

Service department Analysis of Porsche Larchmont



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Strengths

- Larchmont New York is an affluent neighborhood in Westchester County located just over 30 minutes from New York City.
- We have seasoned employee's that bring with them many years of experience with a multitude of high line manufactures. An example of this is our Service Manager. Don our service manager brings over 30 years of service experience as he started early on in his career as a technician and has worked his way up to his current position.
- We have great tools and resources for our employees. We are currently utilizing X-Time and Accessa which helps create transparency between departments along with bringing convenience to our customers.
- We have a strong F & I department that has a high retention rate for pre-paid maintenance and tire and wheel packages which creates more opportunities for the service department.
- Our service advisors have strong communication and problem-solving skills which is one of the reasons we have good client retention.
- We offer complimentary pick up and drop off to our clients which also creates high client retention.
- Our tech proficiency is 128%

Weaknesses

- Our facility size is very limited. We currently have 7 useable bays. There is no privacy when advisor is talking to a client-just glass and they can hear each other's conversations. The amenities are lacking as there are no work stations for customers and only 4 chairs for sitting. Also, there are no areas to stage customers vehicles for pick up.
- Our special tools room is small and does not fit all of the tools we have.
- Our service hours do not match our sales department hours.
- The lighting is not great in the service drive which makes it difficult when taking pictures of the customer vehicles.
- The location on the facility is challenging to get to and there are limited luxury dealerships nearby.
- Our parts to labor ratio is low at \$.82 to every \$1 sold in labor. *Guide is 1 to 1
- Currently YTD our expenses are higher than generated gross profit. -10% net profit
- We have 2 service advisors which is appropriate when both are here. The problem is it creates a challenging scenario when one of them is off or calls out sick as it compromises the customer experience.

Opportunities

- Porsche has a strong CPO program which allows us to CPO vehicles up to 13 years old. This creates opportunities for our sales department as it ties the customer to a franchised dealers for repairs.
- Porsche has dedicated New, CPO, and aftersales representatives. We have a strong relationship with them.
- Porsche provides a residual reduction on pre-paid maintenance plans on a lease. This makes it very advantageous for customers to see the value and purchase the plan.
- Porsche has a website dedicated to after sale opportunities for our store. This includes clients with available recalls, service due, new to our area, and clients with classic cars.
- Porsche just came out with a turn key parts website.
- We have our CDK trainer come out multiple times a year to train employees on the system.
- We do monthly manager meetings with X-Time to go over usage and monitor correct utilization.
- Porsche has a goodwill program that allows us to help good customers that are out of warranty and cover up to \$5,000 of the repair for them.
- Porsche has “excite the customer” program. That allows us as a dealership to give the customer a gift if they are inconvenienced during a warranty repair. This helps maintain a good relationship with the customer.

Threats

- Covid has been a threat to our business especially being in New York. It creates stress and anxiety to our employee's every time someone gets sick in the dealership. It also makes it very difficult to do business as the quarantine periods are lengthy.
- Due to a lack of inventory our service loaner fleet has been reduced. This creates longer appointment wait time and potentially could cause a customer to go elsewhere.
- We are in a highly competitive area where there are other franchise dealers and locally owned service departments that are trying to get out customers to service with them.
- Porsche still has a strong focus on CSI versus on service retention.
- Porsche has had several software issues with their "connect" system. This creates a bad customer experience when the vehicle is not able to use that function. Their support team is very delayed and typically causes weeks of the car being down.
- With the push of electric vehicles like the Taycan it will create longer service intervals in the future.
- Porsche's parts warehouse has had nonstop issues for the past year and a half. They miss ship parts. They are also not stocking the correct parts in their warehouse. They also have tremendous turnover. This causes delays in parts as well as an added expense of VOR charges to get the part from Germany or a further warehouse.

Objectives

1. Improve facility utilization from 73% to 80%.
2. Bring part sales up to be 1 to 1 with labor.
3. Add an additional service writer so there is better coverage and we can maximize time spent with each customer.
4. Continue focus on marketing for the aftersales business especially as winter months.
5. Review hours of operation for service department
6. Focus on training our current team.
7. Create a better relationship between the service and parts manager.
8. Track emergency purchases as well as lost sales.
9. Introduce video MPI's to technicians.

Strategies

1. Change coupon codes in CDK and eliminate the ability to setup more than one discount per R.O.
2. Change our current scheduling system so that we space out our clients to maximize time spent between advisor and client.
3. Monthly marketing meetings to generate new business and retain our current customers.
4. Service Manager promoting transportation manager to assistant service manager for better coverage.
5. Have a set number of required training outlined on a monthly basis for service advisors.
6. Add a parts display into the service lane as well as in the customer waiting lounge.
7. Have X-Time come to the store to train techs on video MPI's.

Tactics

1. Service Manager will review all discounted R.O.'s prior to closing R.O.
2. Weekly meetings with service manager, parts manager, and shop foreman to increase communication.
3. Monthly service and parts shop meeting to increase communication between departments.
4. Shop Foreman will Q.C.C all R.O.'s and perform diagnostic warranty work.
5. Dispatcher to be more mindful of which tech gets competitive, maintenance, and repair work to increase gross profits
6. Do a mailer and eblast on classic cars to drum up business during the slow colder months.
7. Utilize opportunity list Porsche supplies and do two eblasts a month
8. Increase Saturday's hours to be open past 1:00pm in service
9. X-Time & Porsche provides monthly and quarterly training for service advisors. This is a new requirement for them to stay on top of.
10. Pull CDK month end report to make sure emergency purchases and lost sales are recorded.

Action Plan

Task	By Whom	Completion Date
Manage open Repair Orders	Service Manager	12/30
Remove multiple discount op codes	General Manager	12/29
Techs/advisors/loaner staff schedules updated	GM/Service Manager	01/2022
Formalize Q.C.C process with Foreman	Service Manager	01/2022
Marketing Meeting the 1 st of every month	General Manager and Marketing team	12/30
Hire new porter to replace transportation manager so he no longer goes on the road	GM/Service Manager	TBD
Schedule CDK training/X-Time Training/Porsche Training for Advisors	General Manager	01/2022
Increase Saturday's service hours	General Manager	03/2022
Order new display cases and shelves	Parts Manager	01/2022
Shop meetings first Thursday of every month	General Manager	12/30
Weekly meetings with service manager, parts manager, and shop foreman	General Manager	12/30
Track Emergency purchases and lost sales	Parts Manager	01/2022
Introduce Video MPI and pay 10 TU per video to get started	Service Manager/Shop Foreman	01/2022

Synopsis

Porsche Larchmont is a very promising dealership that is currently out growing the current facility. We are in the process of locating new property and building a larger facility. In the meantime, there are multiple items we can do to increase business, formalize processes, and maximize our facility utilization.

When completing the excel tables I used year to date figures as I believe it would provide me a more accurate picture of what is happening at my dealership. My net profit is negative in service but I know that after shifting some of the allocation of expenses along with completing my action plan we will be able to break even in service next year.

Increasing our hours of operations specifically on Saturday's along with a strong push in marketing will help increase our business and maximize profits. We are also going to better analyze repair orders and continue to be competitive to retain our customers. There also needs to be increased communication between parts and service and I know that the weekly and monthly meetings will help out tremendously. Our parts department is going to continue to focus on stocking the correct parts and tracking lost sales and emergency purchases to ensure this. Training will be a focus of the upcoming year. We need to continue to grow our current team as they are the assets of the company.

We have a great team here and the growth we have been able to do in the last 2 years in exceptional. I know that we will continue to grow together and have a very successful years ahead.