

Fixed Operations 2 Service Homework Seminar 32

For Greg Smith

Classic Chrysler Jeep Dodge Ram Fiat

Goldsboro, NC

Current Practices

1. We print copies of all repair orders in the parts department, so oil changes and special ordered parts are pre-pulled for tech resulting in less wait time.
2. Advisors are writing 13-15 repair orders per day.
3. Used cars take longer to get through the shop than they should.
4. We have a large percentage of one line repair orders.
5. We have too many open repair orders for vehicles that have left the dealership.
6. We send out quarterly mailers and have coupons and specials on our website.

Goals For Improvement

1. Increase our ELR and hours per repair order.
2. Improve on our one-line repair orders.
3. Decrease the time it takes for used cars to get through the shop.
4. Improve FFV.
5. Hire more techs. One full time flat rate level 1 or 2 tech, one full time lube tech, and 2 part time lube techs.
6. Decrease open RO count.

Plans To Achieve Our Goals

1. In our morning meetings go over service history of vehicles coming in for the day for potential sale of additional services.
2. Have techs work on used cars starting at 5 and/or come in on Saturdays.
3. Have techs go on longer test drives to confirm FFV.
4. Decrease excessive discounts given by advisors.
5. Create parts packages for services and include them in our mailers. Along with making sure we have the correct mailers going out.
6. Present our menu services more consistently.
7. Go over open RO list every day with advisors and close as needed.
8. We have raised our labor rate to be more in-line with other dealers in our area.

Plans To Evaluate Our Changes

1. Review sample repair orders for complete MPI's and additional services sold.
2. Use template provided in class or create one, to monitor and review ELR, hours per RO, and tech proficiency using sample RO count.
3. Review daily reports for discounts.
4. Monitor ELR, Hours per RO and tech analysis using Dealer-Ops daily.
5. Review open RO list daily.

Repair Order Analysis Summary Report							
		Sales in Dollars	FRH's on RO's	Averages	Analysis		
Competitive	\$ 1,841	÷	36.80	=	50.02	FRH Average	
Maintenance	\$ 1,186	÷	18.10	=	65.51	FRH Average	
Repair	\$ 8,324	÷	71.90	=	115.78	FRH Average	
Totals	\$ 11,351	÷	126.80	=	89.52	Customer ELR	
		Target Labor Rate			106.44	Per FRH	
Total Ro's in Sample	98			Difference	-16.92	Per FRH	
Cost of Labor							
Total Cost of Labor	2581.70	÷	Total Sales	=	22.75%	Percent Cost of Sales	
Total Cost of Labor	2581.70	÷	Total FRHs	=	20.36	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	11,350.55	÷	Total ROs	=	115.82	Avg Labor per RO	
Total FRHs	126.80	÷	Total ROs	=	1.29	Avg FRH's per RO	
Menu Sales		÷	Total ROs	=		Percent Menu Sales	
Competitive FRHs	36.80	÷	Total FRHs	=	29.02%	Percent Competitive	
Maintenance FRHs	18.10	÷	Total FRHs	=	14.27%	Percent Maintenance	
Repair FRH	71.90	÷	Total FRHs	=	56.70%	Percent Repair	
One item ROs	78	÷	Total ROs	=	79.59%	Percent One Item RO	
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	1	12	15	14	5	52	99
0.00%	1.01%	12.12%	15.15%	14.14%	5.05%	52.53%	

Repair Order Analysis

1. Our effective labor rate from the sample is considerably lower than our target rate. We need to work on matching the right tech for the repair.
2. Model year analysis shows over 52% of the 99 sample RO's fall within the prime target for additional services.
3. Our percentage of one-line RO's is extremely high at almost 80%. Which means we are not offering our services additional services that are needed.

Qualitative SWOT Analysis

Strengths

1. Employees
2. Team members
3. Co-workers
4. Workflow
5. Honest technicians
6. Loyal customers

Weaknesses

1. Parts employees
2. Lack of information on repair order
3. Lack of customer information on repair order
4. Shop size
5. Roll up doors break frequently
6. A/C units leak in stall
7. Not enough techs to keep up with work
8. Lack of communication
9. Processes

Opportunities

1. Training
2. Sell more
3. Customer retention
4. Improve processes
5. Workload
6. Plans to add on to the dealership starting in August

Threats

1. Poor surveys
2. Techs quitting because of working long hours
3. Work piling up
4. Lack of advertisement
5. Making customers angry for taking too long to work on vehicles

Objectives

1. Decrease the number of one line repair orders
2. Increase hours per RO

3. Increase ELR
4. Move vehicles through the shop quicker
5. Reduce the number of open RO's

Strategies

1. Schedule less diag per day so the shop does not get backed up
2. Have daily shop meeting to discuss open RO's
3. Go over the MPI process and the importance of selling scheduled maintenance
4. Train advisors on proper distribution of work to the correct technician
5. Make sure that we are not over scheduling

Tactics

1. Put together parts packages for menu pricing and coupons
2. Have monthly training sessions with advisors and techs to go over selling needed services
3. Set daily and weekly goals
4. Adjust technicians work hours as needed to prevent burn out
5. Hire appropriate level techs
6. Hire service BDC to help with phone calls

Action Plan

Task	Role	Completion Date
Create parts packages	Service manager	July 1
Monthly meetings	Service manager	Monthly
Go over daily objectives	Service manager	daily
Go over weekly objectives	Service manager	weekly
Adjust tech hours	Service manager	June 1
Hire techs	Service manager	Ongoing
Hire service BDC	Service manager	July 1

Synopsis

One of the biggest problems we seem to have, is the large percentage of one line repair orders. For us to be more profitable we need to sell more services. This all starts with proper MPI's. Looking at our sample RO count, we have great opportunity to sell these additional services because over half the vehicles are over 5 years old. Having daily meetings to go over this process will help.

We also have a problem with the appointment schedule. We over schedule with certain types of work, especially scheduling more diag than we can handle daily. This creates a bottleneck in the shop which causes us to get backed up. This snowball effect causes overworked techs and angry customers. We must work on having a more balanced schedule. We also must work on leaving room on the schedule for walk-ins and emergency repairs.

We will be working on our ELR. We are well below our target labor rate of \$106.44. This low figure comes from discounts, work not being distributed to the right techs and too many one-line repair orders. We are working on hiring more lube techs and lower-level techs. We will be increasing our labor rates so these changes should help increase our ELR.

I am going to check into hiring a service BDC advisor to help with the large volume of incoming calls. The person will make appointments and help with calling warranty companies. This person will also call customers with special ordered parts and schedule those appointments as well. This will give our service advisors time to focus on their daily customers.

Implementing the above processes will lead to a more profitable service department by \$10k a month. That is the goal we have set.