

## **Fixed Operations 2 Service Homework**

Your homework assignment is to evaluate your service department. A detailed analysis is required of the following areas, to include what you are currently doing, plans for improvement, how you plan to achieve the goals, and evaluate if the changes that are made are beneficial to the store. Some of you may not have the authority to make any changes as to the outcome of the recommendations, but you are still required to make the evaluations and recommendations that you would perform if this was your department.

- a. **100 Repair Order Analysis:** We need the summary page with your evaluation of the summary (recap) sheet.
- b. **Perform a complete Qualitative SWOT Analysis with an Action Plan:** Copy the ***Strengths, Weaknesses, Opportunities, and Threats*** sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets, tabulate the data and then set ***Objectives, Strategies, and Tactics***. Now it is time to create the ***Action Plan***. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location.

Use whatever time frame is best for you. You may use "Word" or PowerPoint. **Homework will only be graded if in a single document.** Please email it to us, or if it is too large, upload it to the dropbox in the homework dropbox. Once it has been uploaded, email us that it has been uploaded, so we may grade the assignment.



Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$ 2,200	÷	22.90	=	96.07	FRH Average	
Maintenance	\$ 2,495	÷	63.00	=	39.60	FRH Average	
Repair	\$ 4,931	÷	42.40	=	116.29	FRH Average	
Totals	\$ 9,626	÷	128.30	=	75.02	Customer ELR	
			Target Labor Rate		95.00	Per FRH	
Total Ro's in Sample	100		Difference		-19.98	Per FRH	
Cost of Labor							
Total Cost of Labor	2187.78	÷	Total Sales	=	22.73%	Percent Cost of Sales	
Total Cost of Labor	2187.78	÷	Total FRHs	=	17.05	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	9,625.50	÷	Total ROs	=	96.26	Avg Labor per RO	
Total FRHs	128.30	÷	Total ROs	=	1.28	Avg FRH's per RO	
Menu Sales		÷	Total ROs	=		Percent Menu Sales	
Competitive FRHs	22.90	÷	Total FRHs	=	17.85%	Percent Competitive	
Maintenance FRHs	63.00	÷	Total FRHs	=	49.10%	Percent Maintenance	
Repair FRH	42.40	÷	Total FRHs	=	33.05%	Percent Repair	
One item ROs	35	÷	Total ROs	=	35.00%	Percent One Item RO	
Model Year Analysis							
2022	2021	2020	2019	2018	2017	Older	Total
0	0	11	19	5	12	53	100
0.00%	0.00%	11.00%	19.00%	5.00%	12.00%	53.00%	

Our Summary showed we have issues with upselling on the drive. Our effective labor rate leaves a lot to be desired due to a lack of repair work being done. We are not generating hours per RO when we are at 1.28 hours per RO. 35 percent true one line RO's is way to high. My advisors are not doing proper walk around which is giving us an extremely low ELR at 75.02 when our door rate is 117.00. Discounting is not an issue as it is disabled to the advisors at this time.



## Qualitative SWOT Analysis

### Strengths

- Large Customer base
- Saturday hours for customer convenience
- Excellent parts availability
- Great team of technicians and advisors
- Experienced Senior Technicians develop new technicians
- Offer complimentary car washes with service
- Free tire rotations and road hazard with tire purchase is a big draw
- Excellent training for technicians
- Loyal customer base
- Technician pay plan incentivizes them to do proper inspections

### Weaknesses

- Need a competitive pricing board to instill value to customers
- Lack of space for technicians, single bay per technician
- No porters currently
- No shuttle service due to COVID 19
- Lack of hours per R.O.
- Employee shortage on service drive
- Lack of defined parking for vehicles waiting to be serviced.
- Large amount of recent recalls have no parts availability

### Opportunities

- Expanded hours to mirror sales department
- Advertise we can work on all makes and models
- Better out of area marketing can be utilized to gain customers from nearby Honda Dealers
- Install a competitive pricing board
- Hire a porter
- Hire an express advisor
- Hire a Saturday technician, currently only LOF/ROT on Saturdays
- Advertise our new car wash that is complimentary with any service
- Increase follow up after declined services via Xtime and Reynolds and Reynolds.

## Threats

- Large number of independent shops in the area that aggressively market
- Lack of night hours
- Lack of applications for open positions
- Longer service intervals on new Honda's
- Dealers in close proximity
- No shuttle services
- No sales to service handoff
- Warranty labor times are being slashed
- Not enough time being spent with each customer

## Objectives

- Get to full staffing and spend more time on 1 on 1 training
- Increase hours per R.O. by spending more time with customer during walk around and during MPVI review
- Utilize Xtime better for declined services and recommendations
- Decrease R.O's per advisor per day
- Remove Technician hour guarantee to incentive tech proficiency
- Market the service department aggressively
- Install a sales to service handoff during delivery
- Provide more convenient hours to customers

## Strategies

- Recruit good candidates for a porter and express advisor by offering sign on bonus or other incentives
- Install a competitive pricing board to show our value in comparison to independent repair facilities
- Hire and express advisor to alleviate workload from main shop advisors to enable them to spend more time with customers and perform better walk arounds
- Remove technician hour guarantee to increase proficiency
- Advertise we work on all makes and models
- Reduce the amount of sent out oil change coupons and focus on other repairs

## Tactics

- Utilize different recruiting methods to find candidates for service drive positions, we currently only use indeed.
- Focus marketing towards high Gross profit labor ops
- Market specific coupons to customers declined services
- Have penalties for salesmen who don't perform a proper sales to service handoff.



- Weekly review of technician proficiency
- Weekly review with service advisors about lost sales/opportunities
- Continue to focus on CSE, has been a highlight

#### Action Plan

- Remove Technician Hourly Guarantees to be implemented by service manager 5/1/2021
- Install competitive pricing board to be implement by Service Manager by 6/1/2021
- Recruit candidates for open positions to be done by Service Manager effective 5/1/2021
- Install sales to service handoff to be implement by Sales Manager 5/1/2021
- Have 1 on 1 meetings with technicians weekly with service manager starting 5/1/2021
- Have lost sale reviews weekly with advisors and service manager starting 5/14/2021
- Work with ownership to increase service hours as soon as possible
- Reinstitute shuttle service when COVID restrictions are lessened
- Advertise new car wash implemented by Detail Manager by 5/14/2021

#### Synopsis

We currently have a staffing issue in the service drive unlike many other facilities that are lacking technicians. The increased workload on my two advisors is limiting the ability to increase hours per R.O. and causing a lack of profitability. They will in times of heavy workload become order takers to prevent long wait times which is hurting the entire department. The CSE in the store is a bright spot so we must hire someone who is not going to cause any disruption to our CSE. Hiring of a porter will also allow more time for the advisors to spend with customer and not be moving cars out of the drive.

By increasing the time advisors can spend with customer we should see an increase in profitability by increased hours per R.O. We have a very full schedule and we need to better utilize the cars we have in the shop to generate more hours per R.O. as opposed to increasing the volume of cars per day.

Once fully staffed we can expand hours and generate more Gross Profit by taking advantage of new customers. Once hours are expanded we can aggressively market those expanded hours to gain back market share of customer we could never service previously. One way to gain that market share is to install a better sales to service handoff to keep our own customers. That handoff costs the dealership nothing and will create lifetime customers.