

Fixed Operations 2 Worksheet

Briana Esposito - NADA 389

By evaluating the month of January we can try to plan for the year by improving the service department. To do this we can evaluate current practices and establishing various goals to successfully improve. In order to be successful we will need to make plans to achieve these goals and evaluate things that are working and things that are not.

Marketing

Traditionally our marketing has been focused on the sales department. Moving forward, in order to market the service department, the same attention needs to be given to the service department. January 2022 is the first time in recent years that we ran a radio ad that was focused on service. By doing this we are actively reaching new customers and also reaching customers we already have. To continue this method we can use the radio - one of our prime sources of marketing - to make sure our menu items and deals are broadcasted to ensure our customers come back, and to bring in new customers as well.

Facility

In order to increase utilization our service department needs to focus on making sure that the technicians we have right now are efficient and also make sure that we are filling our bays. As of right class in January, our November numbers gave us a utilization percentage of 45%. As of January 2022 our percentage has risen to 59.53 percent - getting use closer to the 70% guide

Right now we have 18 bays and only 16 technicians, at least 3 of those technicians are still students at the Ford Asset Program leaving a significant portion of our shop unused. To remedy this we could be hiring more technicians to fill more spots. Also - we could reconsider restructuring our hours. As of right now our shop is not open as late as the sales department. By increasing the hours we are open we are ultimately increasing our opportunity for utilization. While we have discussed the potential of creating multiple shifts we do not believe that is something we will attempt at this time.

Productivity

In order to increase productivity we need to ensure that our technicians are efficient. I think in these times its easy to assume that in order to improve utilization we need to hire more technicians, and while that would be helpful we need to first focus on the technicians we already have and bettering them as much as we can to make sure. To do this we need to monitor each individual technicians proficiency and find out for those who aren't as proficient - why and what could be helpful. This could be by putting processes in place to enhance efficiency and focus on keeping technicians in their bay. We have additionally considered some pay incentive to encourage higher proficiency. One thing we have discussed doing is to provide a bonus if a technician's proficiency rises above 100%.

I also think our total proficient number may also be somewhat lower due to the few students we have. We have a few techs in the Ford Asset Program that were included in our total count of 16 – but due to their schedules they are not yet able to have full proficiency and I believe that has altered some of our numbers. However, our proficiency is only at 86% and we want to be at 100% at the very least.

Analyze Cost of Labor

While our work mix seems to be close to NADA guides, with our customer RO's at 43% and our warranty at 27% - we could focus on more internal work for we are at 29%. Right now our internal labor rate is the same as our customer pay – it is possible we could adjust the number and perhaps have more work internally at a lower rate.

Changes in Expense Structure

There is certainly opportunity for growth in profit. We are actively working to keep our expenses at a reasonable place. Our numbers look okay right now but we also lost a service writer and the people taking over are not on the same pay plan – which is ultimately lowering our expenses. However, once we have a new full time writer in place we will need to play around with various pay plans to keep expenses down. We especially should focus on lowering our selling expenses by making accurate quotes and not having any jobs returning due to inefficient work.

Submit 100 RO Analysis

Analysis.

SERVICE DEPARTMENT ANALYSIS FOR YANKEE FORD by Briana Esposito N389

SWOT With Action Plan

Strengths:

1. Loyal customer base
2. Relationship – all technicians and service writers have a comfortable and approachable relationship
3. Service Manager rapport: We just recently promoted our shop foreman to a service manager. This is a strength because not only does our service manager have extensive knowledge of the shop and of the work that is done in the shop from being a technician for 20 years, but he also has a great rapport with both the service writers and the technicians within the shop.
4. Experienced Service Writers
5. Experienced Techs – we have a number of techs that are experienced and dedicated
6. We have won the Ford Presidents Award for Customer Service 4 years in a row
7. Very strong Parts Department
8. We rarely say no to walk-ins and we can schedule within a few days rather than a few weeks
9. Work on all makes and models
10. Menu's viewable by the public to see what we offer

Weaknesses:

1. While there are many benefits to our new service manager coming from the shop, the aspect of managing is new to him – thus creating a weakness.
2. We recently, unexpectedly, lost a service writer – creating a bit of mayhem. Myself and the service manager has been working the desk for part of February and March until the replacement comes in April. Moral has been low and service writers and technicians have increased stress
3. In the past 12 months we have lost a number of strong techs from retirement creating a younger shop.
4. When our shop foreman was promoted to service manager the new shop foreman didn't end up being a good fit, so now we are working to find the right person for the job.
5. Service Department Hours do not match Sales Department
6. No parts displays
7. No competitive pricing boards
8. Less marketing than Sales dept

Opportunities:

1. Our new service manager, with his full experience in the shop, has the opportunity to be a successful manager once he gets more comfortable and familiar in his new role and concentrate all his efforts on ways to advance the service department
2. With losing a service writer that was strong, but also had his flaws, we are able to hire a new service writer and have potential for more success. A new service writer will be here in April – who is experienced.
3. By having a number of younger techs, and student techs, we have the ability to groom successful techs.
4. Most stores in the area are scheduling out 1-2 weeks, while we will take in appointments within a day or two, or sometimes within a few hours. This gives us an opportunity to bring in new customers that do not want to wait
5. Enhance advertising
6. Install Parts displays
7. Display competitor pricing (nondealer)

Threats:

1. Competitive market – threat of losing technicians for different opportunities
2. Other shops have longer hours – We stop taking work around 4 and close up at 5:30, we have limited hours on Saturday. While we are closed on Sunday – dealerships are required to be closed in Maine – it is unlucky we would attempt to open service department on Sunday.
3. Part backorders – customers unhappy
4. Difficulty finding new technicians

Objectives.

1. Properly train our new service manager so he has the skills for the position
2. Bring in a service writer with experience
3. Find the right person to be shop foreman
4. Increase marketing
5. Improve gross on customer pay repair orders for both sales and labor
6. Incentivize proficiency for technicians
7. Track lost sales

Strategies.

1. Send Service Manager to NADA Academy
2. Monitor service writers – ensure no discounting is occurring improperly
3. Shop competitor pricing for comparison
4. Monitor lost sales with Parts
5. Increase shop meetings
6. Monitor cleanliness of shop
7. Find good fit for Shop Foreman

Tactics.

1. Service Manager is to approve any/all discounts
2. Weekly meetings between service manager and parts manager for lost sales
3. Increase Service Marketing

Action Plan

Task	By Whom	Completion Date
Send Service Manager to NADA	General Manager	September 2022
Monitor/Approve Discounting	Service Manager	May 2022
Successfully Implement Shop Foreman	Service Manager	May 2022
Proficiency Incentive for over 100% Efficiency	Service Manager	April 2022
Increase Marketing	Service Manager / GM	April 2022
Alter Hours - Increase Saturday	Service Manager	May 2022

One big thing we are facing as a weakness is our Service Manager adapting to a new role. While the Service Manager is more than adequate when dealing with technician and the shops, the Service Manager needs more insight and knowledge on the department's big picture in order to successfully manage. By sending the Service Manager to NADA Academy for Service Week then the Service Manager will get the tools to successfully manage the department and have a better look on the department as a whole.

By monitoring discounting and making sure that moving forward any discounts are approved by the Service Manager we are making sure that we are making the money we should be making instead of losing money by careless discounting. We then will be making additional gross profit.

By finding a good fit for shop foreman we are limiting the obligations of the service manager so that the service manager isn't overloaded with responsibility. Having a designated shop foreman will create the opportunity for great proficiency in the shop as well.

We will implement an incentive for technicians. We will offer an additional pay bonus to technicians that reach 100% proficiency and an additional bonus for technicians that go above 110% proficiency. This will hopefully increase our overall shop proficiency while also allowing for technicians to have the opportunity to make more money.

Increase in marketing will hopefully bring in new customers and retain current customers.

We will increase our hours to Saturday. While I don't for see us opening on Sunday, by increasing our Saturday hours will allow for us to be more accessible to our customers.