

# Service Department Analysis for Coggin Honda on Atlantic Sergiy Pilyayev Asbury A05



## Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	\$ 3,425	÷	61.90	=	55.33	FRH Average
Maintenance	\$ 2,986	÷	26.80	=	111.41	FRH Average
Repair	\$ 2,736	÷	19.90	=	137.51	FRH Average
Totals	\$ 9,147	÷	108.60	=	84.22	Customer ELR
			Target Labor Rate		130.96	Per FRH
Total Ro's in Sample	100		Difference		-46.74	Per FRH

### Cost of Labor

Total Cost of Labor	2177.55	÷	Total Sales	=	23.81%	Percent Cost of Sales
Total Cost of Labor	2177.55	÷	Total FRHs	=	20.05	Cost per FRH

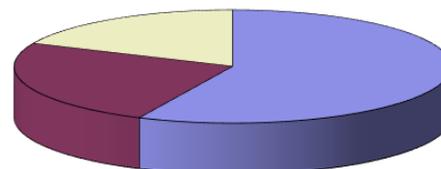
### Repair Order Measurements

Total Labor Sales	9,146.71	÷	Total ROs	=	91.47	Avg Labor per RO
Total FRHs	108.60	÷	Total ROs	=	1.09	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	61.90	÷	Total FRHs	=	57.00%	Percent Competitive
Maintenance FRHs	26.80	÷	Total FRHs	=	24.68%	Percent Maintenance
Repair FRH	19.90	÷	Total FRHs	=	18.32%	Percent Repair
One item ROs	37	÷	Total ROs	=	37.00%	Percent One Item RO

### Model Year Analysis

2022	2021	2020	2019	2018	2017	Older	Total
0	7	12	11	13	8	49	100
0.00%	7.00%	12.00%	11.00%	13.00%	8.00%	49.00%	

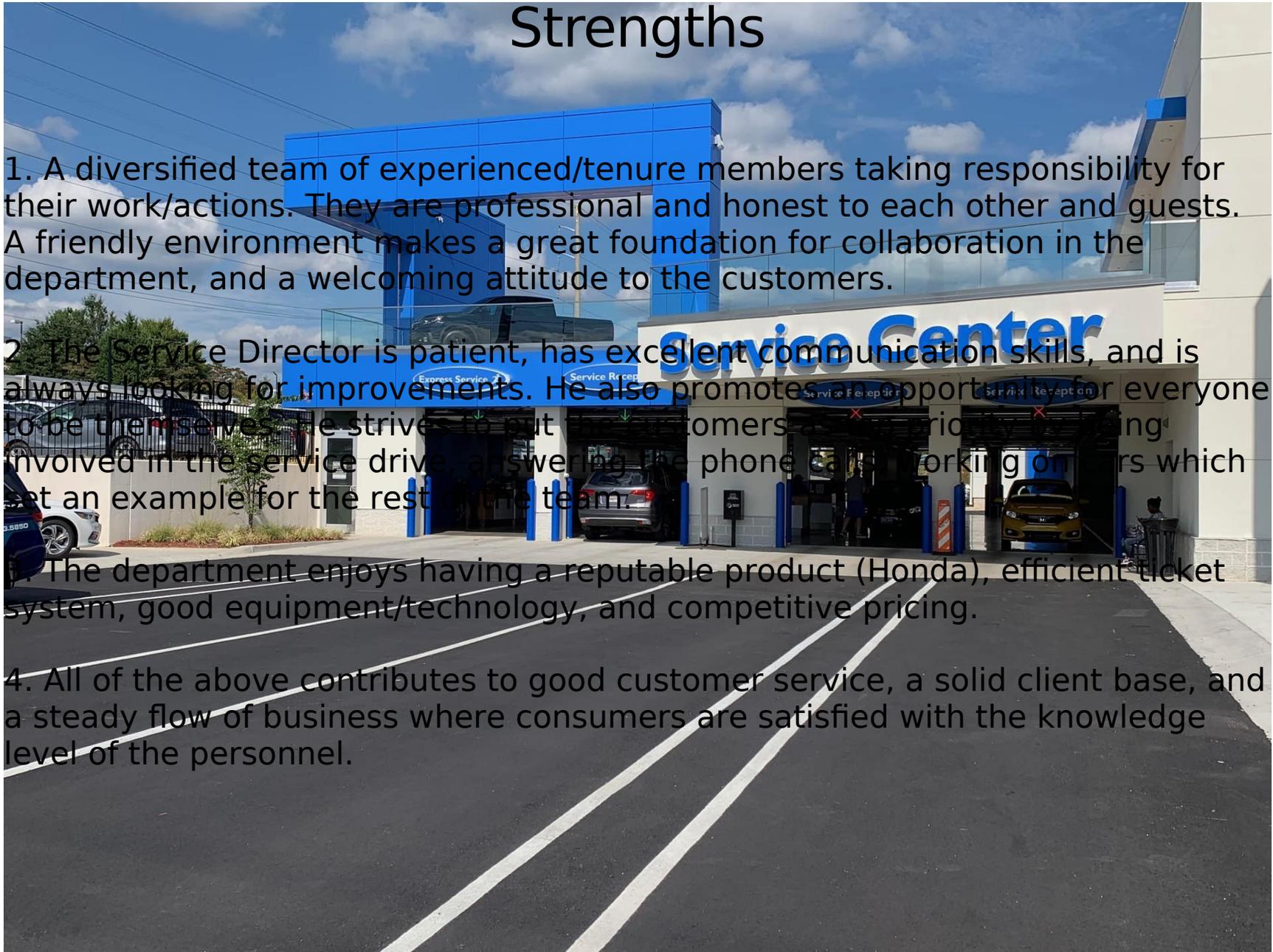
### Labor Mix



■ Percent Competitive   
 ■ Percent Maintenance   
 ■ Percent Repair

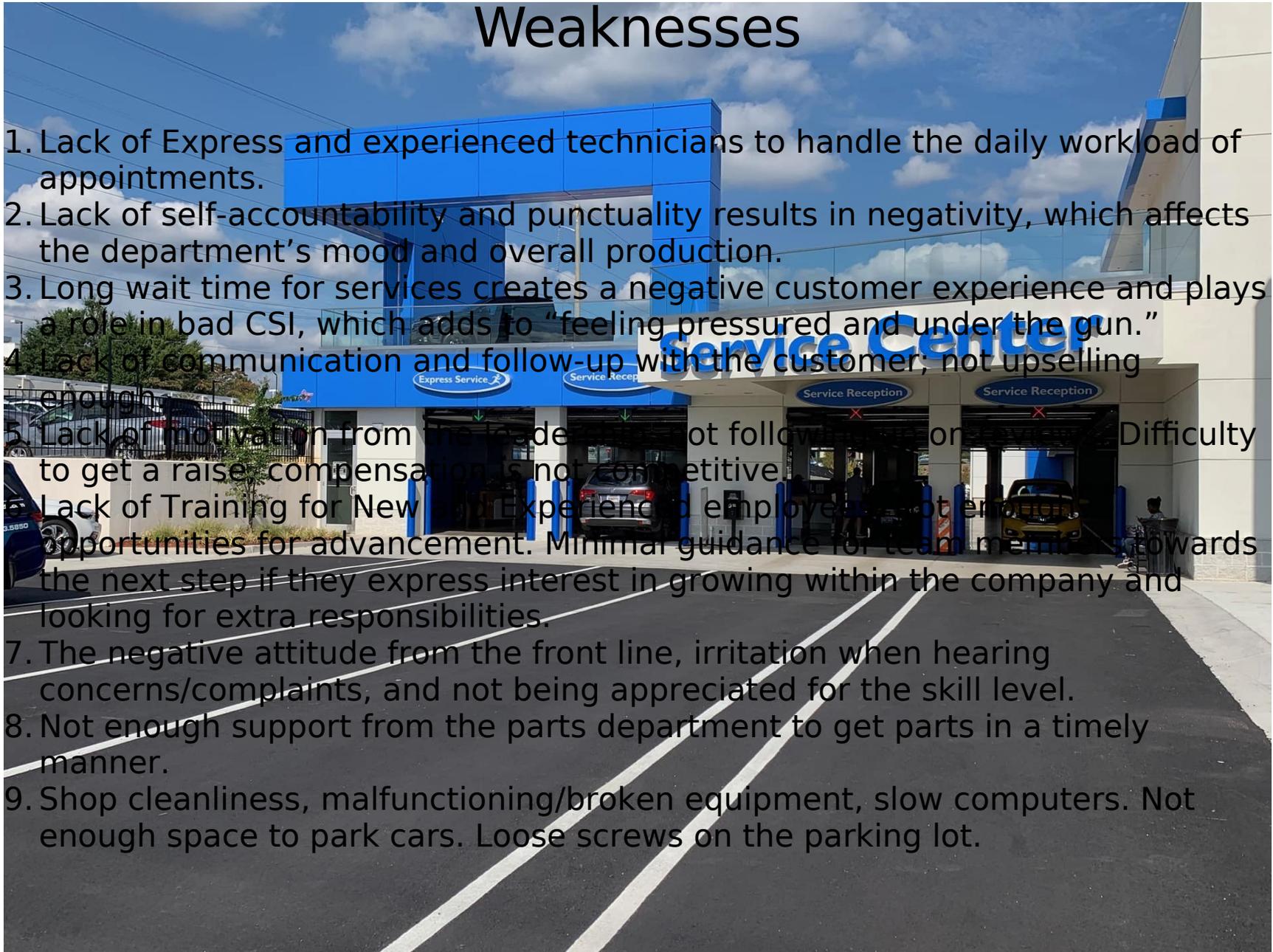
# Strengths

1. A diversified team of experienced/tenure members taking responsibility for their work/actions. They are professional and honest to each other and guests. A friendly environment makes a great foundation for collaboration in the department, and a welcoming attitude to the customers.
2. The Service Director is patient, has excellent communication skills, and is always looking for improvements. He also promotes an opportunity for everyone to be themselves. He strives to put the customers first, by being involved in the service drive, answering the phone call, working on cars which set an example for the rest of the team.
3. The department enjoys having a reputable product (Honda), efficient ticket system, good equipment/technology, and competitive pricing.
4. All of the above contributes to good customer service, a solid client base, and a steady flow of business where consumers are satisfied with the knowledge level of the personnel.



# Weaknesses

1. Lack of Express and experienced technicians to handle the daily workload of appointments.
2. Lack of self-accountability and punctuality results in negativity, which affects the department's mood and overall production.
3. Long wait time for services creates a negative customer experience and plays a role in bad CSI, which adds to "feeling pressured and under the gun."
4. Lack of communication and follow-up with the customer; not upselling enough.
5. Lack of motivation from the leader. Has not followed up on promises. Difficulty to get a raise, compensation is not competitive.
6. Lack of Training for New and Experienced employees. Not enough opportunities for advancement. Minimal guidance for team members towards the next step if they express interest in growing within the company and looking for extra responsibilities.
7. The negative attitude from the front line, irritation when hearing concerns/complaints, and not being appreciated for the skill level.
8. Not enough support from the parts department to get parts in a timely manner.
9. Shop cleanliness, malfunctioning/broken equipment, slow computers. Not enough space to park cars. Loose screws on the parking lot.



# Opportunities

1. Invest in continuous Training and have an option for online modules.
2. Have a reward system for tenure team members.
3. Hire more Express Technicians for basic maintenance to keep a steady flow of the shop.
4. Invest in modern technology. Refine Services scheduling system for online customers by adding all services available.
5. Have more equipment/tools available.
6. Have a cleaning crew dedicated to the shop



# Threats

1. Chip and raw material shortage that results in parts supply disruption; new car inventory shortage.
2. Vaccination requirement limits workers pool for new hire.
3. Losing team members to the competition
4. Unstable market conditions in addition to possible market correction.
5. Unsatisfied customers exhibiting distressed behavior in front of other clients in the department.
6. Negative online reputation.



# Objectives

1. Increase Customer Pay ELR by 20% by July of 2022.
2. Increase hours per RO from 1.1 to 1.5
3. Reduce One-Line ROs from 37% to 15%
4. Increase Tech Productivity
5. Minimize turn over
6. Increase morale
7. Look for alternative ways to hire
8. Increase CSI
9. Grow the collaborative relationship between Service and Parts Departments
10. Improve staff accountability in the shop process



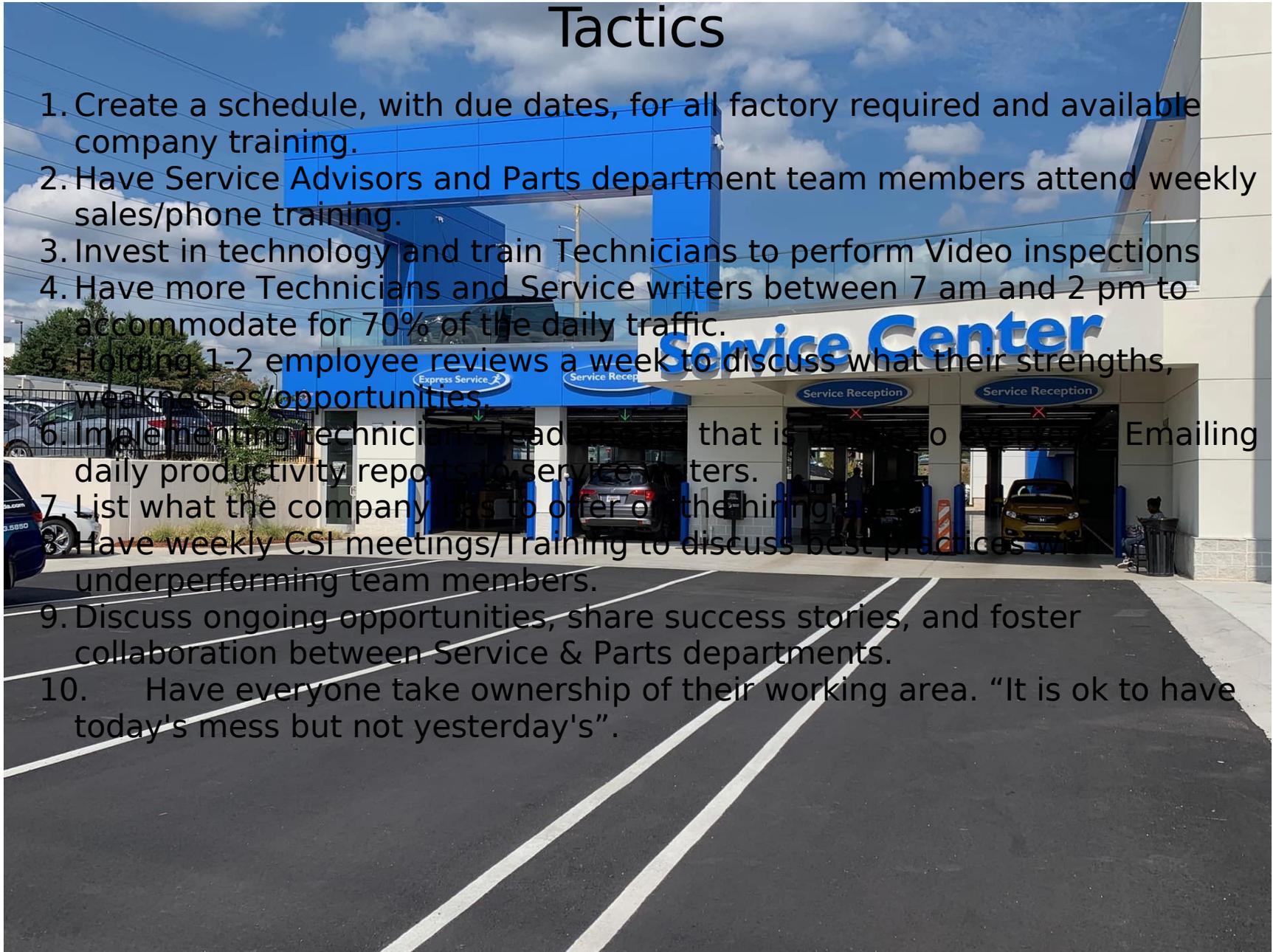
# Strategies

1. Implementing training schedule
2. Have Service writers attend Sales Training
3. Employing video walk around
4. Revising Schedule to accommodate morning rush of customers
5. Stay consistent with employee reviews
6. Having daily productivity numbers available to everyone
7. Adding hiring advertisement stickers to oil filters
8. Making everyone understand the definition of CSI (Customer Supply Incentive)
9. Implementing weekly morning service meetings
10. Instigating daily walk-throughs and quarterly general cleaning events.



# Tactics

1. Create a schedule, with due dates, for all factory required and available company training.
2. Have Service Advisors and Parts department team members attend weekly sales/phone training.
3. Invest in technology and train Technicians to perform Video inspections
4. Have more Technicians and Service writers between 7 am and 2 pm to accommodate for 70% of the daily traffic.
5. Holding 1-2 employee reviews a week to discuss what their strengths, weaknesses/opportunities.
6. Implementing technicians lead that is to email daily productivity reports to service centers. Emailing
7. List what the company has to offer on the hiring board.
8. Have weekly CSI meetings/Training to discuss best practices with underperforming team members.
9. Discuss ongoing opportunities, share success stories, and foster collaboration between Service & Parts departments.
10. Have everyone take ownership of their working area. "It is ok to have today's mess but not yesterday's".



# Action Plan

Task	Role	Completion Date
Create a Training Schedule	Service Director	January 1st
Get necessary software and equipment for Video Inspections	GM	January 1 <sup>st</sup>
Train Technicians on video inspection	Service Director	January 7 <sup>th</sup>
Revise the Schedule to accommodate the morning rush	Service Director	January 1 <sup>st</sup>
Perform Team Member Review	GM/Service Director	
Installing Leaderboard in the Shop	Assistant Service Manager	January 1 <sup>st</sup>
Ordering stickers for the Oil Filters	Parts Director	January 1 <sup>st</sup>
Create CSI training schedule	Relationship Manager	January 1 <sup>st</sup>
Service & Parts Meetings	Service & Parts Directors	Weekly
Shop cleanliness walk-through	Service Director/Service Manager	Daily
Shop General Cleanings	Service Director, Service Manager, Service Writers, Technicians	Quarterly

# Synopsis

Based on 100 RO analysis, the current customer ELR is at \$84.22, which is behind the Target Labor rate of \$130.96 by \$46.74. By increasing it by 20%, the department will achieve customer pay ELR of \$101 and cut the deficit to \$30. At the average of 2,691 ROs written every month and 1.5 Hours per RO, there is \$68,620 in additional sales, which is at 69% contributes \$47,348 towards Gross profit. It makes it 10% improvement towards Gross Profit.

Revising a schedule to have more team members at work between 7 am and 2 pm, during the busiest hours. Slowing down a process for the service writers to have more time with customers to discussing services recommended and its importance. Video inspections will help visually reinforce the legitimacy of Service/Repair work and make the process transparent. Implementing sales/phone training schedule mandatory for all service advisors will make them better listeners. As a result, they will become more effective in selling Service/Repair work which will increase every employee's ability to minimize one-line ROs.

Having performance Reviews with Team Members to listen what their expectations are and to draft the plan to get to the next step. Make them aware how valued, appreciated they are and outline a clear career path for them. Having day-to-day productivity numbers displayed will emphasize what team members need to focus on. By listing underperforming employees first, encourage the rest of the team to help them grow and improve. Having happy and fulfilled team members translate into satisfied customers.

By putting hire stickers on oil filters and having a brief description of what we have to offer, we increase our chances to target experienced technicians. It will help the department stay ahead of the curve by being proactive instead of reactive.

Having a good CSI is essential to growing a business in all dimensions. Most of the time, bad CSI relates to a lack of Training. The more customers we can retain happy, the more will come back for future services and car purchases. "It is 5 times easier and 15 times less expensive to retain than conquer."

Having good collaboration between Service and Parts Departments is essential for a good flow of the service department, employee morale, and a better customer service and CSI, which translates into higher customer and employee retention.

Having a clean shop is critical to the safety of team members and contributes to the enjoyment of the work environment.

