



Service Department

AUDI TULSA JOHN HILL - N390

Audi Tulsa

Qualitative Analysis

Strengths

- A company culture of show you care, be a pro, make it easy. The business of our business is people.
- Our Service and Parts Director has over 27 years of service and parts management. He has received extensive leadership training while working at Audi Tulsa. His primary focus is profitability through people development and customer satisfaction.
- Our Parts Manager has over 20 years of parts experience and is a good complement to our Service and Parts Director.
- All Service Advisors have been promoted from within and developed into their current position here at Audi Tulsa. Our small team of 5 Service Advisors performs as tight, cohesive unit.
- In 2022 we will have two “Master Guild” senior Audi technicians. This is big accomplishment for a small market store considering only ~10% of all Audi technicians achieve this top level.
- Low employee turnover.
- Not many local competitors due to high barriers to entry. We are the only OEM facility for over 100 miles.
- Ownership and leadership who cares about the well-being and success of their team members.
- Constant, ongoing training is the norm.
- Great customer loyalty.
- Great team spirit and morale.
- A growing population base. In 2021, Oklahoma was ranked #10 in the U.S. in net migration inflows.

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Qualitative Analysis

Weaknesses

- Shop capacity is constrained. We need more technicians.
- We are priced higher than some in the market place.
- The incoming telephone calls can be overwhelming at times.
- Software and technology trend changes create challenges.
- Resources (techs, loaner cars, parts availability) get stretched from time to time.
- Lack of a tire pricing board.
- Our shop is ~1/4 mile from the retail/write up facility.

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Qualitative Analysis

Opportunities

- More aggressive and consistent recruitment of employees.
- Consistent meetings with technicians and advisors individually to evaluate performance, understand challenges, and to celebrate the wins.
- Disciplined outbound communications to alleviate inbound phone traffic.
- Mastering our new Xtime software.
- Leadership training for those who are in or preparing to be in leadership positions.
- Individualized coaching time for technicians, advisors, and parts countermen.
- EV's as a growing part of our business.
- Added 4 lifts in 4 new stalls for additional capacity and technician proficiency.

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Qualitative Analysis

Threats

- Ever increasing pressure on pay in the labor market.
- Young people avoiding the industry.
- The impact of EV's on service and parts business.
- Parts availability, especially from Europe.
- Recalls are increasing a higher % of warranty repair thus impacting availability for CP work.
- The low volume of vehicles being produced.
- High fuel prices.
- Rising interest rates.
- 40 year high inflation.
- Volatile markets.
- Unfavorable legislative proposals for our industry and as a dealership.
- Supply chain disruptions negatively impacting vehicle production and parts availability.

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Objectives/Strategies/Tactics

Objectives

- Reduce policy expense to < 2.2% of labor gross.
- Increase CP GP% > 80%.
- Improve SDFR to >95%.
- Elevate morale, enhance a strong culture, provide clarity, and mitigate selfishness, weakness, and fears among all employees.
- Recruit more and better talent.

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Objectives/Strategies/Tactics

Strategies

- Reduce Audi coupon offers.
- Redirect coupon discounts from policy account to COS.
- Coach and train advisor team on warranty verification and validation accuracy.
- Coach and train technicians on proper warranty procedures, pace and accuracy. Quality over quantity mindset.
- Dispatcher to better assign work based upon technician skill level.
- Constantly evaluate the market to determine if increasing customer door rate is appropriate.
- Graduate apprentice technicians to flagging from hourly ASAP.
- Evaluate and adjust parts stock order based upon lost sales data.
- Intentionally improve dialog between leadership and team.
- Set monthly production goals with advisors and technicians.
- Review scoreboard and issues with the fixed ops leadership team.
- Celebrate the wins with the entire team.
- Become more engaged with our local trade schools.
- Leverage opportunities offered by Audi to their technician pool.
- Evaluate the competitiveness of our salaries and benefit packages.

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Objectives/Strategies/Tactics

Tactics

- Do not offer every coupon just because Audi makes it available.
- Have controller charge COS for all coupon discounts, not policy.
- Meet promptly to correct advisors and technicians when mistakes are made.
- Track tech efficiency to evaluate dispatcher effectiveness.
- Increase CP door rate to \$159 (completed 3/1/22).
- Enroll all apprentice technicians in the Audi AEP program.
- Oversee mentor technicians graduating apprentice technicians to flag time from clock time in 6 to 12 months.
- Parts manager to track all lost sales.
- Parts manager to adjust phase in/phase out based upon lost sales data.
- SM and SF to meet monthly with each technician to address needs, discuss challenges, set/review production goals, and to show they care.
- GM, SM, and PM to meet every Monday with the fixed ops leadership team.
- Conduct quarterly group team building events.
- Attend job fairs.
- All apprentice technicians to attend the Audi AEP program.
- Update outdated pay plans.

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Objectives/Strategies/Tactics

Action Plan

Task	By Whom	By When
➤ Reduce coupon offers	SM	3/1/22
➤ Coupons to COS	Controller/SM/GM	3/1/22
➤ Policy accountability meetings	SM/SF	Ongoing
➤ Track technician efficiency	SM/SF	Ongoing
➤ CP Door rate to \$159	GM/SM	3/1/22
➤ Apprentice techs in AEP	SM/SF	Ongoing
➤ Track lost sales	PM	2/15/22
➤ Adjust phase in/out	PM	Ongoing
➤ Calendar tech & advisor meetings	SM/SF	4/1/22
➤ Calendar techs & advisors w/GM	GM/SM	5/1/22
➤ Continue Monday leadership meetings	GM/SM	Ongoing
➤ Set quarterly team building events	GM/SM	Ongoing
➤ Attend local job fairs	SM/SF	Ongoing
➤ Update pay plans	MP/GM/SM	4/1/22

Synopsis

Audi Tulsa has a strong foundation to build upon. We have a committed and dedicated team that is guided by our company mission statement. “The business of our business is people”. “Get better every day”. “Be recognized as a leader in the industry”.

The biggest impediment to our growth and improved profitability is the size of our technician work force. We as leaders will organize and execute our strategies to attract and recruit new technicians. Given the current reality in the labor market, we must offer a clear career path supported by developmental training and competitive benefits and wages.

Next, we must sustain the tracking of the lost sales in our parts department to achieve a SDFR > 95%. Our parts manager, along with our GM and SM, have developed a process that will provide us the data we need to adjust our phase in / phase out criteria to more adequately order and stock needed parts. Achieving this goal will create improved ESI, CSI, and profitability.

Meeting with our team members consistently on a monthly and quarterly basis is key to ESI and improved performance. These meetings will be calendarized and prioritized by the GM, SM, and SF.

The inbound call volume to our service department has long been recognized as a pain point for our customers and employees. Leadership will initiate, and oversee a disciplined outbound contact process at 10am, 2pm, and 4pm to our customers with vehicles in our service department. Our advisors have acknowledged that we will eliminate ~25% of all inbound calls if we proactively contact our customers.

The added benefit to this will be improved CSI and ESI as we will eliminate a real source of frustration.

Xtime went live at Audi Tulsa in February 2022 and we are experiencing the expected learning curve associated with it. Our Xtime performance manager, Stephen Jeffries, is a real asset that we are utilizing to this end. The GM and SM meet with him regularly to discuss the challenges and find solutions. Mastery of Xtime will help create improved CSI and ESI and profitability.

Lastly, we are in the process of updating any outdated pay plans within the department. It is an imperative that we remain competitive in both pay and benefits, within the proper benchmarks for each. We will proactively offer merit increases during our scheduled meetings with the team members verses waiting for them to ask. This has and will exceed expectations and improve ESI.

The accomplishment of these goals will help us achieve our potential and profitability targets. We can, we will.