains a core group of Managers and associates that continue to push the Holman Philosophy.
- 2.) Lexus Brand. Many associates are passionate about the brand and the Guest Experience. Industry leading dealership support.
- 3.) Loyal Customer Base. Lexus of Greenwood Village has a loyal following and many repeat Guests. They have established relationships with the associates that have been built on consistency and trust.
- 4.) Technology and software systems. Holman is a believer in adopting to new technologies and processes that enhance the Guest and associate experience. MyKaarma, AutoPoint, LYNK'D, Etc.
- 5.) Friendships at work. Many members of our staff have established friendships and choose to hang out outside of work.
- 6.) Updated Technician Pay Structure. In an effort to remain competitive in our market, we recently updated the Structured Base Pay for Technicians. We also refined our sign on bonus/ referral bonus to assist with hiring and recruiting.

Weaknesses-

- 1.) Outsourced support staff (Car Wash/ Service Valets) Wash quality is very inconsistent. Lexus Guests usually base their visit on the one thing they can visually judge, the Car Wash.
- 2.) Staffing challenges. (Technicians/ Support Staff) As mentioned above, Tech Pay plan has been recently updated however, we need to continue to recruit and maintain Associates.
- 3.) Formal training for new Associates. Although discussed over the years, we need to formalize a specific training regimen for new employees. They should spend time and familiarize themselves with the overall expectations and all areas of the store prior to beginning their new role.
- 4.) Service Advisor Pay plan. Pay plan has been in place for several years and lost its luster. Need to review to and update to drive increased excitement and performance.
- 5.) Relationships between Service Advisors and Technicians. Finger pointing rather than working together for the common good. We need better relationships and be able to count on one another to do the right thing.
- 6.) Dispatch process. Staying the course. Over the last quarter, we have changed/ updated the Dispatch process several times.
- 7.) Loaner availability. Due to Technician availability, vehicles can sit and promised times are being missed.

Opportunities-

- 1.) Team building exercises. Create challenges and ways to get the team working together during business hours. Most folks choose not to partake in Company activities outside of work as personal time away is deserved and appreciated. Make it fun!
- 2.) Expediting workflow. Ensuring today's work is done today. Checking in with Technicians and Advisors daily to identify and address issues with Work in Process.
- 3.) Improving the Guest Experience. Greeting Guests at the drive and being prepared for their visit (Example- Reviewing service history, previously declined items, guest information, and most importantly greeting the Guest upon arrival.)
- 4.) Listening to employee suggestions and capitalizing on feedback.
- 5.) Getting back to the basics. Doing what you commit to doing when you commit to doing it!

Threats-

- 1.) Competitive market for qualified associates. It's no secret we live in a competitive market and that as demand continues to rise, so does wages, sign-on bonuses, and the cost of additional employee benefits. Possibility of losing additional staff due to workload. Some Associates that carried the load through the pandemic are tired and feel overworked.
- 2.) Diminishing quality of the Lexus experience. The building, dress code, and accountability to providing an exceptional experience needs refocus. Over the last years the pride and care of the building has decreased. All Associates need to be given responsibilities to help maintain the look and care of the store. Shop equipment maintenance also needs to address.
- 3.) Service Efficiency dropping. Over the last year, our Service Efficiency and Service Retention numbers are declining.

Objectives / Strategies / Tactics

Objectives-

- 1.) 325 or more avg daily shop hours
- 2.) Improve HPRO to at or above 2.2
- 3.) Decrease One Line RO's
- 4.) Improve overall Dealership communication and employee morale
- 5.) Elevate Guest Experience
- 6.) Improve Service Efficiency by 5% as reported in Lexus DAAG.
- 7.) Improve accountability
- 8.) Improve Associate Experience

Strategies-

- 1.) Daily measurement of shop hours and Technician Proficiency
- 2.) Daily measurement of Service Advisor KPI's
- 3.) Budget meetings with Managers to allow for improved communication
- 4.) Daily Shop production review
- 5.) Loyalty discount for returning Guests
- 6.) Loaner Car staging for each side of the Service Drive

Tactics-

- 1.) 10 minute Huddle up meeting daily with Service staff.
- 2.) Tracking and posting Technician Proficiency.
- 3.) Weekly budget meeting by GM with Department heads
- 4.) Shared Technician/ Service Advisor spiff program
- 5.) Posting daily sales and leaderboard for Service Advisors
- 6.) Monthly review of Building maintenance needs with GM and Holman Maintenance Associate.

<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
Weekly Department Head Budget Meeting	GM	Weekly
Post daily sales and objectives for Advisors	Service Manager	Daily
Track and install Technician proficiency board	Service Manager	Daily
Review and plan Building Maintenance	GM/ Holman Associate	Monthly
Implement shared Tech/ Advisor spiff program	Service Manager/ GM	5/1/2021
Loaner car staging area	Loaner Admin/ Drive Manager	5/1/2021
10 minute huddle up meeting in Service	Service Manager	Daily
Implement loyalty discount	Marketing Dept. / SM	5/1/2021
Walk the shop/ Spend time outside of office	Service Manager	Daily
Team Building Exercise	GM/ Service Manager	6/1/2021
Track One Line RO's	Service Drive Manager	5/1/2021
Review Onboarding Process	GM	5/1/2021

Review Technician recruiting initiatives	Service Manager/ Recruiting	ASAP
Review Lexus DAAG Report/ Service Efficiency	Service Manager	Monthly
Technician Proficiency Meetings	Shop Foreman	Weekly
Review current car wash staff/ process	Service Manager/ Wash Manager	ASAP
Advisor ASR Training	Service Drive Manager(s)	Weekly

Synopsis-

In short, the Dealership is centrally located and extremely convenient for most Lexus owners, which gives it advantages over the competition. Not only was it the benchmark when it was completed in 2013, it has built itself on a luxury experience that was considered second to none. Having personal knowledge of this store for many years most of the areas I've outlined above are based on behaviors and perception however are the key drivers to the stores overall success.

After reviewing the SWOT exercise, it is evident that the Associates are asking for improved communication, stability, and a sense of direction. The refocus, engagement, and overall accountability will help drive the change needed to improve the Guest experience and Employee experience. With that, improvements to the bottom line will coincide.

The Service Manager is one of the hardest working individuals I have met however tends to take the "I got it" approach instead of fostering growth or challenging his people. Because of this, he is unable to stay ahead of his management tasks and therefore his attention to any one area is diluted.

By working with him to consistently manage his people and his expectations, we will start moving in a direction of growth rather than continuing to fall below the stores potential.