

Service Department
Analysis for Windward
Ford Hawaii
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NADA 394-30

Strengths

1. Our 4 Techs we have. Two have a Safety Inspector License, which required by the state of Hawaii to be able to do annual inspections on vehicles. One is EV certified and a Senior Master Ford Tech.
2. We also have 3 ASSET students that will graduate in one year and hopefully join our team as master techs.

“Home grown tomatoes always taste the best.”

Jeff Rachor – CEO Berkshire Hathaway Automotive Group

3. Loyal customers base. We have an incredible customer ohana “family” here. The island of Oahu is very tight knit. The other two Ford dealerships are “corporate” and the impression to some locals is they don’t care about the local population.
4. Our Door Rate is at it’s legal max. \$194/hour
5. Our Warranty Rate is at it’s max this year at \$183.83
6. Transient customer base. We have 4 military bases on our island. We get a new group coming in ever 18 months. This provides us with a great opportunity to service customers who bought outside our market.
7. We are the only Ford dealership on our side of the island. The other 2 share one side of the island. The population is larger there, but we have our own side!!
8. Our Service Director is the right guy. He is on top of any issue that might come up. He is focused on growth and development of our service department.
9. We are Hawaii’s Ford Dealer of the Year!! Great for recognition and customer retention.



Weaknesses

1. Transient customer base. I know I used this as a strength, but I also feel that even though we get a new military client base in every 18 months, the customer leaves after 3 years. This is not great for a service department's repeat business.
2. Lack of techs. We have 4 great ones, but we need 4 more, especially at the C and D level.
3. Parts manager with 45 years of Ford experience is retiring in September.
4. We compete with union shops for labor and customers. We are not unionized. This poses a problem with being able to pay a tech and match benefits. We have a harder time getting municipal bids for service. I know it isn't written anywhere, but its not a huge secret either.
5. We are open Monday - Friday 7:30 - 5:30, Saturday 7:30 - 2:30, and closed Sunday.
6. Lack of facilities is our main issue. Our building is 40 years old, and it looks like it. We have 2 bays outside. No one wants to work out in the heat and rain. We are trapped on 1.3 acers. We easily overflow with vehicles and we don't have parking to give the customer an opportunity to drop of the car a few days before their appointment. Having a car towed in unexpectedly is almost unheard of. There is no where to put it!!
7. Marketing for our service department is an afterthought.
8. We don't have the facilities and staff to work on commercial vehicles. Getting registered with ford as a CVC (Commercial Vehicle Center) would not be possible without a complete rebuild.

Opportunities

1. Market our service department.
2. Capitalize on Multi Point Inspections.
3. Recruit all positions for fixed operations.
4. Get parts more organized.

Threats

1. Independent shops with an impeccable reputation. Lex Brodie's is the shop that can do it all, especially in the eyes of the locals. They have multiple locations all over town. Lex Brodie's has been in business over 70 years; longer than we have been a state. They are more Hawaiian than pineapples and Spam. VOTED #1 SHOP IN NORTH AMERICA!! There are days that sign on the building is the only thing that reminds me I'm in North America!



2. Our Facilities can be a turn off. We are old and decrepit. We are hoping to build soon, but with red tape and the lack of construction materials and labor, it could be years. Our waiting room is small. We only have one bathroom. It isn't the most comfortable place to get service done.
3. Our guest parking is limited. I know for a fact we have people pull in and pull out without stopping because there is no where to park.
4. COVID. Still a thing here with some people.
5. Back-order parts. We are all facing this issue. We use OEM parts only, and we advertise that. We sometimes have to tell a customer the part is unavailable. The issue is, if they can go to an independent and get the "same" work done right away, it is a no brainer for them. The customer loses the value of an OEM part real quick when ABC shop can fix there AC tomorrow and the dealership doesn't know when they are even getting the part in.
6. Internal tickets are starting to flow less frequently. This is a function of the lack of available inventory in sales. Our internal rate is same as retail, we just aren't getting trades and we are not able to buy inventory as easily as before.

Objectives

1. Raise lines per RO. At 61%, that is a BIG L for us.

=	10.79%	Percent Maintenance
=	45.04%	Percent Repair
=	61.00%	Percent One Item RO

2. Get the right work to the right tech. Assign Quick Lube ROs to C and D techs only.

=	27.08%	Percent Cost of Sales
=	35.46	Cost per FRH

3. Have Service Manager review all deferred work.

	145.56	Avg Labor per RO
	1.11	Avg FRH's per RO
		Percent Menu Sales
	44.40%	Percent Competitive

4. Write 15 Customer pay ROs per day. We are doing 10 per day on average now.

5. Advertise more for our service department. This is how we will get to 15 CP ROs per day.

6. Utilize our bays to the fullest.

FACILITY UTILIZATION	
Total Labor Sales	\$ 128,968
	÷
Facility Potential	\$ 404,279
	<i>equals</i>
FACILITY UTILIZATION	31.90%

7. Make sure we are doing MPIs on vehicles that are coming in for Safety Checks only. We are not doing that at this time.

Strategies

1. Video MPIs. I love this idea, and I will make this my priority in service. JR, my Service manager is very enthusiastic about this as well. It just makes sense.
2. Get our C and D techs Safety Certified. Our FRH cost is high because the two techs that are certified are Master Techs. They are paid \$45/FRH and \$35/FRH. They are paid .5 hrs to do a job that we charge \$25 for. Keep in mind that the cost is state mandated and regulated. If I can get a C or D tech certified, I can reduce the cost by almost half in some cases. Some of our customers that come in for a Safety Check also choose to get a Quick Lube service performed at the same time. The tech that does the Safety Check also does the Quick Lube job because it is already in the bay. If a C or D tech is certified, we would be able to keep it in their bay and we would be able to cut our Quick Lube cost per FRH there as well. This will also free up our A and B techs to get to the big jobs that we have set appointments for. We will also be able to get to these appointments quicker saving our chances of the customer going elsewhere to get it done quicker.
3. Have meetings daily with techs to go over and prioritize jobs for the day and review deferred work from the day before.
4. Recruit for our service department using a headhunter. We are now going to the mainland to find our people. As I mentioned earlier, our parts manager is retiring. We are aggressively looking to fill that position. We hired a firm out of Detroit to assist us with finding our next employees. Hiring more team members will also give us the opportunity to open longer hours.
5. We will get with our Digital Media advertising agency to promote our service department with an emphasis on servicing all makes and models. Our main audience here will be the military.

Tactics

1. Raise the prices in our Quick Lube department. The price of oil has gone up over \$1.00 per quart, and an increase can be justified by the consumer. We will also use this opportunity to raise the labor from \$30 on the "Works" package to \$35.
2. Tie in productivity bonuses to performance. We have a plan in place now, but I feel we can adjust it to get more production from our techs.
3. Get one more tech EV certified so we can dominate the market and advertise that. Ford's vision is going in that direction and I don't want to be left behind.
4. Have weekly meetings with all the Fixed managers and see where we are with our forecast goals. Hold them accountable to the forecast they gave me on the 1st of the month.
5. Set productivity minimums. We have one tech that does not hit productivity. He has the ability to do it. We have production minimums in sales, why not service?
6. Incentivize Service Writers on RO hours above 2 hrs/RO.
7. GOOD, BETTER, BEST board for tires.
8. Brake Pad board.

Action Plan

<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
Adjust Production Bonuses	GM/Service Mgr.	June 1, 2022
Hire a Parts Manager	GM/Service Mgr.	Before Aug. 2022
Hire two C/D techs	Service Mgr.	June 1, 2022
Hire one A/B tech	Service Mgr.	July 1, 2022
Hire one Service Writer	Service Mgr.	July 1, 2022
Jobs in Progress Meeting	Srvc Mgr./Parts/Techs	Daily
Fixed Meeting	Parts Mgr./Srvc Mgr./GM	Weekly
Implement Video MPI	Techs/Srvc Writers	August 2022
Implement Tekeon (our new DMS)	Whole Dealership	July 2022
Brake Pad Board	Service Manager	June 1, 2022
GOOD BETTER BEST Tire Board	Service Manager	June 1, 2022
EV certification for Devin	Devin/GM	August 2022
Ray Safety Certified	Ray/GM	August 2022
Extend Sat. hrs to match weekday hrs.	GM/Service Mgr.	August 2022
Extend Hours 7-8 M-Sat 7-5 Sun	GM/Corp office/Serv Mgr.	1 st quarter 2023

Synopsis

We are doing a lot of stuff well. Our facilities is definitely the main issue. I believe with minor changes, we will be in much better shape. Once we get our labor hours per RO over 2, we will have half the battle won.

Our marketing focus in service will become a priority. I believe that we can have an impact on our customer pay ROs with minor spending increases in advertising. Hiring the techs will be one of the final pieces to this puzzle. We will be able to handle all the new CP ROs with the right level tech getting the job.

Incentivizing the Service Writers will make sure that they are doing all they can to prevent 1-line ROs. Having the techs do a Video MPI will hold them responsible for actually doing an MPI. I know that there is a tech out there somewhere that checks the boxes without looking. The Video MPI will stop the blind checking of the box.

Finally I'm looking forward to being open later and serving our clientele when they truly need it. I know this will bring more gross to our department.