

1. Evaluate Your Service Department. A detailed analysis is required for the following areas:

For this assignment, I will be evaluating the service department for Kia of West Nyack. The service department is an area where small and incremental changes can yield big results. Change is necessary as I want to optimize the stores performance and CSI. Kia of West Nyack has been pushing the bar one month at a time. Change is what helps us stay current to manage a growing department. It has taken a while to staff the right mix of people interested in a common goal of succeeding. Kia of West Nyack was a recent acquisition of a failing store. Since the transition, we have addressed many of the major issues inherited by our dealer group. Large amounts of capital have been invested to create a beautiful facility. This was necessary because this location was dated, unattractive, and did not meet KMF brand image. Unapplied time is also something that we are monitoring. We are working on having an efficient process by working with the techs to decrease this. This is done by making sure the right jobs are being assigned to the correct technicians. Jobs should be dispersed based on the level of difficulty and time. In the past we over utilized A and B techs for smaller jobs that C and D techs could potentially do creating a higher pay out and expense.

- a. • Current practices
  - i. Focus on CSI and KSI
  - ii. Weekly meetings staff meeting- focused on goals and projections
  - iii. Daily RO status- what is opened and outstanding, including Special orders
  - iv. Addressing and responding to customer issues and concerns
  - v. Training- weekly process training and certification training for KMF
  - vi. Providing a great customer experience

Our current practices are geared toward providing customers with the best experience possible. This is important because we need to increase the volume of our service department.

- b. • Goals for improvement
  - i. Continued training and certifications
  - ii. Holding employees to expectations and goals
  - iii. Increasing hours per RO's & improve one liner RO's
  - iv. Increase traffic in the service department
  - v. Daily review of KSI tracker for parts and service- helps with projections and achieving goals
  - vi. Improve relationship between sales and service- internal work, referrals, warm transfers.
  - vii. Improved and specific marketing for service
- c. • Plans to achieve your goals
  - i. Focused on processes and expectations- including techs and hours needed to hit personal expectations
  - ii. Continue to write and document RO's- if Writers/Techs cannot sell recommendations, intro to the management team for a TO
  - iii. Provide customer with additional options like price match, coupons, and financing options for recommended work to increase hours per RO's and one liner

- iv. Service focused marketing- highlighting operating hours and services provided for all makes and models.
- v. Increasing social media presence, like Facebook ads

d. • Plans to evaluate your changes

- i. Communication- all communication is emailed and everyone is attached. Helps us stay uniform when it comes to information, concerns, issues.
- ii. Source inquiries- focus ad expense on what is working.
- iii. Training- Q&A, role playing, helps us understand if employees get the information and training
- iv. Daily, weekly, and monthly reports both CKD generated and or documented
- v. Auto group board meetings reviewing and rating store's processes, expenses, profits and area of improvement
- vi. CSI- KSI- Reviews- social media, What is the customers saying about our services and location
- vii. Manager provides quick exit interview, listening to customers opinions and suggestions for additional areas of improvement

2. Marketing: What are your plans to keep your service department name in front of your customer? How will you be marketing the dealership service department to obtain new customers and retain the ones that you have?

Marketing dollars has always been focused to sales department. We are looking to change this. We have already agreed to do more than just banners on our website for the service department. We are looking to increase our social media presence and provide our customers with awareness of our service department.

We have also invested in a mailer to provide customers an introduction and incentive to visit or dealership. This mailer will go out to different zip codes once a month for the rest of the year. We hope to increase our service traffic with this mailer. The mailer would provide have all the essential information to look us up and or create a service appointment. The most important information highlighted in this mailer, is that we service all make and models. Increasing service traffic is what is the anticipated outcome.

We are also working on a plan to increase the service hours available for customers. This is a work in process and secondary. The idea of increasing the hours in service is to match the operating hours of our sales department. We understand the current hours may not work for majority of our customer base, so increasing the operating hours will help generate new customers and allow flexibly to our existing ones. Before we can make this a reality, we would like to see the proficiency increase and one line repair orders decrease. We must maximize what we have before taking on additional expenses.

The service department is rolling out a better display system. Sales and service agreed to accessorize one to two cars in the showroom. This will help display available options and upgrades available at time of purchase. Service displays were also approved. Displays will be added to our service drive, waiting area, halls, and parts counter.

These displays will provide customers a visual, urgency, and or importance of completing work on the vehicle that need repairs or part upgrades. Accompanied, our competitive advantage should be displayed and emailed to new and or existing prospects. This reminds customers that we service all makes and models of cars. This will also inform and possible reinforce them of the benefits of doing business with factory dealership. This competitive advantage can also be displayed throughout the dealership sales and service department. This will illustrate all the pros of working with the dealership.

The final change to service is the service introduction after they have closed. There are many benefits to a video present to customers that purchase after hours. This video will be play and emailed to customers to create awareness and a connection to this department. Followed by a welcome call and a first service appointment confirmation by a service writer.

3. Facility (4th Homework Calculation): What changes will you make to increase your Utilization?

Our utilization is below guide. Increasing the operating of service will increase our facility utilization. We are currently at 46.51% facility utilization, where as guide is about 75%. There is room for improvement in this aspect.

Extending hours of operation

Working on minimizing one liner R.O.'s

Hire more techs once current techs are operating to full potential

Increase labor rates

4. Productivity (3rd Homework Calculation): How will you increase your Tech Proficiency? Are you selling all available hours? Will you make any changes to your production method in your service department?

Productivity is an area where we can in improve. We are not maximizing our efforts in this area. We must get all our techs sell all available hours. The first thing that must improve to help us accomplish this goal is Our first-time fill rate. This needs to improve to increase the number of R.O.'s per day. We have been working on reducing our obsolescence to stock the right inventory mix, so improving our parts department helps us improve our fill rate.

We must keep techs in the bays to improve the potential and the opportunities to sell more time. Before adding more techs, we must improve proficiency. More time sold, happier techs, additional gross profit for the dealership. We must monitor causes of lost time and adjust as needed. We must also make sure we are checking the process and ensuring the service and part department are collaboratively working together.

We must also ensure that work environment is suitable for success. Techs must have everything they need to be productive, such as training, leadership, and necessary support. If we get the parts counter to run parts, this will help productivity. I would focus on would be unsold hours, performance measurements, lost hours, and development. This

5. Analyze Cost of Labor (1st Homework Calculation): How does this calculation relate to the work mix being performed in your service department? What are your opportunities for growth? How is the distribution of work in your shop affecting the gross profit percentages? Is your pricing structure in line? Is there discounting going on that needs to be addressed?

Work mix is extremely important to monitor. This will help us target potential opportunities to generate additional gross profits. After analyzing our work mix at Kia of West Nyack, I noticed that we are operating and performing more work in the repair segment. We have the largest hours per repair order but not getting compensated as such. We are leaving money on the table if we continue to operate and not adjust. A lot of warranty & repair work is being done but too many discounts are being offered and we are not getting reimbursed at highest pay rate. I also noticed some of the work could have generated more profit if it was assigned to a different waged tech. Our best techs should not be doing inspections and quick lube work, because this cost the dealership money. The idea is to improve the cost of labor and conducting business in this manner is not the most effective or efficient.

Kia of West Nyack has the highest return of profit per repair order on maintenance, customer pay work. Since we see the opportunity for a labor rate increase, we have begun to charge customers the same avoiding discounts and providing them additional ways to pay, including zero percent financing. This change will help us create a change to the bottom line.

The other opportunity that I see is that we have a low competitive advantage on the market category rates. If we want to grow; we should be doing more competitive work and focus on increasing the hours per R.O.'s. Focusing on increasing volume for competitive work as well as making sure we are selling all the time we can. These changes implemented will help us generate more gross profit. We understand that if expenses are out of line, we must look gross. We created and implemented these changes to increase the stores gross profit potential because expense is part of doing business. We have converted all techs to hybrid pay plans, increased labor rates (internal and customer pay), and uniform pricing to avoid discounts. These are some of the changes we implemented to help the bottom line.

We have also provided service a fixed dollar amount to get used cars front line ready much quicker. Service does not need to ask sales for approvals unless it surpasses that agreed amount. These are changes implemented this month and will continue to monitor daily and monthly. Adjustments to the foundation of our service department should help us move the numbers in the direction we are looking for.

6. Changes in Expense Structure (2nd Homework Calculation): With the ultimate goal of higher net profit, do you have a grossing problem or are your expenses in line? How do you plan to achieve higher net profit? Are any adjustments needed in your staff's pay plans and why?

I have been reviewing my Kia store for many weeks now and I have found that it has both an expense and gross issue. To achieve higher net profits, we must reduce expenses across all departments, and this will include updating pay plans. We have begun updating employee pay plans and providing a performance driven matrix. The more the employee produces, the more the employee earns. This pay plan update will incentivize staff to go above and beyond and get compensated on what they put in.

Now that we have employees on performance-based pay plans, they must produce. Before exploring expanding service hours, the service department should be able to increase facility utilization. Service should be able to increase their first-time fill rate, productivity, efficiency, and proficiency. They should be able to sell all available time, running optimal. Once we have been able to run at an effective standard, the next step is additional staff and hours.

The other area that is worth reviewing is sublet and serving contracts. This can be a way to find additional savings in expenses and increasing net profit. Kia of West Nyack was able to effectively reduce expenses by going into a paper less process. All communication is now via email and or text message. This change helped us return leased equipment and reduce the cost of doing business. We are saving on paper, ink, and office supplies while providing the customer with a seamless experience.

As stated, we have increased labor rates for both internal and customer pay. The fact that our door rate has increased from 128 an hour to 155 will help us increase warranty rates. We have begun this because we are working on another rate increase on warranty rates. Service has also worked closely with other departments such as sales and parts. Communication was an area of importance and improvement and all departments have agreed to work together towards a common interest, the customer. This includes daily weekly, and monthly meetings to make sure we stay on track, and we don't lose vision. Service is more uniform than ever. They are speaking the same language and now have a process that is like the sales process. Parts and labor are not discounted and if there is an issue, service manager get involved and helps provide a different perspective or solution which doesn't include discounts. We also incorporated a better recondition internal process that allows service to proceed with repairs on cars if it works out to be under 750 without a GM approval. As long as service provides the documentation of what was completed on the car, the car get front line ready much faster.

7. Perform a complete Qualitative SWOT Analysis with an Action Plan: Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets, tabulate the data and then set Objectives, Strategies, and Tactics. Use that data to create the Action Plan. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location.

## SWOT

### STRENGTHS:

- Vested owners- spends financially on training, college, and personal advancement
- Newly constructed building and updated amenities
- Sales and Service on the same lot- easier transition of customers and transfer of information
- Newer staff- Open to pay plan updates, training, adjustments on the fly
- Maintaining high CSI & KSI- while improving the dealership online imagine
- Low customer complaints or issues- when proper expectations are provided
- Warm and welcoming staff members- always pleasant and aware of what is happening
- Management invests times to educate and develop staff

### WEAKNESSES

- First time fill rate could be much better- expediting customers wait time
- High one line repair orders- not converting on recommendations
- Lower proficiency- techs are not always meeting expected hours per week
- High obsolescence - issue is from our acquisition. Should have been completely resolved by now

Limited loaners cars and shuttle transportation- process can be better  
High expenses leading to lower gross profits  
Sales and service not merchandising, creating displays, and or accessorizing inventory  
Not building enough value upfront for services  
Not always utilizing all available resources to generate sales

#### OPPORTUNITIES

Room to grow and develop staff and company processes  
Proper adjustment can produce big gross profits- no discounts by writers  
We can create more time to sell per day  
We can create a quick express lane- create more traffic and possibly additional sales  
Focused advertisement towards service and their competitive advantage  
Capture customers rate by ensuring 1<sup>st</sup> service appointment is created and followed up  
Pre-approval on trade in to expedite front line process and increase bottom line

#### THREATS

Employee turnover or not driven to hit expectations and individual goals  
Not maximizing gross profit with changes to processes  
Investing money on front line cars that we can't retail and must wholesale  
Losing customers and market share because increased labor rates  
Increased traffic can be too much to handle with the current staff members  
Accessorizing on cars and they don't sell or the parts we stock become obsolete  
Not having the right inventory mix can affect CSI & KSI  
Extending operating hours many do not yield profits to offset the added expenses