

Service Department Analysis for:

“Bob Baker Subaru”

Nathan Thompson

Class N386

Student #27

Strengths

1. Collectively there is over 75 years of automotive experience on the service drive.
2. Expanded Service express department to better serve Subaru's expanding UIO.
3. Service manager puts trust in every advisor to make their own decisions to better serve their customer's.
4. Having a second off site facility to manage the pre delivery inspection and preowned reconditioning of vehicles frees up capacity and productivity within the main shop.
5. Our current amenities can give our customer's that are waiting a more pleasant time at the dealership.

Weaknesses

1. Due to covid, we had to shorten the hours of operations by an hour every day.
2. Currently not offering shuttle service due to personal /covid challenges which puts more stress on customer drop off process and loaner fleet/strategy.
3. Being the only Subaru store in the area, our service drive is overflowing with vehicles from many other cities that do not have access to Subaru Dealerships. This has impacted our “days out” for appointments.
4. Hand washing all vehicles that have requested a wash is very time consuming and inefficient and can affect the express service and customer pickup processes.
5. There currently isn't a consistent repeatable sales process that utilizes current technology or tools.
6. Due to current workload and backlog of vehicles, we don't always have the resources to help out with spur of the moment customer issue and fix issues on the spot.
7. Currently without a warranty administrator and it is causing issues with W.I.P.
8. The sudden loss of the General Manager and Business Office Manager that both had over 30 years of experience.

Opportunities

1. Investing and being proactive in the future of the automotive industry and electric vehicles (equipment, training, personnel, etc.)
2. Preinstall OEM accessories onto stock units and further develop sales process to increase profitability in the service department.
3. Enhancing our relationship with our customer base by leveraging OEM financial support and supporting local community events.
4. Switching to a superior DMS that will better track relevant information/metrics to drive profitability and better serve our customers.
5. A recent departure of another OEM point at the dealership has opened up multiple avenues for improvement including shop capacity, advisor offices, customer lounge access, and ultimately increased R/O's.

Threats

1. Vehicles are becoming more technologically advanced (EV transition) and that is going to impact the way customers service and maintain their vehicles.
2. The current state of the global economy and relating pandemic causing logistical, hiring, and supply chain challenges.
3. Moving into the "EV era" will cost the store a significant upfront expense due to special tools, training, personal, charging systems, and equipment.
4. The OEM has been limited regarding availability of in person training due to covid
5. Due to the current state of the automotive industry, it is more difficult to recruit and hire qualified technicians
6. Store to be renovated and under construction. It will cause stress and confusion within the service drive and potentially impact customer service and resulting surveys.

Objectives

1. To streamline daily appointment process and shop loading/capacity with the goal of increasing daily R/O's and hours per R/O sold.
2. Implement a consistent and repeatable service department sales process utilizing technology and available tools/resources in order to increase upsell/CP business.
3. Drive ELR from current level (approximately \$120) to target of \$155.
4. Increase customer service survey scores to above region average YOY/YTD.
5. Move the current 75% productivity rate up to 90% as initial goal, then push towards 100%+.

Strategies

1. Working with OEM to raise both the warranty labor rate as well as warranty parts reimbursement.
2. Recently repurposed now non occupied body shop for more service bays.
3. Improve customer survey response and scores by designating employee to contact customers after service visit completed.
4. Changed uniform companies to help control expenses.
5. Recently purchased more special tools that are often utilized.
6. Utilizing local rental car companies that the OEM will subsidize when loaner cars run out.
7. Implemented service meetings in order to strategically shorten preowned recon turn time.

Tactics

1. Implementing monthly improvement meetings attended by GM, Service Manager, Shop Foreman, Lead Advisor.
2. Changed the shop foreman's pay plan to increase productivity.
3. Increasing door/repair labor rate and parts markup due to shipping and availability of supplies.
4. Having a paint booth in house to provide reconditioning and contributing to service department internal profitability.
5. Advanced the prerequisite requirements (training, tools, preload common parts) to qualify for Subaru's Express program.
6. Measure/mystery shop Service BDC performance.
7. Cross training management to prevent any issues or downfalls related to coverage.

Action Plan

Task Date	By Whom	Completion
Subaru Tech Training	Service Manager & Shop Foreman	12/31/2021
Advancing shop supplies and tools	Service Manager & Shop Foreman	3/31/2022
BDC mystery shop measurement appointment setting process	Service Manager	6/31/2022
Finalize Service express certifications through the Manufacturing	Service Manager & Shop Foreman	12/31/2021
Adjust the pay plan for the shop foreman to better reflect productivity	General manager & Service manager	12/31/2021
Consistent sales process utilizing technology (menu, tablet)	General Manager, Service manager, & Lead advisor	3/31/2022
Establish monthly improvement meetings within service department management.	General Manager & Service Manager	12/31/2021
Establish management structure to run detail department	Service Manager	12/31/2021
Forecasting/goal setting for monthly performance	Service Manager, Lead Advisor & Shop Foreman	12/31/2021

Summary

The dealership is set up for success. We have a great foundation and some of the best management in the business. Everyone is a team player and always coming up with great ideas for improvement within the department. From initiatives that will better operations, increase profit, the management staff has instilled trust into every single person in the service department. This enables the team to efficiently make decisions on the fly if they benefit the customer and the dealership.

Subaru is supportive in terms of tech training. They offer a plethora of levels and classes. We offer incentives to the technicians to further their factory training and help the store continue to grow.

To help sell more work and streamline the write up process, we have gotten iPads and created a better menu system. Advisors will now be able to show customer's different menus regarding service and easier explain what the vehicle needs without the customer even leaving the comfort of their car.

We happen to be one of the more popular and sought-after dealerships in southern California. It has affected us positively overall but also negatively regarding our service process and customer service. Long wait times, no available loaner cars, less one on one time with customer's, etc. Not only does this hurt our service survey scores, but left unchecked, will also result in customer defection.

To better move forward and better help our customers, we are going to start implementing various practices. Things like utilizing new technology and a better service menu structure. We are also in motion to going as far as utilizing what empty space we have left over after consolidating the body shop. Giving us the space for more lifts and room for special tools.

If we continue to implement the plans that we have put forward and continue the momentum that we have already established, the store is poised to be one of the top Subaru dealerships and Service Departments in the United States!

Repair Order Analysis Summary Report				
	Sales in Dollars	FRH's on RO's	Averages	Analysis

Competitive		\$ 5,282	÷	63.75	=	82.86	FRH Average
Maintenance		\$ 3,748	÷	40.05	=	93.57	FRH Average
Repair		\$ 8,804	÷	53.60	=	164.25	FRH Average
Totals		\$ 17,834	÷	157.40	=	113.30	Customer ELR
					Target Labor Rate	155.00	Per FRH
Total Ro's in Sample	100				Difference	-41.70	Per FRH

Cost of Labor

Total Cost of Labor	4268.70	÷	Total Sales	=	23.94%	Percent Cost of Sales
Total Cost of Labor	4268.70	÷	Total FRHs	=	27.12	Cost per FRH

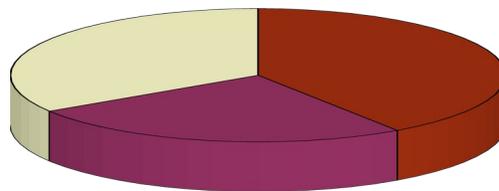
Repair Order Measurements

Total Labor Sales	17,833.73	÷	Total ROs	=	178.34	Avg Labor per RO
Total FRHs	157.40	÷	Total ROs	=	1.57	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	63.75	÷	Total FRHs	=	40.50%	Percent Competitive
Maintenance FRHs	40.05	÷	Total FRHs	=	25.44%	Percent Maintenance
Repair FRH	53.60	÷	Total FRHs	=	34.05%	Percent Repair
One item ROs	37	÷	Total ROs	=	37.00%	Percent One Item RO

Model Year Analysis

2022	2021	2020	2019	2018	2017	Older
2	5	12	20	6	15	40
2.00%	5.00%	12.00%	20.00%	6.00%	15.00%	40.00%

Labor Mix



■ Percent Competitive ■ Percent Maintenance ■ Percent Repair