

Service Department Analysis

For

Overturf Volkswagen Kia

By

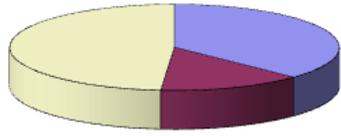
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NADA Class 393

NADA 100 Repair Order Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 3,360	50.50	66.54	FRH Average			
Maintenance	\$ 1,814	19.20	94.47	FRH Average			
Repair	\$ 9,762	66.10	147.69	FRH Average			
Totals	\$ 14,936	135.80	109.99	Customer ELR			
		Target Labor Rate	121.00	Per FRH			
Total Ro's in Sample	100	Difference	-11.01	Per FRH			
Cost of Labor							
Total Cost of Labor	3021.60	Total Sales	20.23%	Percent Cost of Sales			
Total Cost of Labor	3021.60	Total FRHs	22.25	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	14,936.05	Total ROs	149.36	Avg Labor per RO			
Total FRHs	135.80	Total ROs	1.36	Avg FRH's per RO			
Menu Sales		Total ROs		Percent Menu Sales			
Competitive FRHs	50.50	Total FRHs	37.19%	Percent Competitive			
Maintenance FRHs	19.20	Total FRHs	14.14%	Percent Maintenance			
Repair FRH	66.10	Total FRHs	48.67%	Percent Repair			
One item ROs	31	Total ROs	31.00%	Percent One Item RO			
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	2	11	8	11	11	57	100
0.00%	2.00%	11.00%	8.00%	11.00%	11.00%	57.00%	

Labor Mix



■ Percent Competitive	■ Percent Maintenance	■ Percent Repair
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Repair Labor Rate vs. Posted Labor Rate:

Our Repair FRH Average was \$147.69 and our door rate is \$150. This is only off by \$2.31, which is only 1.5%. We discounted labor on 2 of 30 repair orders in this sample. This is excellent performance. The target for our store is \$127 - \$131.

Discounting:

The biggest area of concern is on Maintenance work. Our Maintenance FRH Average is \$94.47. The target range is \$117 - \$121. We need to review menu pricing, the labor rate used for this work, and coupons for this category. Modifications are definitely needed here to increase the FRH Average.

Average Hours per Repair Order & Percent of One-Line Repair Orders:

For this sample, we averaged 1.36 hours per Repair Order, down from the 1.8 hours that we saw in January and below the target of 2.2 - 2.5 hours per Repair Order. Also, 31% of our repair orders were one line repair orders.

The sample reflected the mix of work in the shop was 48.67% repair, 14.14% maintenance, and 37.19% competitive. Likely the reason for the low hours per RO is that 37.19% in competitive. We would benefit from menu sales and adding lines and therefore hours per repair order will increase. We need to be selling, not taking order. Our service team has developed the menu below to assist in upselling on the service drive. Some mentoring from our sales team could help also with developing feature, function, benefit word tracks and overcoming objections.

KIA	\$	\$	VW	\$	\$
					diesel
Oil change	\$65		Oil change	\$95	\$115
The essentials	\$90		LOFR	\$120	\$140
Tire rotation	\$25		Tire rotation	\$25	\$25
					dsg
Trans service	\$250		Trans service	\$275	\$400
Brake fluid flush	\$180		Brake fluid flush	\$180	\$180
Coolant flush	\$200		Coolant flush	\$200	\$200
Spark plugs			Spark plugs		
4 cyl	\$275		4 cyl	\$300	XX
6cyl	\$705		6cyl	\$500	XX
Air filter	\$40		Air filter	\$40	\$40
Cabin filter	\$50		Cabin filter	\$50	\$50
Alignment	\$199.99		Alignment	\$199.99	\$199.99

SWOT Analysis

Strengths:

1. Our Team
 - a. Knowledgeable and hardworking team
 - b. Great team work with positive attitudes and willingness to help each other
 - c. Shop Foreman is a good leader, knowledgeable, willing to help others
 - d. Technicians are willing to take on any work given to them and stay late to complete work
 - e. Professional toward customers
2. Location
 - a. Good central location
 - b. High traffic area
 - c. Easy access from the highway
3. Customers
 - a. Loyal Customers base that has been with us for many years
 - b. Consistent influx of new customers
4. Dealership culture
 - a. Family dealership where everyone is known by name and not just a number on paper
 - b. Employee and employer longevity
 - c. Support from dealer principle
 - d. Stable work environment
 - e. Sales department supports the service department
 - f. Opportunity for advancement and good environment for learning
5. Steady work load
6. VW CSI is consistently high
7. Hand wash customer vehicles
8. Hours of Operation

Weaknesses:

1. Facility is too small and outdated. We need more space to service our current customers and grow.
 - a. Lack of stalls/room in the shop
 - i. 1 stall/lift and 1 flat stall per tech would increase efficiency
 - ii. Limits hiring new technicians and growing with community
 - b. Lack of parking for the service department
 - i. Customer cars have to be double parked
 - ii. Customers regularly park in front of the service garage door
 - c. No service drive for customer reception and walk arounds
 - d. Lack of cooling on hot days/swamp cooler issues
 - e. Small customer waiting area
 - f. Layout of dealership
 - g. Unorganized shop
 - h. No lunch/break room
2. Lack of quality shop supplied tools
 - a. Quantity of scan tools: techs have to wait for their turn to use a scan tool
 - b. Need Cheetah or similar tool to pressure inflate tires
 - c. Wash bay needs pressure washer
 - d. Need a different parts cleaner
 - e. Unreliable oil vendor
 - f. Internet range needs to be improved
3. Parts department efficiency and level of service
 - a. Parts are not always ordered
 - b. Parts ordered but then canceled
 - c. Parts arrive but cannot be found at time of appointment
 - d. Technicians waiting on for parts impacts their efficiency
 - e. Techs have to supply parts with part numbers for their jobs. Poor use of tech time.
 - f. Rude and unprofessional results in a negative impact on productivity and moral
 - g. Lack of training
 - h. Unwilling to change
 - i. No system in place for holding parts that are in stock for an upcoming appointment
 - j. Lack of leadership
4. Moral
 - a. Bullying and Favoritism
 - b. Training - one person gets all the training

5. Staffing and Time Management

- a. Need more Kia techs/Not enough employees to get work done
 - b. Small tech and service drive staff results in high impacts to productivity/customer experience when vacation/sick time is taken.
 - c. Shuttle capacity impacts wash bay productivity – need a shuttle driver
 - d. Time management of hourly employees (no urgency or willingness to help others)
Example: sales detailer doesn't help service wash when they are behind and he isn't working on anything for sales.
 - e. Closing ROs in a timely manner
 - f. Slow getting customer responses on quotes and issues explaining the repair
 - g. Service drive is on the cusp of needing an Express Lube Advisor
6. Communication
7. Warranty Clerk and Coding issues
8. Technicians often don't think outside the box and are resistant to change
9. Dealertrack does not support Fixed Ops adequately
10. Kia CSI is up and down

Opportunities:

1. Growing Community with Strong Economy:
 - a. More work in the local market than we are able to capture due to capacity
 - b. Influx of new population to grow customer base
 - c. New or upgraded facility would allow for more stalls, lifts, and techs, service drive, and better parking – this would improve labor and parts sales and customer service plus meet market demand
 - d. Extend/move wash/detail bay for faster production
2. Training
 - a. Easy to learn thanks to knowledgeable team with years of experience
 - b. Good work environment to grow technicians
 - c. Mentor program to help advance tech's skill for advancement
 - d. Shared demo cars to learn new features for service writers and techs.
 - e. Parts department training
3. Pay Plan and Regular Performance Reviews
 - a. Performance reviews with raises
 - b. Cost of living increases
 - c. Opportunities to advance or be promoted
4. Better signs to keep customers from parking in front of the shop door
5. Capture more warranty hours/coding
6. Invest in new shop equipment:
 - a. New wash technology (pressure washer and bug scrub/sponge)
 - b. New parts cleaner
 - c. Buy a tire inflator
 - d. Buy a car pusher
 - e. Add more scan tools
7. Staffing:
 - a. Need a part time shuttle driver
8. Selling maintenance vs. repairs when it's too late
 - a. Sales training
 - b. Promote maintenance work in the service drive
9. Limiting personal calls while working
10. Better communication between management
 - a. Feels like we turn a blind eye on problems vs resolving them
11. Expand on our great team and find ways to motivate them better

Threats:

1. Lose Customers/Market Share
 - a. Long wait times for service appointments/too many days out for an appointment
 - b. Lack of motivation is felt by our customers when things are delayed or work is not done to their standards
 - c. Hours of Operation: 7:30 – 4:00 shop hours cater to techs not customers
 - d. When something is broken on a customer's car while doing a repair there is no ownership by the dept. It is put on the advisor to sell something that wasn't broken when the car came in.
2. Facility
 - a. Clutter that could cause tripping
 - b. Some equipment is outdated/broken
 - c. No service drive for customer reception and vehicle walk around
 - d. Need more robust and reliable wireless network
3. Stay competitive with evolving industry
 - a. Keep up with technology/computers
 - b. Automated car wash
 - c. Overhead oil reels for techs
 - d. BDC
4. Technician Retention/Recruitment
 - a. Lose techs due to pay plan
 - b. Flat rate pay accuracy
 - c. Finding and recruiting new techs
5. Negative attitude from some techs
6. Parts Department
 - a. Negative attitude from the parts staff
 - b. Loss of revenue potential due to parts department efficiency issues
 - c. Parts department needs to change
7. EV vehicles require little to no maintenance
8. Still getting Audi maintenance business but don't have the right equipment for the newest models (dipstick number info or oil filters so it slows down the service process) – could be more efficient

Objectives:

1. Improve Tech productivity, efficiency, and proficiency rates
2. Improve hours per RO
3. Improve average FRH for maintenance
4. Improve level of service from the Parts Department
5. Improve Facility/Tools and look into options for expanding the shop
6. Improve Communication among managers
7. Modify hours of operation to meet growing customer demand

Strategies:

1. Increase utilization of xTime by the whole fixed ops organization.
 - a. help with speed of pulling parts for the job,
 - b. accuracy and speed in quoting and ordering parts,
 - c. improved and efficient communication between parts, techs, service writers, and customers
2. Develop a workable staggered tech schedule that would allow for use of two bays at a time to improve ROs/day and tech proficiency plus expanded service department hours.
3. Continue implementation of selling menu items on the service drive.
 - a. Review service drive menu pricing and coupons to ensure that we will hit the target maintenance
 - b. Are there coupons on the menu items? If so, how much?
4. Ensure the parts department is improving special order and stock order processes
5. Have parts department run parts to techs in bays
6. Develop a full list of equipment that needs to be upgraded/added with prices
7. Have a monthly Fixed Ops Managers Meeting
8. Hire a shuttle driver/scheduler.
9. Develop inspection/detail services and accessory sales program for EV vehicles.

Tactics:

1. Have a competition and bonus for best utilization of xTime amongst the techs to get momentum on introducing this new tool.
2. Stagger tech schedules to share bays to better utilize the space that we do have while expanding service hours to 7am - 6pm
 - a. Example: have a 7-3:30 shift and 9:30-6 shift. For a couple hours they would have the use of two bays until we are able to expand the facility. Or rotating 4-10s.
 - b. Would have to revise Service Writer and Parts schedules as well
 - c. Improve customer experience
3. Put parts manager through NADA Academy Parts Manager training.
4. Make sure that parts is tracking lost sales
5. Have parts department pull parts as soon as they have the request from the tech in xTime and run parts to techs in their bay
6. Manager meeting should focus on resolving process issues found in prior week/month, xTime utilization, reviewing analytics such as tech efficiency and proficiency, tracking lost sales, emergency purchases, is GP% within guide, etc.
7. Review parts pay plan and incorporate service department proficiency bonus to encourage them to be a better team player.
8. Prioritize what equipment would be most beneficial and in what order to procure them.
9. Put shuttle driver at the 4th desk in the service drive and have them assist with appointment scheduling when they are not on a shuttle run.
10. Create a separate service drive menu for EVs

Action Plan:

<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
1. Develop and implement an incentive program for xTime utilization.	Service Manager	May 1 st
2. Start running parts to techs in bays	Part Manager	May 1 st
3. Create shop proficiency bonus program for parts department	GM	May 1 st
4. Create a list of shop tools needed with price and priority	Service Manager	May 1 st
5. Track daily fill rate and lost sales to ensure the proper inventory mix	Parts Manager	Daily
6. Sign up for parts manager training	GM/Parts Manager	May 1 st
7. Adjust tech schedules and department hours to alleviate space and scheduling issues	GM/Service Manager/Parts Manager	June 1 st
8. Weekly Fixed Ops Managers Meeting	Service Manager/Parts Manager/GM	Weekly
9. Review menu pricing and maintenance labor pricing to increase average FRH up to within \$2 of warranty rate	Service Manager	June 1 st
10. Develop and implement mentor program for C,D level techs to grow their skills	Service Manager	June 1 st
11. Hire a shuttle drive/scheduler/quick lube advisor if department labor sales are consistently over \$140,000.	Service Manager	August 1 st
12. Clean up an organize the shop	Service Manager/Shop Foreman	Daily
13. Upgrade/Modify Facility to include a service drive, better cooling system, more parking, more bays, alternate wash bay	Dealer Principle/GM	Ongoing now

14. Make the cascade conference room
available to technicians for lunch

Service Manager

Immediately

Synopsis

In summary, the biggest challenges that we face are (1) team work between parts and service departments and (2) having a facility that is small and not big enough to service our customer base. Positively on these two fronts, we can provide tools to help the two teams work together and become more efficient and we have a great opportunity for growth to increased parts and labor sales.

Many of the SWOT surveys noted a weakness and threat of the lack of space in the shop resulting in losing customers due to lack of availability of service appointments. We are currently working and researching a second location option, however, in the meantime we must get the max potential out of our current location. The best resolution at this point is to work as efficiently as possible and expand hours and have rotating shifts. This change would allow the techs to use more than one lift/bay at a time and increase the ROs they produce per month, ability to upsell on the service drive and increase hours per RO, and provide better service with more available appointment times.

Every SWOT survey stated that a better level of service from the parts department is needed. Resolution here can be the whole team adopting the xTime program for parts requests combined with the parts department quickly pull parts once requested from the techs and delivering the parts to the techs in the stall. This will help the techs be more efficient and improve overall moral and teamwork. Incentives can be created to help motivate the technicians' utilization of xTime and help parts improve the shop proficiency. Offering training to our parts team could also be beneficial.

There was a list of shop tools that we need to add/update. We can develop a list for those items now and review what is truly needed to help work get done as efficiently as possible. However, going forward we can keep an ongoing log for shop tools that are aging and plan for replacing them in an orderly manner.

Making these adjustments that were observed in our SWOT surveys will directly improve the findings in the 100 RO Analysis. We should see an increase in sales with additional use of the bays we have and bringing up the level of service from the parts department. Also, this should help to allow for more upselling in the service drive increasing our hours per RO and reducing our one item repair order percentage.

Lastly, the 100 Repair Order Analysis revealed that we have a low average FRH for maintenance work. This means that we need to review how we are pricing/discounting this work and make adjustments to get that within \$2 of our warranty rate.

We look forward to the seeing the positive and profitable impact from these changes!