

Service Department Analysis for
Capital Toyota

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STRENGTHS

- Great Brand
- Single Toyota store in the market
- One of the Top Cities moved to in the state of TN
- We are not limited on shop space
- Involved GM
- Turn over is low in our seasoned techs
- Big parts department that translates to good FTR
- Service director is bought in on the goal of constant improvement
- Strong customer service manager to handle issues and bring to managers to get ahead of

Weaknesses

- Only one heavy engine tech
- Only half day on Saturdays
- No buy in even on the half day Saturdays
- "Fixed Ops Director" needs to retire due to unnecessary expenses added to fixed departments.
- Labor times on competitive sections on Ros are missing. So how can we gauge if low paid techs are doing the job we want. As well if there are areas of opportunity to promote.
- No real qualified techs in house to work on diesel engines. Have to sub out most work.
- TLE is a weakness for the store currently. Missed presidents award by a very small margin due to TLE

Opportunities

- People moving to Chattanooga daily
- Maximize Saturday business
- Find a tech with diesel experience to keep more money in house
- Have a monthly plan to market inactive customers in service department
- Easy switch to increase internal labor rate
- Increase customer pay labor rate

Threats

- Even though we have no shortage of space as far as bays. We can not let that give the techs and writers complacency that, “oh we have room that car can just stay there till we get to it.”
- No buy in on being open Saturday yet. This is a new process that was implemented a few months back. We have to change the mindset on Saturday business department wide.
- No internal career path for techs. How can we attract and more importantly keep low hourly people in our service department if we do not have a path for them to see advancement.
- Split buildings for new side and used side. We seem to be flooding the new side for service work. However leave recon mainly to the used side. The problem with that is it

can leave less work for the used sides service department which can cause turmoil.

- Objectives

- Improve internal labor rate
- Improve customer pay labor rate
- Improve Saturday specific buy in from staff
- Improve overall gross of service department
- Focus on inactive customers
- Internal career path

Strategies

- Pay sales manager on internal labor sales. So that sales managers aren't always pressuring a writer to discount labor. As well to give back confidence to write that sales managers won't always "freak out" about total recon.
- Stop allowing writes to be able to discount ANY labor or parts for that mater.
- Our service director needs to be here on Saturdays for a bit over the next few weeks. Simply to show buy in and lead by example for his team.
- We also have to do a better job at scheduling Saturday business.
- Increase shop supplies as well implement a data storage charge in addition to each RO to increase additional profit
- Create a position for a BDC agent to SOLEY work and focus on inactive customers.
- Make the time to come up with internal career path

Tactics

- 1% of labor sales paid to sales managers
- Only Service Director or ASM can discount labor or part
- Incentives the service director with a bonus if we can increase sales on Saturday business
- Reevaluate on service BDC process to make sure they understand what we can or can't do on Saturday and bring them into the loop on our goals.
- Set BDC individual to only work on inactive customers
- Make a new responsibility of BDC manager
- Simply increase shop supplies by 5.00 and add 2.50 for a date storage fee
- Do research on best practices on internal career path and have meetings with GM and Service Director and make this happen

TASK	BY WHOM	DATE COMPLETED
Addition to pay plan for sales managers of 1% internal labor sales	General Manager	5/1/22
Remove any and all actions for discounts minus Service Director or ASM	Service Director	5/1/22
Service Director must get better buy in and more productive business on Saturdays. Incentives by bonus	General Manager	5/1/22- Foreseeable Future
Improve service BDC process as well as dedicated BDC agent for inactive/retention	BDC Manager	6/1/22

Shop supply increase and new data storage fee	General Manager/Service Director	5/1/22
Internal career path	Service Director/ASM/GM/HR/Shop Foreman	7/1/22

Synopsis

Overall, I believe that we have good bones in our service department we just need to tweak the small things to achieve greatness! We understand that this starts at the top of the store and departments and that we need revive our attention to the small things that we have been complacent in. We know that we have been missing extra business from being closed on Saturdays in the past. We have to work diligently on changing the way the department sees the store being open on Saturdays in this department. The goal is the increase on Saturday business drastically! We hope that we can show this in increase bottom line money to the store and our employees! We are optimistic that we can achieve this and then look in the future extending the Saturday hours to match sales hours and just repeat the process we are working on to increase half day already.

We acknowledge that we have had an old school vision on internal sales in the department. We have opened our eyes that this is an era that really doesn't take much effort to change. Though it is on us to be more open with our employees and show them why this is the way it needs to be done. We also let discounting get away from us and believe that this addition to disable all writes to be able to discount will help lead to higher customer pay Ros! This will also help hold the writes and service director more accountable.

We have a HUGE area of focus on improving our TLE for Toyota since we missed by such a small margin due to inactive customers. We are very excited to reposition an internal employee to focus on this for us. We believe by doing this not only will it increase profit for the department but we will also obtain Presidents Award from Toyota.

Chattanooga is a booming economy with people moving here daily. We know this is a major advantage that not all markets are blessed with. We just have to refocus ourself on the small process that will result in increased profitability to the department and store! We look forward to the future as well using the metrics done over the course. As well the homework as a snapshot in time to compare our numbers in the next few months and hold us accountable.