

CROWN DODGE

FIXED OPERATIONS 2

SERVICE HOMEWORK

ALEX HAMADI & MIKE TERON



SERVICE DEPARTMENT EVALUATION:

Crown Dodge is located in Ventura California. Our dealership enjoys a great location that attracts numerous customers to our dealership. Our nearest competitor is 15 miles to the east and 35 miles to the west. We have an extremely large customer database and hold a large retention percentage compared to our competitors. With increasing independent shops appearing in our demographics, keeping customers may pose a threat in the future.

With a large client base our focus can miss the mark at times. We take in about 90-100 vehicles per day. Our focus has been to get the customer in and get them out as soon as possible. With timeline being an issue this poses a problem for good business practice and customer satisfaction.

Crown Dodge goals for improvement will focus on the customer experience and quality of work. Creating more time with the customer will enhance experience, proper write up and follow through, sales or gross profit and ultimately customer satisfaction. Quality of work is critical to ensure customers vehicle is properly inspected so that every complaint is addressed. This will increase profitability and most importantly vehicle is fixed correctly the first time.

We will achieve these goals as a team. Crown Dodge believes in empowering our employees to make decisions that take care of the customer and the dealership. Management will monitor daily the goals set forth and work individually to ensure that these goals are being met. Such as, repair order monitoring, CSI evaluation, advisor and technician performance reports, team meetings etc.

These daily evaluations will ensure accountability for each team member. By being consistent and diligent with these practices Crown Dodge will secure a stronghold on customer retention despite widespread competition.

MARKETING:

Crown Dodge has a very successful marketing plan. With a very large customer database we have the benefit of seeing great responses. We use such marketing engines as, Crown Dodge website. Our website provides all parts and service needs including discount offers. Radio time on local stations. Webmail that reaches thousands of customers monthly. Good old fashion paper mail that includes dealership bulletin which keeps customers aware of current events. All of our marketing focuses on their vehicle needs either from factory, or customer personal needs.

FACILITY:

FACILITY POTENTIAL	
Number of Bays	30
	x
Number of Days	22
	x
Number of Hours	8
	x
Effective Labor Rate	166.17
FACILITY POTENTIAL	\$ 877,378

FACILITY UTILIZATION	
Total Labor Sales	\$ 574,730
	÷
Facility Potential	\$ 877,378
	<i>equals</i>
FACILITY UTILIZATION	65.51%

By adding 2-3 more technicians in the shop will help facility utilization increase tremendously.

PRODUCTIVITY:

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 275,014	÷	188.91	=	1455.8
Customer Truck*		÷		=	0.00
Customer Other*	\$ 27,548	÷	188.91	=	145.8
Warranty	\$ 167,261	÷	159.28	=	1050.1
Internal	\$ 104,907	÷	130.00	=	807.0
New Vehicle Prep		÷		=	0.00
Total	\$ 574,730				3458.7

POTENTIAL

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Total labor sales for month
Total hours billed
Effective Labor Rate

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Service mechanical technicians
Hours/Day
Working Days/Month
Clock Hour Aval

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 3,520.0
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 166.17
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 584,916
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Clock Hours Available
Effective Labor Rate
Labor sales potential

How proficient are your technicians ?

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 3,458.7
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 3,520.00
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 98.26\%
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Hours Billed
Hours Available
Tech Proficiency

Our department technician proficiency is not bad. There is always room for improvement. By working on increasing hours in the shop will move technician proficiency to the next level.

ANALYZE COST OF LABOR:

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 275,014	\$ 230,750	83.90%	47.85%
Customer Truck			0%	0%
Customer Other	\$ 27,548	\$ 22,075	80.13%	4.79%
Warranty	\$ 167,261	\$ 132,346	79.13%	29.10%
Warranty Other			0%	0%
Internal	\$ 104,907	\$ 67,179	64.04%	18.25%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 574,730	\$ 452,350	78.71%	100.00%

CHANGES IN EXPENSE STRUCTURE:

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 452,350		
Variable Expense		0.00%	
Selling Expense	\$ 43,211	9.55%	
Personnel Expense	\$ 175,654	38.83%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 110,557	24.44%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 329,422	72.82%	
Net Profit	\$ 122,928	27.18%	

Repair Order Analysis

Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor	One Item Repair Order
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours		
807717	2018	JEEP	59,149	55.50	0.30	0.00	0.00	0.00	0.00	5.40	1
807728	2018	JEEP	56,059	45.00	0.30	0.00	0.00	0.00	0.00	5.40	1
807729	2017	JEEP	140,736	0.00	0.00	185.00	1.00	0.00	0.00	30.00	1
807730	2011	JEEP	135,145	0.00	0.00	0.00	0.00	185.00	1.00	36.00	0
807736	2013	RAM	164,821	0.00	0.00	185.00	1.00	185.00	1.00	72.00	0
807744	2015	JEEP	93,960	0.00	0.00	0.00	0.00	740.00	4.00	144.00	0
807747	2015	JEEP	71,937	40.00	0.30	370.00	2.00	0.00	0.00	65.40	0
807749	2019	RAM	29,528	61.50	0.30	185.00	1.00	0.00	0.00	37.40	0
807752	2015	TOWN	71,447	0.00	0.00	0.00	0.00	462.50	2.50	90.00	0
807753	2021	DURNA	7,554	40.00	0.30	0.00	0.00	0.00	0.00	5.40	0
807761	2020	PACFCA	72,762	0.00	0.00	185.00	1.00	370.00	2.00	96.00	0
807774	2014	RAM	144,241	0.00	0.00	0.00	0.00	205.00	1.10	33.00	0
807776	2019	RAM	84,772	40.00	0.30	60.00	0.50	0.00	0.00	20.40	0
807781	2020	PACFCA	43,758	40.00	0.30	0.00	0.00	0.00	0.00	5.40	0
807784	2005	RAM	125,848	40.00	0.30	185.00	1.00	647.50	3.50	140.40	0
807785	2019	CHARGE	40,227	55.50	0.30	185.00	1.00	0.00	0.00	35.40	0
807786	2003	RAM	264,844	0.00	0.00	0.00	0.00	1,025.00	5.50	165.00	0
807787	2012	300	101,813	0.00	0.00	185.00	1.00	0.00	0.00	30.00	1
807794	2015	JEEP	165,764	0.00	0.00	185.00	1.00	1,480.00	8.00	324.00	0
807797	2019	RAM	91,994	0.00	0.00	0.00	0.00	615.00	3.30	118.80	0
807802	2016	JEEP	26,413	0.00	0.00	0.00	0.00	185.00	1.00	36.00	1
807803	2018	JEEP	64,163	0.00	0.00	0.00	0.00	740.00	4.00	120.00	1
807809	2018	JEEP	45,865	0.00	0.00	185.00	1.00	0.00	0.00	30.00	0
807810	38503	JEEP	38,503	60.00	0.30	185.00	1.00	0.00	0.00	35.40	0
807815	2016	JEEP	55,641	40.00	0.30	185.00	1.00	195.00	1.00	65.40	0
807817	2015	RAM	70,178	0.00	0.00	740.00	4.00	0.00	0.00	120.00	0
807819	2021	RAM	6,451	0.00	0.00	0.00	0.00	615.00	3.30	105.60	0
807822	2014	JEEP	135,893	0.00	0.00	185.00	1.00	518.00	2.80	114.00	0
807826	2012	RAM	59,193	0.00	0.00	370.00	2.00	647.50	3.00	175.00	0
807831	2013	RAM	132,052	0.00	0.00	0.00	0.00	647.00	3.50	105.00	0
807832	2003	PT	246,312	0.00	0.00	0.00	0.00	370.00	2.00	60.00	0
807834	2014	RAM	135,988	0.00	0.00	0.00	0.00	2,767.50	15.00	540.00	0
807836	2018	CHALL	35,424	0.00	0.00	185.00	1.00	0.00	0.00	18.00	1
807839	2017	RAM	57,134	0.00	0.00	370.00	2.00	0.00	0.00	60.00	1
807841	2017	RAM	29,621	85.00	0.30	0.00	0.00	0.00	0.00	5.40	0
804842	2020	RAM	14,889	0.00	0.00	185.00	1.00	0.00	0.00	18.00	0
807845	2017	RAM	66,777	0.00	0.00	0.00	0.00	185.00	1.00	30.00	0
807847	2017	TOWN	47,886	0.00	0.00	165.00	1.00	0.00	0.00	30.00	1
807848	2012	JEEP	97,362	0.00	0.00	0.00	0.00	370.00	2.00	72.00	0
807849	2017	JEEP	61,160	0.00	0.00	185.00	1.00	0.00	0.00	36.00	0
807853	2007	MAG	121,994	0.00	0.00	0.00	0.00	1,925.00	10.40	312.00	0
807855	2022	RAM	2,363	0.00	0.00	0.00	0.00	185.00	1.00	35.00	0
807856	2019	JEEP	25,355	40.00	0.30	0.00	0.00	370.00	2.00	65.40	0
807862	2013	300	83,300	0.00	0.00	0.00	0.00	185.00	1.00	30.00	0
807873	2014	JEEP	87,487	0.00	0.00	0.00	0.00	262.50	1.50	54.00	0
807876	2011	RAM	2,011	0.00	0.00	0.00	0.00	1,095.00	6.00	216.00	0
807877	2017	CARA	80786	55.50	0.30	277.50	1.60	0.00	0.00	63.00	0
807881	2015	RAM	163817	0.00	0.00	0.00	0.00	185.00	1.00	36.00	1
807889	2012	RAM	75759	0.00	0.00	0.00	0.00	390.00	2.10	67.20	1
807898	2014	JEEP	142845	40.00	0.30	0.00	0.00	0.00	0.00	5.40	0
ROs 1-50 Totals				738.00	4.50	5,127.50	28.10	17,752.50	95.50	4,119.20	11
Date of Study:				C Labor		M Labor		R Labor		Total Cost of Labor	One Item Repair Order
Study Compiled by				Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate Hours		

Dealership				Competitive Labor		Maintenance Labor		Repair Labor		Total Cost of Labor	One Item Repair Order
RO Number	Year	Model	Mileage	Labor Sales	Flat Rate Hours	Labor Sales	Rate Hours	Labor Sales	Flat Rate Hours		
807900	2020	GLAD	40,740	0.00	0.00	307.50	1.60	615.00	3.30	147.00	0
807901	2019	RAM	33,386	0.00	0.00	185.00	1.00	0.00	0.00	30.00	0
807908	2014	JEEP	86,232	0.00	0.00	0.00	0.00	185.00	1.00	35.00	1
807910	2015	RAM	141,068	0.00	0.00	0.00	0.00	1,295.00	7.00	210.00	0
807912	2014	JEEP	124,083	0.00	0.00	555.00	3.00	0.00	0.00	90.00	0
807915	2015	RAM	109,402	0.00	0.00	0.00	0.00	740.00	4.00	144.00	0
807917	2014	JEEP	90,210	0.00	0.00	185.00	1.00	0.00	0.00	35.00	1
807918	2017	RAM	66,778	60.00	0.30	370.00	2.00	0.00	0.00	65.40	0
807921	2021	RAM	15,424	0.00	0.00	0.00	0.00	1,480.00	8.00	288.00	0
807925	2017	JEEP	68,951	0.00	0.00	0.00	0.00	555.00	3.00	105.00	0
807926	2012	JEEP	81,694	60.00	0.30	277.50	1.50	0.00	0.00	53.40	1
807928	2019	RAM	114,363	0.00	0.00	0.00	0.00	370.00	2.00	70.00	0
807930	2019	JEEP	32,062	0.00	0.00	0.00	0.00	1,480.00	8.00	280.00	0
807946	2012	CHALL	115,874	0.00	0.00	0.00	0.00	2,220.00	11.50	402.50	0
807949	2015	JEEP	93,934	55.50	0.30	0.00	0.00	0.00	0.00	5.40	0
807961	2017	RAM	118,755	0.00	0.00	205.50	1.50	1,345.00	7.30	316.80	0
807963	2012	RAM	99,994	0.00	0.00	0.00	0.00	635.00	3.40	119.00	0
807976	2017	RAM	84,648	0.00	0.00	185.00	1.00	2,250.00	11.50	375.00	0
807984	2016	CHARGE	144,862	60.00	0.30	0.00	0.00	0.00	0.00	5.40	1
807988	2016	CHALL	87,942	0.00	0.00	0.00	0.00	185.00	1.00	30.00	0
807996	2016	RAM	26,735	45.00	0.30	0.00	0.00	0.00	0.00	5.40	1
807997	2009	RAM	109,877	0.00	0.00	185.00	1.00	0.00	0.00	30.00	0
808005	2019	RAM	33,230	102.50	0.30	0.00	0.00	0.00	0.00	5.40	1
808007	2014	RAM	172,131	102.50	0.30	185.00	1.00	0.00	0.00	40.40	0
808016	2015	JEEP	98,758	0.00	0.00	0.00	0.00	845.00	4.50	135.00	0
808021	2016	CHALL	79,298	0.00	0.00	0.00	0.00	370.00	2.00	72.00	0
808022	2014	JEEP	72,000	0.00	0.00	0.00	0.00	1,295.00	7.00	210.00	0
808023	2002	JEEP	134,565	0.00	0.00	0.00	0.00	182.00	1.00	36.00	0
808024	2014	RAM	87,610	0.00	0.00	185.00	1.00	0.00	0.00	30.00	1
808026	2018	RAM	36,046	0.00	0.00	150.00	1.00	0.00	0.00	32.00	0
808031	2010	RAM	103,749	0.00	0.00	0.00	0.00	185.00	1.00	36.00	0
808033	2005	JEEP	193,000	0.00	0.00	0.00	0.00	462.50	2.50	75.00	0
808037	2018	JEEP	33,631	55.50	0.30	0.00	0.00	0.00	0.00	5.40	0
808042	2018	JEEP	33,936	55.50	0.30	0.00	0.00	185.00	1.00	37.40	0
808044	2008	VAN	139,610	0.00	0.00	0.00	0.00	740.00	4.00	140.00	0
808056	2008	RAM	134,729	0.00	0.00	0.00	0.00	1,230.00	6.60	198.00	0
808057	2004	RAM	140,768	40.00	0.30	0.00	0.00	0.00	0.00	5.40	1
808058	2020	JEEP	25,239	0.00	0.00	185.00	1.00	0.00	0.00	35.00	0
808064	2021	RAM	7,129	61.50	0.30	0.00	0.00	0.00	0.00	5.40	1
808069	2015	RAM	79,061	0.00	0.00	0.00	0.00	922.50	5.00	180.00	0
808082	2014	RAM	200,544	0.00	0.00	370.00	2.00	0.00	0.00	72.00	0
808092	2014	RAM	79,729	0.00	0.00	0.00	0.00	185.00	1.00	35.00	0
808093	2006	RAM	175,000	0.00	0.00	0.00	0.00	2,795.00	15.00	450.00	0
808099	2007	RAM	275,671	0.00	0.00	0.00	0.00	647.50	3.50	105.00	0
808101	2016	JEEP	43,440	0.00	0.00	0.00	0.00	185.00	1.00	36.00	0
808107	2017	RAM	128,729	0.00	0.00	0.00	0.00	555.50	3.00	108.00	0
808117	2012	RAM	118,323	0.00	0.00	0.00	0.00	205.00	1.20	43.20	0
808127	2021	RAM	85	0.00	0.00	0.00	0.00	1,900.00	10.30	370.80	0
808130	2015	DART	155,396	0.00	0.00	0.00	0.00	462.50	2.50	75.00	0
808133	2018	RAM	72,334	0.00	0.00	0.00	0.00	185.00	1.00	36.00	0
RO's 51-100 Totals				698.00	3.30	3,530.50	19.60	26,892.50	144.10	5,451.70	9
Date of Study:				C Labor		M Labor		R Labor		Total Cost of Labor	One Item Repair Order
Study Compiled by				Labor Sales	Flat Rate Hours	Labor Sales	Flat Rate	Labor Sales	Flat Rate Hours		

STRENGTHS:

1. Volume. Volume. Volume. There is no shortage of work coming in. We enjoy a very large customer service base. Retention is one of our strengths.
2. Ownership which is dedicated to meeting and succeeding short and long term goals
3. Strong relationship between Service and Parts Departments. Committed to Fixed Operations Success for the dealership
4. Experienced service and parts staff. Management have been in the business 20+ bringing great process and procedures to the departments. Shop foreman is highly qualified master technician.
5. Strong employee diversity throughout fixed operations
6. Great location

WEAKNESSES:

1. Service hours of operation are Monday-Friday 7-6pm. Saturdays 7-12pm. Lengthening hours of operation would help with gross.
2. Lack of motivation from the technicians to achieve proficiency
3. No aftermarket competitive pricing board in service drive
4. Difficulty getting parts in a timely manner
5. Time lost at parts back counter
6. ASM's inability to sell (loss of work)
7. Missed phone calls

OPPORTUNITIES:

1. Lengthen service hours to accommodate customers and created more gross profit
2. Create competitive pricing board for service drive
3. Change ASM's pay plan to majority commission base
4. Hire parts runners for technicians
5. Advertise work on all makes and models
6. Focus on more service department marketing

THREATS:

1. Difficult to find good employment
2. Large number of growing independent shops in the area
3. Decrease in labor times from factory
4. Backorder parts from factory
5. Low moral in shop causing low customer satisfaction scores
6. Ramping up staff to accommodate growing customer base

OBJECTIVES:

1. Increase hours per repair order
2. Increase warranty and customer pay labor rates
3. Build an attitude of teamwork-goal oriented
4. Improve technician productivity and proficiency
5. Change pay plans to focus on commissions

STRATEGIES:

1. Increase volume by working on all makes and models
2. Train advisors to sell more work
3. Implement new hourly labor rates immediately
4. Keep technicians accountable for daily production goals
5. No discounting without manager approval
6. Create better moral in shop-monthly lunches

TACTICS:

1. Create bonuses for hours sold per repair order
2. Submit warranty labor rate increase
3. Change parts pricing matrix immediately
4. Advertise service specials to create workflow
5. Build bonus structure for technician productivity
6. Create a sense of urgency that promotes department success
7. Have weekly management meetings to go over progress

ACTION PLAN:

1. Task: Hire 2-3 new technicians

- Role: Service Director
Completion date: ASAP
2. Task: Install competitive pricing board
Role: Service Director
Completion date: ASAP
 3. Task: Commission based pay plans
Role: GM/Service Director
Completion date: ASAP
 4. Task: Extend shop hours
Role: Service Director
Completion date: 6/1/22
 5. Task: Weekly manager/technician meetings
Role: GM/Service Director
Completion date: ASAP
 6. Task: Install advanced express lane
Role: Service Director
Completion date: 6/1/22
 7. Task: Shut off discounting feature in Reynolds
Role: Service Director
Completion date: ASAP
 8. Task: Increase hours per repair order by .5 hours
Role: Service Director
Completion date: 6/1/22
 9. Task: Submit labor rate increases
Role: Service Director
Completion date: ASAP
 10. Task: Change parts pricing to matrix
Role: Service Director/Parts Manager
Completion date : 6/1/22

SYNOPSIS :

It's quite obvious that our service department has room for growth. Our team is dedicated to the health and well being of the dealership. Any new processes and procedures will be well received by all team members. By implementing these tasks immediately will create growth and long term sustainability. Service and Parts departments are team oriented and will work together to achieve any and all goals moving forward. Excited to see how much more profitable and healthy the Fixed Ops Department will become.