

Service Department Analysis of Transitowne Kia

By: Kyle Tolbert

Class N392

Strengths

- Been in business for over 50 years
- Loyal customer base
- Willingness for older techs to help teach the younger guys
- Team work
- Freedom to take the time to learn new jobs
- Owner was at one point service director for the group, helps with driving the service department
- Current Service director has been in place for over 20 years, also an NADA graduate.

Weakness

- Older building and tools
- Smaller shop area, no ability to expansion
- Poor employee utilization and retention
- Lack of organization and communication for upcoming jobs
- Smaller parts inventory
- Service department hours do not mirror Sales Department

Opportunities

- Job advancement
- More aggressive marketing of Service department and Dealership
- Community growth around dealership, new houses and commercial properties being built in our area
- Utilizing new technology to help communicate with customers and within the store

Threats

- Heavy dealer population, with over 100 dealers within a 25 mile radius, many with newer buildings
- Bigger groups, 3 groups within our market have 10 stores plus
- EV's-lack of maintenance
- Lack of younger technicians
- Longer service intervals for new cars
- Decrease in warranty time
- Over the air updates aka Tesla

Objectives

- Decrease one line customer repairs
- Improvement of customer pay repair orders
- Increase ELR
- Proactively market service department
- Create unity between front and back ends of the store.

Strategies

- Create menu system for service advisors, use of technology to help with the transaction with customer

- Sales training for Service advisors
- Increase of internal rate to match door rate
- Increase warranty pay from OEM on a yearly basis
- Increase service department hours to match that of the sales department.
- Weekly meetings with advisors and technicians
- Do away with \$25 oil change retention program, adjusted to \$75 starting May 1st

Tactics

- Target competitive dealer’s customers with promotions
- Post total hours turned by technicians to help track technician efficiency and proficiency
- Weekly meetings with advisors to track hours that have been sold and also one-line RO’s

| <u>Task</u> | <u>ROLE</u> | <u>DATE</u> |
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| Implementing Menu System | Service Manager | June 1 st |
| Increase Warranty and Internal Rate | Service Manager/GM | June 1 st |
| Increase service hours to match sales hours | Service Manager/Gm | May 1 st |
| Weekly review of advisor and technician hours | Service Manager/Gm | May 1st |
| End of low cost oil changes | Service Manager/GM | May 1st |

Synopsis

After reviewing the 1st quarter numbers for our service department, it is evident that we need to make some changes to help increase the overall financial health of the dealership.

With the increase of our service department hours, it will make our dealership an easier place to do business, as we compete with bigger groups with newer stores the accessibility to our service department help increase the number of repair orders written every day. Also, the training of our service advisors and the use of a menu system to help make the transaction with the customer as easy as possible. Coupled with the increase of our warranty reimbursement from the OEM and the increase of our internal labor rate, we should see an immediate increase in our fixed absorption

With these improvements to our service department, our growth and financial health of our store will be set going into the future.