

Service Department Analysis for Ryan Chevrolet

N326-35

Shane Prough

Strengths

- Good Access to GM and other web based programs to assist in quick estimate preparation
- Good Customer Satisfaction focus. Service Manager and Service Advisors make customer satisfaction calls the day after service. This allows our customers an opportunity to voice their experience and if repair is to their expectations.
- Service Advisor Team works well together. The service manager conducts a daily morning meeting that outlines individual and team goals and expectations.
- High volume allows for opportunity to gain technical experience. Our Quick Service Department has been in place for seven years and has grown our service department. Technicians have wonderful opportunity to see early and late model vehicles to keep their skills honed for the ever advancing automotive industry.
- Facility up to date, remodel complete three years prior.
- Weekly Service Advisor Training with Chris Collins University. All service advisors in the Minot locations get together and review a different course presented by Chris Collins. This has allowed our team to be cross trained and fill in at a different location if necessary.
- IT Department is cutting edge. We have great access points to allow customer check in to happen outside if necessary. We strive to give our customers their best experience by allowing them to remain in their comfort zone, at their vehicle.
- Premium amenities in customer wait lounge include large screen television, comfortable seating, coffee, snacks, reading material, and child's play area.
- We are a company with a long standing interest in the community, 1974 to be exact, and have remained family owned ever since.
- In good central location on main thorough fare.
- Climate controlled service drive for customers to drive into and stay out of inclement weather.

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Weaknesses

- Training to technicians on full use of X-Time and Dealertrack to have full integration with parts counter employees, booker/dispatcher and advisors.
- Service advisors don't always perform a proper meet and greet nor conduct the vehicle walk around 100% of the time.
- The booker/dispatcher is often difficult to locate. Service technicians lose proficiency, efficiency, and productivity ratings.
- Management does not listen to employee concerns.
- Poor morale of some service staff members has widespread affect throughout service department.
- Lack of loaner vehicles. Too often, customers are disappointed in having to wait for courtesy vehicle or having to wait in customer lounge.
- Communication amongst departments needs drastic improvement.
- Newly hired service advisors don't have basic car knowledge
- As we are aggressively getting into the tire market, it would be nice to get another tire machine and alignment rack.

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Opportunities

- God Father/Apprentice Technician Program to “Grow your Own” and create loyal techs.
- Conduct Monthly One on One’s with employee and manager.
- Offer Military discounts or promotions to all of those that are currently in the service and all veterans.
- Start marketing the service department to the community.
- Grow parts department for better opportunity for same day service and faster fill rates for our customers.
- Educate Business Development Center employees for them to gain a better understanding of basic car knowledge.
- Stronger Social Media presence.
- Focus on customer retention.
- Attract customers from the recently closed New Town store.
- Install non-dealer competitive pricing board.
- Mirror service hours to sales hours. Currently, we close at 5 PM on weekdays and sales closes at 7 PM on weekdays. There is 12 hour gap each week between sales hours and service hours.
- Convenience. Offer a pick-up and delivery service to the local hospital and public school system for those that have difficulty leaving work to have their vehicle serviced.
- Multiple companies in North Dakota for energy division create a unique fleet service opportunity. We need to aggressively market to them for maintenance on their vehicles.
- Our overall proficiency hovers in the 90% to 95% range. There is some unapplied time we can make use of.
- Labor Gross Profit percentage is at 66% year to date. We have great opportunity to increase gross if we can get proper work mix to proper skilled technician.

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Threats

- Over the past two years, Ryan Chevrolet has seen a drop in customer pay service repair orders. The slow decline can be attributed to the slow-down of the oil economy in our area. We had a big oil boom that lasted approximately seven years. We are now in the process of adjusting to the new normal. The concern is that if it continues to slow, how much more it will affect the service department.
- There are multiple independent repair shops and parts stores in our market. The independent shops are open on Sundays. They also are more convenient to their customers by staying open longer than us.
- Oil Field pays more in our market and makes it difficult to attract good talent. We have lost several good technicians to the oil field and have difficulty replacing them.

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Objectives

- Work on increasing customer pay repair orders by .3 tenths of an hour. We can accomplish this by doing a comprehensive multi-point inspection on EVERY vehicle through the door. We can focus on the low laying fruit, such as wiper blades, batteries, tires, brakes, and filters.
- Change service manager pay plan and remove guarantee. Pay plan needs to be more challenging and designed towards performance. The idea is to pay more and expect more.
- Change booker/dispatcher pay plan and remove guarantee. It needs to be pay for performance and designed to motivate a proper work mix distributed to the proper technician.
- We currently have six advisors for fourteen technicians. We need to get this down to three advisors.
- Begin a daily parts manager and service manager meeting to discuss parts inventory. It is critical to success to be able to offer same day service to our customers.

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Strategies

- Mirror Service hours to meet sales hours.
- Market Ryan Chevrolet to the school system and oil field fleet companies.
- Strive toward 3 months of 100% proficiency by distributing proper work mix to right technicians. This will help minimize unapplied labor.
- Work closely with the sales department to make sure the service department has an increased number of loaner vehicles to offer our customers.
- Shop competition quarterly to make sure we are competitive and display non-dealer pricing.

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Tactics

- Adjust technician schedule to four ten hour shifts to mirror sales hours.
- Implement Service Manager Pay plan to focus on gross generated throughout shop.
- Implement new booker/dispatcher pay plan to focus on hours generated in shop and proper work mix to avoid feeding the technician.
- Attend daily service advisor meeting to stay abreast of daily goals determined by service manager. Help service manager adjust accordingly if we are not pacing towards forecast.
- Attend parts manager and service manager meeting to make sure we are discussing proper parts mix.

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Action Plan		
<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
Track parts fill rate and lost sales	Parts Manager	Ongoing
Service Manager Pay Plan	General Manager/Service Director	1/1/2018
Booker/Dispatcher Pay Plan	General Manager/Service Director	1/1/2018
Non-Dealer Competitive Pricing Board	Service Manager	12/1/2017
New Service Hours to mirror sales hours	Service Manager	1/1/2018
Weekly Parts/Service Managers Meetings	General Manager	Ongoing
Godfather/Apprentice Program	Service Manager	12/1/2018
Tracking Lost Sales to improve Parts Mix	Parts Manager	Immediately
Marketing Service Department	Service Manager/Marketing Manager	Ongoing
Improving .3 Tenths of an hour per R/O	Service Advisors	Immediately
Proper Service Advisor/Technician Ratio	Service Manager	1/1/2018

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Synopsis

There is opportunity that has yet to be mined. We have done business the same way for many years. In doing so, there may have been some status quo satisfaction. By adjusting hours to mirror sales, we may be giving ourselves an opportunity we have never capitalized on. There is potential for more production. There is potential to get our gross profit percentage to increase. There is potential to increase fixed absorption and take more deals on the front side. By monitoring parts mix, we can capture a greater percentage of same day sales and minimize our customer's time to think about the repair. By displaying a competitive pricing board, we can offer greater transparency to our customers and eliminate the perception that dealerships overcharge.

Adjusting pay plans to pay for performance should help production. This could help eliminate unapplied labor time.

Our service manager and marketing manager will form a new bond. This is uncharted territory for the both of them. We spend very little in advertising and marketing. This will help to grow our fleet business.

I look forward to the sixth month analysis and see where improvements have been made.