

SERVICE DEPARTMENT ANALYSIS FOR DORAL TOYOTA

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Class: 383B

STRENGTHS

1. Long Tenured Staff

-Most of our management team and Technicians have been with us for 10+ years and have a great working relationship. Although our ASM team is less experienced, the core of our department has stayed intact for quite a while.

2. Huge Local Market Area

-Being a metro Miami dealer in a large populated market gives us the added advantage of having a consistently busy drive without having to do much advertising. We are centrally located within the market which makes it a convenient stop for customers.

3. Large and Updated Facility

-We built our service department in 2014 which had to be compliant with the latest updates for facility requirements. We have 42 bays and 20 technicians which gives us ample ability to grow the service business exponentially.

4. Blank Check From Ownership

-The owner is gracious enough (and has the cash flow to back it up) to allow our service manager to do whatever he thinks is best for the department. Whether this be bringing on third party vendors, hiring more staff, etc. He has given our service manager a “blank check” to utilize any tool that will help increase gross profit. However, there does have to be a direct correlation to ROI.

WEAKNESSES

1. Amount of Competition

-Although we are in a great market, there is an extremely high percentage of independent repair facilities in our local market. These consist of both big names and mom and pop shops. We've noticed that price-conscious customers have taken their business to the independent's due to low pricing.

2. Pricing Stigma

-For years we were run as a high gross/low volume dealer, which included both sales and service. Although we had changed our business model close to 5-6 years ago, there is still a "high-price" stigma that we fight on a daily basis.

3. "Old School" Mentality

-Although we have a very tenured staff, this also brings an old school thought process. Our management team is very set in their ways and do things the way they have always done them. There is a bit of hesitancy to try new things or use automated tools that might help the department.

4. Lack Of Repair Work

-Although we excel in maintenance and warranty work, there is a serious lack of high grossing repair work. Although I've always heard the excuse that we have a low-income customer base, I believe this is due to a lack of insufficient sales ability.

5. NO SALES TRAINING!!

OPPORTUNITIES

- 1. Bringing in third party vendors to automate our manual processes.**
- 2. Exploding local population ripe with opportunity**
- 3. Increase marketing spend to advertise below market rates**
- 4. Open the department limited hours on Sunday's to mirror sales**
- 5. Sales training for all ASM's**
- 6. Start implementing video into sales process**
- 7. Display comparison pricing in the drive**

THREATS

- 1. The abundance of EV's due to come to the market might decrease our servicing potential for these vehicles in the future.**
- 2. Our reliance on continued local traffic might hinder our ability to fully concentrate on every customer that comes through the drive.**
- 3. Independent mom and pop repair facilities "low ball" pricing might not allow us to compete for certain business.**
- 4. Opening up 7 days a week could "burn out" our staff. Managing schedules will become increasingly important.**
- 5. Hiring new employees, specifically in the lube pit and ASM's, has become increasingly difficult. This could lead to the department being understaffed.**

OBJECTIVES

- 1. Increase number of CP repair RO's**
- 2. Increase CP GP per RO**
- 3. Increase drive traffic**
- 4. Improve sales ability of ASM's**
- 5. Improve internal and customer facing processes**

STRATEGIES

- 1. Open limited hours on Sunday's**
- 2. Implement a sales training for all ASM's on a continual basis**
- 3. Increase marketing budget to advertise pricing and branding**
- 4. Continually monitor competitive labor pricing with local repair shops**
- 5. Implement third party tools to automate manual processes**

TACTICS

- 1. Open a few hours on Sundays as a beta test for traffic. As traffic increases, so do the hours of operation**
- 2. Hire an outside sales training company to do a routine sales training for all ASM's. We will also implement a shadow program for any new hires.**
- 3. Mystery shop local repair shops every 2 weeks to monitor current pricing and discounts offered.**
- 4. Search for third party vendors that might help with customer outreach, customer communication, and equity mining of customer base.**
- 5. Devote a yearly advertising budget for service department to utilize as needed.**

ACTION PLAN

<u>TASK</u>	<u>BY WHOM</u>	<u>COMPLETION</u>
Implement Sunday opening on limited basis	General Manager	January 3 rd 2022
Research tools to automate processes	Service Manager	Feb 1, 2022
Monitor local ind. market for current rates	Service Manager	Every 2 weeks
Put together digital and tv ad for pricing and branding	Adv. Director/Service Manager	January 3 rd 2022
Search for company to implement sales training	Service Manager	Feb 1, 2022
Track before/after ASM performance after training	Service Manager	Every 2 weeks

SYNOPSIS

When looking at competing Toyota dealers in our surrounding areas it is evident that there much improvement to be made. We are considerably lacking in our CP labor sales and GP, as well as overall department gross profit. I believe this can be directly attributed to a number of things, but is most directly affected by our sales ability on the drive as well as our advertising and internal processes.

I believe that if we automate a lot of our customer facing processes, implement a true sales training for ASM's, and increase our advertising spend to the general public, we can significantly increase our drive traffic and GP per RO. This combined with opening the department on Sunday's will ultimately lead to an increase overall department gross profit and keep us in-line with other large Toyota stores in our area.