



**Service Department Analysis
for
Honda North
Prepared By
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Strengths

1. Quick response to customer's needs.
2. Our customer retention average is over 80%. We are in the top 10 nationally.
3. Our staff is very customer service focused. We are always at the top of our district on customer satisfaction scores.
4. Staff feels there is great communication between different sections of the Service Department IE; Main Shop, Main Shop Advisors, Express Service and Service BDC.
5. Our Service BDC is very goal oriented. The Service BDC controls online appointments very well. They are very proactive with identifying special parts needed for the appointment and communicating expectations with the customer.
6. Our Express Advisor staff is the best we have had in several years. There are 2 Senior Advisors of which each one is assigned an Apprentice Express Advisor to mentor and train.
7. Both Senior Express Advisors have been with our company for many years.
8. We are open 11 hours per day 6 days a week for our customers convenience.
9. We service over 160 vehicles per day.
10. We are a 12 consecutive year Honda Presidents Award recipient.
11. Our Main Shop Advisor's work very well as a team. They are always willing to help each other with their customers.
12. We have a very strong group of experienced Technicians in the main workshop.

Weaknesses

1. Our Service staff lacks knowledge of many new vehicle features.
2. Our scheduling system can sometimes be a challenge. When the system goes down it is difficult to help customers.
3. Our staff needs better training on service contracts, maintenance plans and factory warranties. Our website lacks an online chat feature for our customers and Service BDC staff.
4. Our Express Technician staff is not always cooperative. They sometimes give pushback when given direction.
5. Our Express Technician Team struggles to follow process when we are busy. This creates unnecessary delays completing customers vehicles.
6. Some of our Service Advisors do not provide their customers a thorough explanation on the invoice of service performed to their vehicle.
7. Some of our Service Advisors, especially the ones in middle desks do not always acknowledge customers standing in front of the check in area.
8. Our Main Shop Technicians are not paid anything for better customer satisfaction ratings.
9. We do not do a good job performing a quality check of customers vehicles when they are complete.
10. Our Service BDC and Main Shop Advisors do not always communicate well in regards to customers that have special requests.

Opportunities

1. Creating the ability to allow customers to text chat with our Service BDC staff and help bring back more declined services.
2. We have an average of \$250000 declined service per month.
3. We have a 50% closing ratio on our multi-point inspections performed. This allows us great opportunities to recapture the other 50%.
4. We have a large customer database that we can market.
5. Honda has many recalls that allow us to bring more conquest customers to our Service Department.
6. We have a lot of older vehicles coming to our Service Department.
7. Our Express Team services 70 – 100 vehicles per day.
8. We have a strong Service Advisor Team.
9. We have a lot of additional used vehicles to recondition related to the lack of new vehicle inventory.

Threats

1. Rising costs of parts and labor causing customers to competitive price shop.
2. A large amount of parts on backorder based on current conditions.
3. Service Advisors not always available to answer calls.
4. Our customers are not always receiving accurate estimates for service that was declined.
5. Technicians do not consistently reset maintenance reminders and tire pressure monitors.
6. Our Express Advisors do not pay attention to detail and note pre-existing damage on vehicles when they check in.
7. Parts price quoted is not always accurate.
8. Quality check of completed vehicles is not performed consistently.
9. Service traffic is decreasing based on current world events.

Objectives

1. Increase Express customer pay hours per repair order.
2. Increase customer pay labor gross profit retention.
3. Improve quality checking of customer repairs completed.
4. Develop more consistent training for Main Shop and Express Service Advisors.
5. Service BDC to price shop our competitors monthly.
6. Pay Main Shop Technicians a spiff for high customer satisfaction scores.
7. Add texting option between service customers and our Service BDC to our website.
8. Develop marketing strategy for the 50% lost service sales.
9. Target more conquest customer to increase traffic.
10. Partner with our Parts Manager to better control backordered parts.

Strategies

1. Remove the ability for Express Advisors to discount oil changes.
2. Remove the ability for Service Advisors to change the labor rate on certain jobs.
3. Create a schedule for Service Valets to quality check vehicles to verify they have been cleaned and maintenance lights reset.
4. Schedule weekly training meeting for all Service Advisors.
5. Schedule weekly meeting with Service BDC to review competitive price shop and update menu boards.
6. Add Technician customer satisfaction to our weekly department huddle KPI board.
7. Add our multipoint inspection recommended service closing ratio to our weekly department huddle KPI board.
8. Team with our marketing department to update our website to allow text messaging between customers and our Service BDC.
9. Increase the amount of daily factory recall appointments allowed in the Service Department.
10. Review backorder part list with the Parts Manager daily.

Tactics

1. The Service Manager or Assistant must approve all labor rate overrides.
2. The Assistant Manager will develop a schedule and log for Valets to spot quality check completed vehicles.
3. Weekly Advisor training will take place every Wednesday.
4. Service BDC meeting will take place every Thursday morning.
5. Service weekly huddle KPI board will be updated to include Technician customer satisfaction index scores.
6. Service weekly KPI huddle board will be updated to include multipoint inspection recommended service closing ratio.
7. Our marketing department will be contacted in regards to adding text messaging between our Service BDC and customers.
8. The Service BDC will devote one hour daily to contact customers on the recall list provided by Honda.
9. Require a backorder part list be sent to the Service Manager and Assistant Manager daily by the parts Manager.

Action Plan

Task	By Whom	Completion Date
Require Manager override for all labor price memo billing	Service Manager or Assistant Service Manager	May 31, 2022
Create Valet schedule to quality check vehicles	Assistant Service Manager	May 31, 2022
Schedule weekly Service Advisor training meeting	Service Manager and Assistant Manager	May 31, 2022
Schedule weekly Service BDC meeting	Service Manager	May 31, 2022
Update Service Huddle KPI board	Service Manager	Weekly
Add text messaging between customers and Service BDC to our website	Marketing Manager and Service Manager	June 15, 2022
Develop schedule to devote 1 hour daily to contact customers that have a factory recall	Service BDC lead, Service Manager and Assistant Manager	May 31, 2022
Require backorder part list be sent to Service Manager and Assistant Manager daily	Parts Manager and Assistant Manager	Daily

Synopsis

We are a very busy Service Department. We service 70 – 100 vehicles per day in our Express Department and 60 – 70 in our Main Service workshop.

Our average Express labor sales per repair order is currently \$61.80. One senior Advisor has an average of \$83.20 labor sale per repair order and the other 3 are between \$55.00 and \$65.00. If we can increase the average per repair labor to that of the Senior Express Advisor we would add an average of \$34240 monthly labor sale which at 68% gross retention would add \$23280 gross profit to the department.

It was apparent that discounting over 3% is taking place. This was found by performing the 100 repair order analysis. Certain Service Advisors are memo billing labor to avoid discounts showing on their individual Advisor Performance reports. Restricting this would add an estimated \$3.00 to the customer pay effective rate. In the month of April 2022 we billed 3120 customer pay hours. adding \$3.00 per hours would increase customer pay labor sales \$9360 which at 72% retention would add \$6340 gross profit monthly.

Current world events are causing our customers to be more cost conscience. We must have 3 – 4 competitive services similar to the independent repair facilities and Mass Merchandisers in our area. We need to competitive price shop them month and keep our “Dare to Compare” posted in the dealership and online up to date.

We are missing opportunity to bring conquest customers in for factory recalls. Honda provides a list of these customer that we do not currently use to contact customers. Devoting 1 hour per day would allow us to capture these customers for future marketing campaigns. Every customer added is worth on average \$300 parts and labor sale per visit.

We must be proactive because new vehicle sales are off which will effective traffic into our Service Department 18 – 24 months into the future. We will be relied on much more for Fixed Overhead absorption.