

**Bentley Truck Services, Inc**  
**Ryan Fisher & Jim Hawthorne**  
**ATD Fixed Operations 2 Service**

**Final Homework**

**Qualitative Analysis-Strengths**

1. Service technicians are very well versed in repairing the units we service. They understand the common failures/issues.
2. Office staff is customer focused from being in the Lease/Rental field. We strive for customer satisfaction on all repairs.
3. Repair order documentation is on point. Rarely have issues explaining repairs/justifying costs. RO is a product of the Dealership.
4. Large customer base, from 1 owner trucks to 20+ fleets.
5. Highly respected fully trained dealership in area.
6. Consistently focus on maximizing labor GP%. Average 125%+ Efficiency over past 5 years.
7. Very large shop capacity can fit 17 trucks into shop. Can maximize with more technicians.

**Qualitative Analysis- Weaknesses**

1. Low technician level causes our cyclic rate to be longer than it should. We struggle at times turning customer repairs due to staff capacity.
2. Some lower end techs struggle at proper diagnostics so the Foreman and Lead Tech must spend time assisting.
3. Foreman assisting with working on trucks but not clocked onto the repair order; salary being paid but not being recovered as billed hours on repair orders.
4. Current shop hours are 7-5pm. We really need to get back to 7-9pm to properly load shop work.
5. Parts department tends to take excessive amount of time to procure parts or estimates. Multiple times, the incorrect parts are ordered by no fault of the technician.

**Qualitative Analysis- Opportunities**

1. Hire 4 more technicians to properly service customer base. We have been holding back since Covid. We have hired an internal recruiter and are working with headhunters as well.
2. Outside sales/service person to grow business further. Continue increasing our marketing presence in area.
3. Work to get our service specials in front of customers. We struggle to consistently push our menu pricing.
4. Continue increasing our marketing presence in area. Work to get our service specials in front of customers. We struggle to consistently push our menu pricing.

5. On Site customer warranty checks for "Fleets". This can continue to grow our customer base and provide a service that very few dealerships provide.

### **Qualitative Analysis-Threats**

1. Independent shops selling very low labor rates to gain our customers.
2. Technician Shortage, industry shortage will continue to grow.
3. OEM pushback on OLH. Reduces our GP% for warranty labor. Cannot control this due to rep.
4. Pop up logistic companies that have purchased poorly maintained vehicles and then bring to our shops for repairs. These customers have low C.O.H. and tend not to continue repairs after diagnostics are performed due to cost of repairs.

### **Objectives**

1. Create and utilize a parts ordering system to properly track parts orders.
2. Develop a commission system for technicians based on proficiency.
3. Reduce the life cycle time of repair orders.
4. Grow gross % on repair orders by having all locations utilize menu pricing spreadsheets on all possible vehicles.
5. Daily OOS meeting at 9am to include SM, SA, FM, DA and PM. Go over daily workflow and effectively update customers daily.
6. Take shop hours from 7-5pm to 7-9pm to properly service customer base.

### **Strategies**

1. Utilize 3<sup>rd</sup> party website Utilisphere for technician parts ordering system. Use process designer and create custom ordering/tracking.
2. Create spreadsheet to track time available per month vs time billed. Create a tiered commission program that allows technicians to increase monthly take home that stresses greater productivity.
3. Enact Action Plan created to reduce cyclic rate of repair orders.
4. During daily OOS meeting, review open vehicle repairs and target customers that can benefit from previously created menu pricing spreadsheet. Educate customers on importance of OEM maintenance intervals.
5. Also during daily OOS meeting, review parts on order, incoming work, current work in process.
6. Move 2<sup>nd</sup> shift start time from 8:30am to 1:30pm to effectively service customers and complete more repairs daily. Request parts specialist to stay until 6pm to assist 2<sup>nd</sup> shift technicians.

## **Tactics**

1. Director of Service creates online parts system.
2. Director of Service provides monthly reporting of proficiency to payroll.
3. SA, DA, and FM are tasked with following Action Plan provided.
4. Stress to customers the importance of OEM maintenance intervals, utilize past warranty denials examples due to failed maintenance.
5. Meeting should only be 20 minutes max, review open WIP and incoming work. Target customers as previously stated.
6. Provide shift differential hourly payroll increase of \$1.50 per hour for any technicians working on second shift.

## **Synopsis**

Over the years, we have had some turnover for the parts specialist position. This has proven to be a struggle as we have had to source new employees, provide training, and create new working relationships. We have seen a decrease in proper parts ordering, stocking of fast-moving parts, as well as extended times to receive a parts estimate for retail customers. In lieu of this, we will create an online process for parts ordering. This process is started by the technician and has fillable areas for RO Number, Vehicle VIN, proper line where the part is to be charged out, and what parts are needed. Once the technician completes the online form, it is put into a queue that all members of the service team can see, it time stamps it and then forwards a separate email to the parts specialist. Once the parts specialist completes the task, it is then sent to the SA for approval. This system will be most beneficial for all working on the task.

Although our efficiency numbers are over 113% collectively in the shop, our proficiency numbers are lower. We have seen extended road tests that could be done by a runner, time spent assisting other technicians while not properly tracking time, and finally, every technician wants to get paid more of a wage. Creating a commission program based on proficiency, this puts the technician in control of their paycheck. We will create a 3-tiered system with 3 levels of monthly commission from \$150-\$300 per month increase. If a technician consecutively hits the goal for 3 months consecutively, the commission payout will double. Once explained to the technician, we believe this will be the incentive needed to help gain in many areas.

The shop is currently at a cyclic rate of 11.9 days. This can be reduced as far too often, we let a live repair order sit for multiple days waiting for customer approval instead of pushing customer for decision. See Action Plan on following pages.

We have created a menu pricing spreadsheet for the entire service staff that provides quick pricing numbers, as well as vehicle intervals. The idea is to speed up the time of estimates to customers as well as increase our GP% as many of the OEM maintenance services can be performed concurrently with other tasks. Our team struggles to push these services daily. We will work towards selecting target customers during our

OOS meeting and then educate the customer as to why OEM maintenance is important. As a dealer, we have seen countless times engine, transmission, or differential failures denied warranty as the routine services were not performed at prescribed intervals.

We will have a daily OOS at 9am with the SM, SA, DA and FM. We will review the open WIP, incoming appointments and stacking jobs up for technicians to have more on their daily schedule than what can be performed in an 8-hour day. This way any overflow can be immediately worked on the following morning. Having a daily OOS meeting allows the technicians to come into work every morning and go directly to work on repairs instead of waiting for the office staff to set up each technician. We will also review open parts orders and estimates. Following the meeting, the DA will provide daily updates to customers to keep the communication line open and current.

At the start of the pandemic, we were forced to reduce our work force by 4 technicians. Now that we are emerging from it, it has proven extremely difficult to fill those positions. As such, this has forced the dealership to reduce working time from 7am-9pm to 7am-5pm. This has drastically reduced the ability for the dealership to properly service customers. We have seen increases in repair times, substitute vehicles for Lease customers, as well as an increase in breakdown services due to the inability to properly maintain our assets. We are now in the position where we must move 2 technicians to the second shift start time of 1:30pm. Even though the staff numbers are not ideal, we must do this to meet all our goals. To incentivize the two technicians that will be moved to the second shift, we will provide a shift differential hourly rate of \$1.50 over their base wage. Lengthening the work day will also allow us to service more retail customers during their downtime as most are completed their workday around 4pm daily.

Our mission statement is "Committed to Excellence," and we will strive to meet this in all aspects of our dealership.

## SERVICE OPERATIONS ASSIGNMENT – ACTION PLAN

**S** Specific    **M** Measurable    **A** Achievable    **R** Relevant    **T** Time bound

What is your goal? What do you want to achieve? From what metric? To what metric? By what date?  
Example: "I will decrease my 5K run time from 30 minutes to 21 minutes by June 15, 2020."

**S** **M** **T**

How does this goal align with or support your dealer's vision?  
What are the BENEFITS of achieving your goal? What are the CONSEQUENCES if you don't?  
Why is this goal important to you?

**R**

**FIXED OPERATIONS 2 – SERVICE**

What specific actions or steps will you take to accomplish your goal? What will you do differently or improve?

For each, be sure to include necessary resources, who is accountable, the measurable result, and dates.



SPECIFIC ACTION/ STEP	NECESSARY RESOURCE(S)	ACCOUNTABLE PERSON(S)	EXPECTED RESULT	START, END, & CHECK POINT DATES

## SERVICE OPERATIONS HOMEWORK – ACTION PLAN

How will you track your progress? Where will you find the information? How often will you check in?

**S M A T**

Potential Obstacles?

**A**

Potential Solutions?

**A**

**BOTTOM LINE!** What is the financial impact (expressed in dollars) of achieving your goal?

**S M R T**

**CONGRATULATIONS!** You’ve accomplished your goal! You added or adjusted policies, procedures, and behaviors. Now what? How will you ensure you and your staff do not fall back into the previous habits that produced poor results? Be specific.

**S A**

### Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Truck	\$ 37,182	\$ 31,633	85.08%	72.40%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 8,590	\$ 7,169	83.46%	16.73%
Warranty Other			0%	0.00%
Internal	\$ 5,582	\$ 1,248	22.36%	10.87%
NVI / Road Ready			0%	0.00%
Adj. Cost Of Labor			0%	0.00%
<b>Total</b>	<b>\$ 51,354</b>	<b>\$ 40,050</b>	<b>77.99%</b>	<b>100.00%</b>

## Service Department Profit Centering

Expense Category	Dollar Amount		% of Gross	Profile
Department Gross	\$	40,050		
Variable Expense	\$	1,084	2.71%	
Selling Expense			0.00%	
Personnel Expense	\$	34,441	86.00%	
Semi-Fixed Expense	\$	8,829	22.04%	
Fixed Expense	\$	11,736	29.30%	
Unallocated Expense			0.00%	
Dealer's Salary			0.00%	
Total Expenses	\$	56,090	140.05%	
Net Profit	\$	(16,040)	-40.05%	

# ATD ACTUAL SERVICE ANALYSIS

## Performance

	Labor Sales / Month		Hourly Labor Rate		Hours Billed
Customer Truck*	\$ 37,182	÷	145.00	=	256.4
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 8,590	÷	145.00	=	59.2
Internal	\$ 5,582	÷		=	0.00
New Vehicle Prep	\$ -	÷		=	0.00
<b>Total</b>	<b>\$ 51,354</b>				<b>315.7</b>

## POTENTIAL

$$\boxed{\$ 51,354} \div \boxed{315.67} = \boxed{\$ 162.68}$$

Total labor sales for month

Total hours billed

Effective Labor Rate

$$\boxed{5.00} \times \boxed{8} \times \boxed{21} = \boxed{840.0}$$

# Service mechanical technicians

# Hours/Day

Working Days/Month

Clock Hour Avail

$$\boxed{840.0} \times \boxed{\$ 162.68} = \boxed{\$ 136,654}$$

Clock Hours Available

Effective Labor Rate

Labor sales potential

How proficient are your technicians ?

$$\boxed{315.7} \div \boxed{840.00} = \boxed{37.58\%}$$

Hours Produced

Hours Available

Tech Proficiency

### FACILITY POTENTIAL

Number of Bays

15

x

Number of Days

21

x

Number of Hours

10

x

Effective Labor Rate

\$ 162.68

*equals*

FACILITY POTENTIAL

\$ 512,452

### FACILITY UTILIZATION

Total Labor Sales

\$ 51,354

÷

Facility Potential

\$ 512,452

*equals*

FACILITY UTILIZATION

10.02%