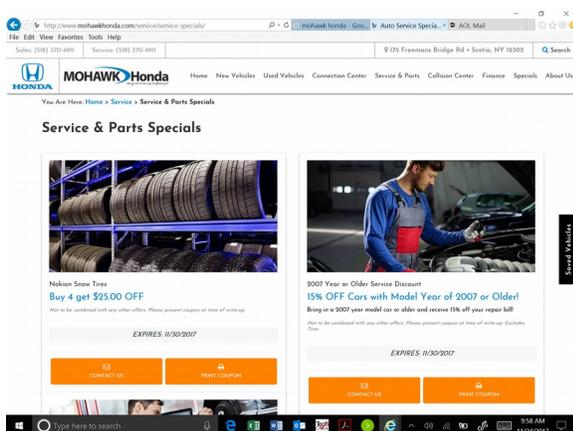
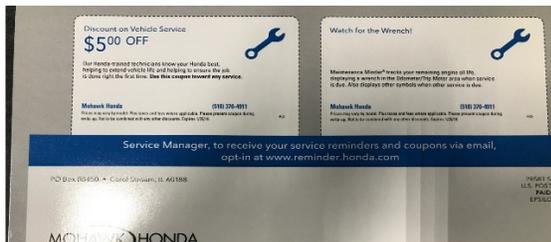
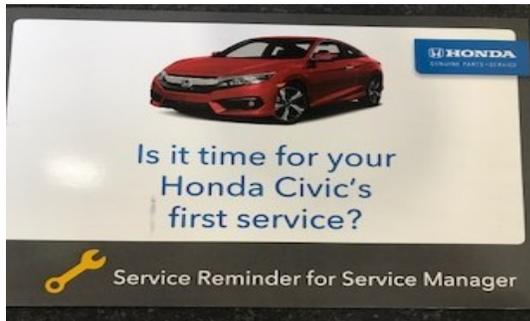


SERVICE DEPARTMENT ANALYSIS FOR



Lindsey Haraden Class: N327

Advertising: Keeping our dealership in front of our customers...



- We send out HONDA mailers to all current customers. (see example)
- Every 90 days we send mailers to “inactive customers”- haven’t been in for 9 months.
- Conquest mailers based on zip code.
- Monthly email blast goes out to all current customers.
- Our social media consultant promotes what is going on in service both monthly and daily. They promote our current web specials, as well as post pictures of our employees in action daily
- Our Website has monthly coupons: <http://www.mohawkhonda.com/service/service-specials/>
- Our sales CRM sends out service reminders based on purchase date. 6 month service, yearly inspection reminders
- **Future Target:** Market to multi-car households. We want to improve our mix of work to include off brands. We are also considering offering a

multi-car discount like car insurance.

Marketing: Non-Dealer Survey:



Compare our prices

| | MOHAWK Honda | Firestone | Monroe | Pepboys |
|--|-----------------------------|---------------------------|---------------------------|---------------------------|
| OIL/FILTER CHANGE SYN BLEND <small>STARTING AT</small> | *\$34⁹⁵ | *\$52⁹⁸ | *\$24⁹⁹ | N/A |
| OIL/FILTER CHANGE SYNTHETIC <small>STARTING AT</small> | \$34⁹⁵ | \$69⁹⁸ | \$64⁹⁹ | *\$69⁹⁹ |
| TRANSMISSION FLUID <small>STARTING AT</small> | **\$99⁹⁵ | \$94⁹⁹ | \$134⁹⁹ | \$179⁹⁹ |
| COOLANT <small>STARTING AT</small> | **\$99⁹⁵ | \$94⁹⁹ | \$99⁹⁹ | \$107⁶⁵ |
| BRAKE FLUID <small>STARTING AT</small> | **\$109⁹⁵ | \$113⁹⁹ | \$79⁹⁹ | \$69⁹⁹ |
| REAR DIFF FLUID <small>STARTING AT</small> | **\$89⁹⁵ | \$89⁹⁹ | \$124⁹⁹ | \$79⁹⁹ |

Prices as of 9/1/17. * Based on 4 quarts. ** Drain and fill. Flushes are NOT recommended by Honda.

And remember... our Honda-trained technicians use Honda-approved Diagnostic Equipment and we install Genuine Honda parts!



Potential: Get back to our basics! “We go out of our way to please you!” 10 reasons why to service @ Mohawk Honda. Push Non- Honda, we service all makes!

Penetration: We target specific zip code for not only conquest customers, but our current.

Competition: We advertise that we will honor any Honda competitor coupons.

Our Facility Utilization: 92.64 %

| FACILITY POTENTIAL | |
|----------------------|---------------|
| Number of Bays | 25 |
| | x |
| Number of Days | 26 |
| | x |
| Number of Hours | 10 |
| | x |
| Effective Labor Rate | 91.53 |
| | <i>equals</i> |
| FACILITY POTENTIAL | \$ 594,945 |

| FACILITY UTILIZATION | |
|----------------------|---------------|
| Total Labor Sales | \$ 551,131 |
| | ÷ |
| Facility Potential | \$ 594,945 |
| | <i>equals</i> |
| FACILITY UTILIZATION | 92.64% |

Our Technician Proficiency: 83.44%

NADA ACTUAL SERVICE ANALYSIS

| | <i>Labor Sales / Month</i> | | <i>Hourly Labor Rate</i> | | <i>Hours Billed</i> |
|------------------|----------------------------|---|--------------------------|---|---------------------|
| Customer Car* | \$ 255,651 | ÷ | 115.00 | = | 2223.1 |
| Customer Truck* | \$ 40,526 | ÷ | 115.00 | = | 352.4 |
| Customer Other* | \$ - | ÷ | | = | 0.00 |
| Warranty | \$ 70,551 | ÷ | 115.00 | = | 613.5 |
| Internal | \$ 184,403 | ÷ | 125.00 | = | 1475.2 |
| New Vehicle Prep | \$ - | ÷ | | = | 0.00 |
| Total | \$ 551,131 | | | | 4664.2 |

POTENTIAL

| | | | | | |
|----------------------------------|---|----------------------|---|-----------------------|-----------|
| \$ 551,131 | ÷ | 4664.16 | = | \$ 118.16 | |
| Total labor sales for month | | Total hours billed | | Effective Labor Rate | |
| 21.50 | x | 10 | x | 26 | = 5,590.0 |
| # Service mechanical technicians | | # Hours/Day | | Working Days/Month | |
| 5,590.0 | x | \$ 118.16 | = | \$ 660,531 | |
| Clock Hours Available | | Effective Labor Rate | | Labor sales potential | |

How proficient are your technicians?

| | | | | |
|----------------|---|-----------------|---|------------------|
| 4,664.2 | ÷ | 5,590.00 | = | 83.44% |
| Hours Produced | | Hours Available | | Tech Proficiency |

Production Method: Conventional

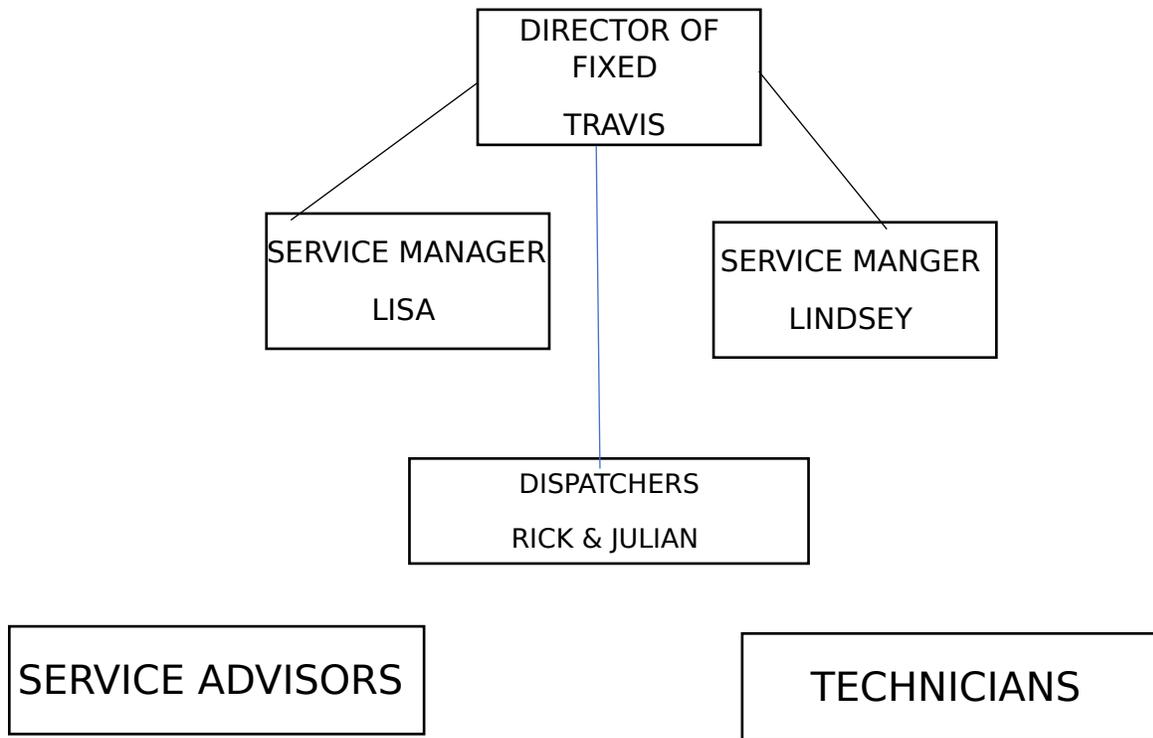
We currently have 1 technician assigned to every 1.5 bays. Our shop is currently organized in a conventional manor, where our technicians report to the shop

dispatcher, who works side by side our 2 service managers.

**Each technician operates essentially as an independent businessman and is responsible only for his individual production specialty.

(page 108 Nada workbook)

SHOP ORGANIZATIONAL CART:



Analyze Cost of labor:

| Category | Sales | Gross | Gross as % of Sales | %Sales Contribution |
|--------------|------------|------------|---------------------|---------------------|
| Customer Car | \$ 255,651 | \$ 202,776 | 79.32% | 46.39% |

| | | | | |
|--------------------|-------------------|-------------------|---------------|----------------|
| Customer express | \$ 40,526 | \$ 31,021 | 76.55% | 7.35% |
| Customer Other | | | 0% | 0.00% |
| Warranty | \$ 70,551 | \$ 59,752 | 84.69% | 12.80% |
| Warranty Other | | | 0% | 0.00% |
| Internal | \$ 184,403 | \$ 155,454 | 84.30% | 33.46% |
| NVI / Road Ready | | | 0% | 0.00% |
| Adj. Cost Of Labor | | \$ (9,034) | 0% | 0.00% |
| Total | \$ 551,131 | \$ 439,969 | 79.83% | 100.00% |

| Category | Sales | Gross | Gross as % of Sales | %Sales Contribution |
|------------------|------------|-------------|---------------------|---------------------|
| Customer Car | \$ 121,041 | \$ 17,224 | 14.23% | 21.96% |
| Customer express | \$ 116,577 | \$ 2,481 | 2.13% | 21.15% |
| Customer Other | \$ 112,112 | \$ (12,263) | -10.94% | 20.34% |

| Expense Category | Dollar Amount | % of Gross | Profile |
|--------------------|---------------|------------|---------|
| Department Gross | \$ 394,003 | | |
| Variable Expense | \$ - | 0.00% | |
| Selling Expense | \$ - | 0.00% | |
| Personnel Expense | \$ 201,844 | 51.23% | |
| Semi-Fixed Expense | \$ 107,689 | 27.33% | |

| | | | |
|---------------------|------------|--------|--|
| Fixed Expense | \$ 35,280 | 8.95% | |
| Unallocated Expense | | 0.00% | |
| Dealer's Salary | \$ 7,360 | 1.87% | |
| Total Expenses | \$ 352,173 | 89.38% | |
| Net Profit | \$ 41,830 | 10.62% | |

Change in Expense Structure:

| | |
|--------------------------------------|------------|
| Customer Pay Gross Profit % | Gross |
| Total Service Dept. G.P. % | 79.83% |
| Parts / Labor Ratio (Cust. Pay Only) | 0.27 |
| Total Service Dept. Expenses | \$ 352,173 |

Pay Plans:

Service Manager:

Weekly:

- \$800 Salary
- \$800 Drawn

Monthly:

- 3% of service department adjusted gross (less ad/policy)
- \$100 per VSC sold
- Flat Commission paid based on total month end gross
- Vehicle & gas paid for by MH

Yearly:

- \$5000 bonus if CSI is = or greater than 91%

Service Advisor:

Weekly:

- \$600 Salary
- \$600 Draw

Monthly:

- 1.75% of total department gross (less ad/policy)
- 100 per VSC contract
- 10% of accessory sales (2K Min.)
- Hours/ RO Bonus
- Labor Gross Bonus



Detailed Performance Programs:

SERVICE ADVISORS:

Weekly one on ones:

- Trackers for declined work
- Missed opportunities (recalls)
- Tracker for accessory sales
- Where are you now... How far away are you from where you want to be- what can we do as a team to get you to your goal.

Monthly Recaps:

- Where did you finish for the month?
- What is your goal for next month?
- What will you try differently from last month, or what worked that you will continue to do this month?
- What can Mohawk Honda do for you to make you more successful at your job?

Yearly performance review:

- Discuss strengths shown throughout the year. (positive feedback)
- Talk about goals set- were they met? If not, why? What can we do differently in the new year? What didn't allow you to meet goal?
- Where would you like to see yourself next year?
- Go over training completed/ what is currently available.
- Go over CSI

TECHNICIANS:

Yearly performance review:

- Discuss strengths shown throughout the year. (positive feedback)
- Talk about goals set- were they met? If not, why? What can we do differently in the new year? What didn't allow you to meet goal?
- Where would you like to see yourself next year?
- Go over training completed/ what is currently available.

Level of Current Training:

Service Advisors:

Manufacturer requirements:

- Interactive Network Training
- All open tests completed on IN
- Awareness of all open recalls, campaigns, & bulletins with Honda
- CSI above 89%

Minimum Training requirements:

- 10 Cardone Trainings a week
- DMS Trained

Non-Express Technicians

Manufacturer requirements:

- Up to date on all web training on Honda Interactive network.
- Training available for all recalls & open bulletin campaigns
- Utilize Tech Line: Hotline to call advise on various Honda repairs

Minimum Training requirements:

- NYS Inspector License
- Prior technician experience (no set year requirement)
- DEEP Trained

Express Technicians:

Minimum Training Requirements:

- Experience is preferred but not required
- NYS Inspection License is a plus
- DEEP Trained
- Minimum ex
- press tech training on IN

SPECIALTY TOOLS:

BEFORE:



AFTER:



100 Repair Order Analysis & Evaluation

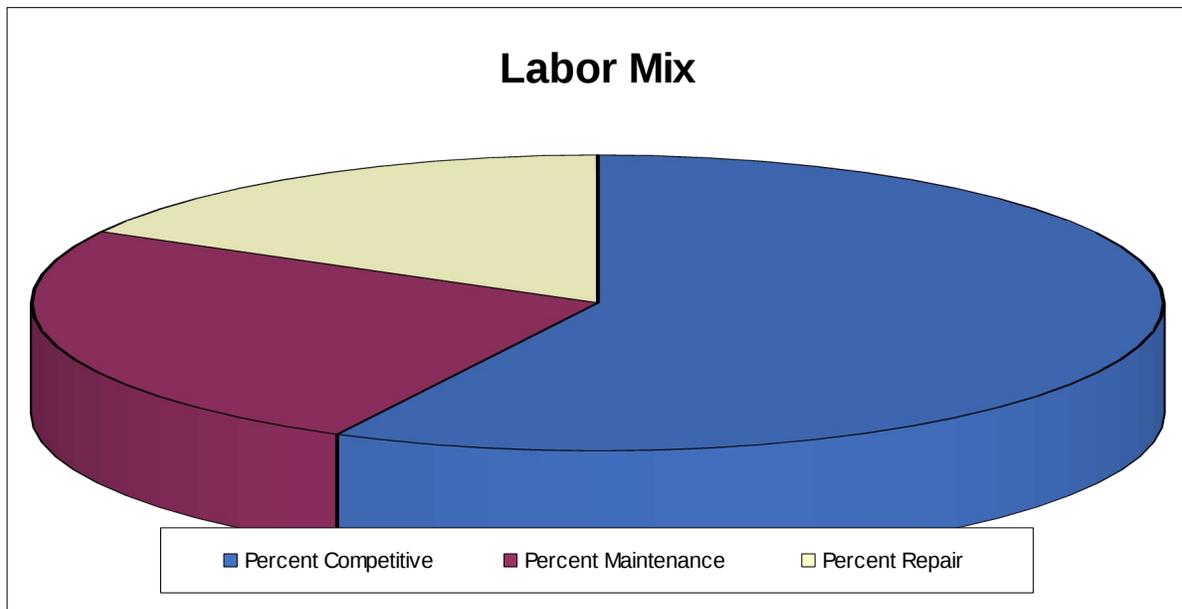
Recap

Repair Order Measurements

| | | | | | | |
|-------------------|-----------|---|-------------|---|--------|---------------------|
| Total Labor Sales | 14,891.27 | ÷ | Total RO's | = | 148.91 | Avg Labor per RO |
| Total FRH's | 180.00 | ÷ | Total RO's | = | 1.80 | Avg FRH's per RO |
| Menu Sales | | ÷ | Total RO's | = | | Percent Menu Sales |
| Competitive FRH's | 103.70 | ÷ | Total FRH's | = | 57.61% | Percent Competitive |
| Maintenance FRH's | 45.70 | ÷ | Total FRH's | = | 25.39% | Percent Maintenance |
| Repair FRH' | 30.60 | ÷ | Total FRH's | = | 17.00% | Percent Repair |
| One item RO's | 22 | ÷ | Total RO's | = | 22.00% | Percent One Item RO |

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | Older | Total |
|-------|--------|--------|--------|-------|-------|--------|-------|
| 0 | 11 | 23 | 17 | 9 | 5 | 34 | 99 |
| 0.00% | 11.11% | 23.23% | 17.17% | 9.09% | 5.05% | 34.34% | |

Model Year Analysis





QUALITATIVE SWOT ANALYSIS:

Strengths:

- We do whatever it takes to make the customer happy
- We perform work in a timely manner with a professional staff
- Properly Trained Technicians
- Our presence in giving back to the community
- Great systems in place for day to day business
- Great environment to work in, support from upper management
- Good at retaining talent among the workforce
- Vehicle exchange program
- Competitive pricing
- Family atmosphere
- Up to date on the latest technologies
- Found co-workers to be helpful, supportive and approachable when needing help

Weaknesses:

- Lack of prior experience
- Our service advisors are not sales people
- Our current walk around process
- Service Advisors being selective with which customers with choose

- Managers not properly delegating tasks
- No sense urgency to answer in-coming calls, answering page for S.A
- Poor scheduling allocation
- Our customer “WE OWE” process
- Technician proficiency
- Apathetic attitudes
- Lack of respect for other teammates
- Absence of accountability
- Declines work process

Opportunities:

- Continual coaching
- Ask for positive customer feedback, suggestions for future service
- Doing a contest to reward customers for the positive feedback, obtain more customer emails
- Setting daily shop sale goal (labor)
- Servicing all makes and models
- Scheduling next service appointment at check out
- Promote availability of loaner vehicles
- Routine coaching of staff
- Improve sense of urgency
- Improving the scheduling practices

Threats:

- Bad attitudes
- WE OWE process
- Poor departmental communication
- Processes in place not being followed 100% of the time
- Service advisors not acknowledging customers in the drive
- Free tires rotations for life at competitive tire places
- Competitive coupons

Objectives:

1.) Improve check in process/ walk around in the service drive, increase hours/ RO

2.) Have clear scheduling practices, improved communication on schedule blocks

3.) Give our employees every opportunity to excel at their position- coaching

- 4.) Create a clear expectation of all employees and up hold consistencies for each employee
- 5.) Service more off brand vehicles
- 6.) Increase sense of urgency and customer experience
- 7.) Increase tech proficiency.
- 8.) Create a clear procedure on how to handle owed work
- 9.) Improve SOP process
- 10.) Decrease unnecessary discounting

Strategies:

- 1.) Create a step by step check in process, where service managers are more hands on with customers in the service drive.
- 2.) Improve appointment scheduling practices by increasing the number of appointments scheduled by service advisors.
- 3.) Service managers will call on declined work.
- 4.) Market to all makes and models, multi-car homes
- 5.) Encourage team to learn from one another- so many year cumulative experience.
- 6.) Provide additional training to all employees; coaching
- 7.) Hold quick daily meetings for non-shop service employees, forecast for the day, and any upcoming announcements.
- 8.) Train all S.A on how to handle work owed to a customer from the sales department, "WE OWE" process.
- 9.) Schedule all SOP appointments before the part comes in

Tactics:

- 1.) Hold daily service advisor meetings both as a group and individual. Meeting with service advisors one on one will be a good coaching opportunity.

- 2.) Continue to hold monthly shop meetings, go over goals and objectives for that week.
- 3.) Devise a scheduling system to better meet the customer demand.
- 4.) Train all service advisors to become sales people.
- 5.) Implement a base statement and key word tracks to improve the customer experience.
- 6.) Create a multi- car/ single house hold program
- 7.) Create a detailed performance reviews (see above)

ACTION PLAN:

| Tasks: Date: | By Whom: | Completion |
|---|---|-------------------|
| One on one coaching sessions with S.A | Service Managers | Weekly |
| Hold weekly shop meetings, go over goals and objectives for that week. | Shop Foreman/ Director of Variable Op | Weekly |
| Devise a scheduling system to better meet the customer demand. January 1, 2018 | Shop Foreman/ Director of Variable Op | |
| Train all service advisors to become sales people. | Service Managers | February 28, 2018 |
| Implement a base statement 2017 | Service Managers | December 18, |
| Create a multi- car/single house hold program 2018 | General Manager/ Director of Variable Op | January 30, |
| Service manager begin calling on all declined 2018 Work | Service Managers | January 1, |
| 100+ RO Analysis | Service Manager | Weekly |
| Daily service manager meeting | GM/ Director of Variable Op | Daily |

Synopsis:

The biggest weakness our service department has is communication. In implementing our action plan, we hope strengthen communication across departments as well as with our customers.

Starting in the drive we want to improve the communication between advisors and our customers by implementing a base statement and improving the walk around process. Each customer should be greeted the same way, and introduced to their personal service advisor. Many of our service advisors aren't even telling their customers their name when they are checking them in.

Devising a better scheduling process to better meet our customers demand will improve the customer experience. Overbooking is a common problem, which result in extended wait times and unhappy customers. We hope in better allocating our appointment we will also increase CSI scores.

Weekly coaching session will allow our service manager to continue to train our service advisors. We want to work on word tracks and overcoming objections. When a customer has a concern about price, each advisor will be educated to handle just about anything that comes their way. We currently have a non- dealer competitive board displayed in our drive. Our service advisors need to refer to it when faced with customer who wants an arbitrary discount.

Having the one on one training sessions with our advisors will also give the management staff an opportunity to train each advisor on what they feel they need help with individually. Implementing a detailed performance review process will also aid in holding our employees accountable.

Calling on all declined work will now be done by our service managers. In doing this we hope to capture more work we wouldn't have been able to previously. Service managers will also be required to do 100 RO pull and analysis weekly. In doing so they will have a better picture of who is servicing with us.

When doing our 100 RO analysis it was shown that MH services primarily HONDAS. We have devised a plan to market to off brand owns and multi-car families. We are going to work into our walk around process, an interview with the customer. Asking if they have any other vehicles at home in their garage will be part of that survey. We hope to devise a program that will give a discount, much like car insurance for households that service multiple vehicles with us.

Lastly, holding daily meetings with our service management team as well as weekly meeting with our technicians, we hope to improve communication and provide a truly enjoyable atmosphere and experience when choosing to service their vehicle at Mohawk Honda.