

# **Service Department Analysis for Kuni Honda**

Fixed Operations 2 (Service) Seminar 27

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## Repair Order Analysis Summary Report

|                      | Sales in Dollars | FRH's on RO's | Averages | Analysis     |
|----------------------|------------------|---------------|----------|--------------|
| Competitive          | \$ 6,632         | ÷ 78.80       | = 84.16  | FRH Average  |
| Maintenance          | \$ 3,577         | ÷ 30.40       | = 117.66 | FRH Average  |
| Repair               | \$ 2,478         | ÷ 16.10       | = 153.94 | FRH Average  |
| Totals               | \$ 12,687        | ÷ 125.30      | = 101.25 | Customer ELR |
| Target Labor Rate    |                  |               | 146.95   | Per FRH      |
| Total Ro's in Sample | 97               | Difference    | -45.70   | Per FRH      |

### Cost of Labor

|                     |         |               |          |                       |
|---------------------|---------|---------------|----------|-----------------------|
| Total Cost of Labor | 3049.55 | ÷ Total Sales | = 24.04% | Percent Cost of Sales |
| Total Cost of Labor | 3049.55 | ÷ Total FRHs  | = 24.34  | Cost per FRH          |

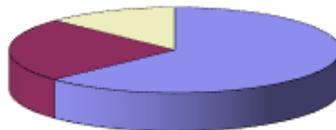
### Repair Order Measurements

|                   |           |              |          |                     |
|-------------------|-----------|--------------|----------|---------------------|
| Total Labor Sales | 12,686.98 | ÷ Total ROs  | = 130.79 | Avg Labor per RO    |
| Total FRHs        | 125.30    | ÷ Total ROs  | = 1.29   | Avg FRH's per RO    |
| Menu Sales        |           | ÷ Total ROs  | =        | Percent Menu Sales  |
| Competitive FRHs  | 78.80     | ÷ Total FRHs | = 62.89% | Percent Competitive |
| Maintenance FRHs  | 30.40     | ÷ Total FRHs | = 24.26% | Percent Maintenance |
| Repair FRH        | 16.10     | ÷ Total FRHs | = 12.85% | Percent Repair      |
| One item ROs      | 43        | ÷ Total ROs  | = 44.33% | Percent One Item RO |

### Model Year Analysis

| 2022  | 2021  | 2020  | 2019  | 2018   | 2017  | Older  | Total |
|-------|-------|-------|-------|--------|-------|--------|-------|
| 0     | 1     | 1     | 6     | 18     | 6     | 65     | 97    |
| 0.00% | 1.03% | 1.03% | 6.19% | 18.56% | 6.19% | 67.01% |       |

**Labor Mix**



Percent Competitive
  Percent Maintenance
  Percent Repair

### Qualitative Analysis- Strengths

- Honda trained technicians
- Customer retention
- Technician retention
- Convenient location
- Video MPIs
- All used car recon stays in-house
- Grow our people/technician training program in-house

### Qualitative Analysis- Weaknesses

- No work in the afternoon
- Short 2 advisors
- Lack of knowledge and sales experience for some advisors
- Parts and service don't get along sometimes
- Lack of urgency/willingness to help in the parts department
- Technicians have to go to the back parts counter frequently for their parts
- Waiters

### Qualitative Analysis- Opportunities

- Close back parts counter-parts department to run all parts to technicians
- Advisors view and sell recommended services timely
- Market to Parker and Castle Rock areas-we are closest dealer and those towns are growing exponentially
- Apply for warranty labor rate increase
- Become Pro-First Certified at our body shop so we can refer customers in-house for paint recalls and warranty extensions
- Advertise afternoon oil change specials or drop offs.

### Qualitative Analysis- Threats

- Other dealers that are close by
- Independent shops that are close by claiming to have Honda trained technicians
- More Hybrid vehicles and other models with extended maintenance intervals
- Hard to hire service advisors with experience. Very competitive area.
- Inability to control warranty or recalls. Need another airbag inflator recall.

## Objectives

- Increase daily appointment count-focusing on afternoons
- Increase hours per RO by using better sales tactics off of Video MPIs
- Decrease one-line ROs
- Increase recon efficiency to get used cars through shop faster
- Hire 2 advisors

## Strategies

- Send marketing e-mail campaigns for afternoon oil change specials
- Use 3<sup>rd</sup> party vendor for retention email service reminders and declined services
- Sales training for advisors
- Parts to be more efficient with used car P&As—one counterperson dedicated to used cars
- Referral program for technicians and advisors-bonus at hire, 6 months, and 1 year.

## Tactics

- Have our marketing emails include a link to schedule online to reduce phone calls
- Create bonus program for technicians based on proficiency
- Meet with Parts manager weekly to discuss issues and opportunities. Parts and service need to work together seamlessly
- Meet with each advisor weekly to review goals, hours, ROs.

## Action Plan

| <b>Task</b>   | <b>Role</b>                       | <b>Completion Date</b> |
|---|-----------------------------------|------------------------|
| Marketing campaign for afternoon oil changes                        | Service Manager                   | 5/1/2021               |
| Contact 3rd party vendor for retention and declined service e-mails | Service Manager                   | 6/1/2021               |
| Implement technician bonus program                                  | Asst. Service Manager             | 6/1/2021               |
| Implement referral bonus program for advisors and technicians       | Service Manager                   | 7/1/2021               |
| Weekly Parts and Service Manager Meeting                            | GM                                | Weekly                 |
| Weekly advisor meeting  | Service Manager                   | Weekly                 |
| Sales training for advisors   | Service Manager                   | 6/1/2021               |
| Create in-house outbound recall call lists                          | Service Manager                   | 5/1/2021               |
| Close back parts counter  | Service/Parts Manager             | 8/1/2021               |
| Reach out to DPSM regarding ProFirst Certification                  | Service Manager/Body Shop Manager | 7/1/2021               |

## Synopsis

Our service department has many opportunities to increase RO count, gross profit, hours per RO and decrease one-line ROs. We need to focus on hiring and training the right people. The referral bonus program will help us get the right people. Training needs to be a consistent part of our business.

We need to develop a good relationship with the parts department. Everyone needs to get on the same page and develop a sense of urgency. By closing the back parts counter, the technicians will be in their bays more, getting cars in and out more efficiently.

Creating the bonus program for technicians based on proficiency will create good morale in the shop, therefore increasing productivity.

Sales training for the advisors and utilizing the Video MPIs creates trust with our customers. We will also get a better work mix. More sold hours will also help with a warranty rate increase.

Overall, these opportunities for change are measureable, achievable and trackable. I am excited about creating a more profitable department and in turn having a better life for our employees and their families.