

Service Department Analysis
For: Truro Mazda
Analysis of December 2017 FS

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A. Advertising: We are currently only utilizing our website for our service department advertising. In Atlantic Canada Winter Tire packages are huge as that season approaches and we do advertise our no cost installation heavily and competitive pricing. We need to focus on advertising our department across all social media channels and even radio as we are heavy up radio on the variable side.

B. Marketing: From our non-dealer survey we have come to the realization that we are extremely competitive in our market. In most cases within \$10/hr of these independent shops. We need to focus on having our community be aware of this, as we have two master techs with combined over 40 years experience.

C. Facility: We currently have two technicians and 3 usable bays with an empty bay currently being used as organized storage, but could be converted into a tech bay. Currently at 57% utilization based on the 3 stalls, which is a number that will need to climb in the immediate future.

D. Productivity: 89.36% tech proficiency based on December 2017. This is a decent number, but December is tire season in our area and proficiency would be higher in this month than most. Ultimately, we have one technician who is doing phenomenal and one who could use improvement.

E. Production Method: Conventional

F. Cost of Labour Analysis: 31.62% cost of labour

G. Changes in Expense Structure: Currently department expenses are narrowly below department profit. The department pays for itself but is not contributing what it needs to be. Currently no owner salary is being charged to the service department as well.

H. Pay Plans: Currently the service manager is on salary and the new parts clerk is on hourly wage. A bonus structure will need to be put in place to increase drive for efficiency and growth.

I. Detail Performance Programs: Currently with so much change and new staff we have been focused on just running the day to day operations. We are starting to get our new service manager comfortable with the job and can focus on goals and objectives moving forward.

J. Level of Current Training: The new service manager has been to 5 training courses with Mazda. He will continue to attend every one available as well as the new service desk clerk. Training with our seasoned Manager from our sister store has also taken place weekly.

K. Special Tools: Currently the technicians have everything they need we invested in a new code reader for off make models in our shop. Moving forward an alignment machine will be necessary. The technicians keep very clean stalls and everything is easy to find.

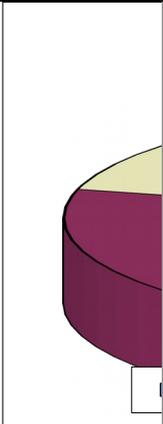
I. 100 Repair Order Analysis:

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$ 1,619	÷	23.38	=	69.26	FRH Average	
Maintenance	\$ 4,407	÷	55.40	=	79.54	FRH Average	
Repair	\$ 1,856	÷	20.90	=	88.79	FRH Average	
Totals	\$ 7,882	÷	99.68	=	79.07	Customer ELR	
			Target Labor Rate			Per FRH	
Total Ro's in Sample	0	Difference			79.07	Per FRH	
Cost of Labor							
Total Cost of Labor	2492.00	÷	Total Sales	=	31.62%	Percent Cost of Sales	
Total Cost of Labor	2492.00	÷	Total FRH's	=	25.00	Cost per FRH	
Repair Order Measurements							
Total Labor Sales	7,881.65	÷	Total RO's	=		Avg Labor per RO	
Total FRH's	99.68	÷	Total RO's	=		Avg FRH's per RO	
Menu Sales		÷	Total RO's	=		Percent Menu Sales	

Competitive FRH's	23.38	÷	Total FRH's	=	23.46%	Percent Competitive
Maintenance FRH's	55.40	÷	Total FRH's	=	55.58%	Percent Maintenance
Repair FRH'	20.90	÷	Total FRH's	=	20.97%	Percent Repair
One item RO's	42	÷	Total RO's	=		Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older	Total
0	0	11	35	18	8	28	100
0.00%	0.00%	11.00%	35.00%	18.00%	8.00%	28.00%	



S.W.O.T ANALYSIS

STRENGTHS

1. Tight knit group, service manager, parts manager and techs have been working together for 10+years.
2. Loyal customer base that love coming to our service department
3. Small town 15,000 population, when jobs are done well and customers are taken care of the word travels fast.
4. Two master technicians with over 20 years experience each, one of which is top 20 in the Country with Mazda.

5. New ownership bringing a very new energy to the whole department and shaking things up.
6. Service manager was formerly the detailer for 10 years, has an incredible attitude and treats the customers like gold.
7. Two extra bays currently one being used on and off, but room for growth in the shop overall.

WEAKNESSES

1. General Manager has 100% variable operations background.
2. Service Manager has a great attitude, but is still doing this job for the first time and had no previous fixed ops experience.
3. Small staff means a lot of work is being done by fewer people, this can cause focus to be lost on the most important tasks at times.
4. Parts manager is known to make some mistakes on ordering and is used to not being allowed to order the amount of parts that truly should be ordered for stock based on his passed experiences with the previous owner.

5. Not enough marketing being done for the department as a whole.

6. No alignment hoist as of yet

7. Only two technicians in a store that is growing rapidly on the variable side

OPPORTUNITIES

1. Town of 15,000 but 45,000 population in the county, lots of opportunity to attract customers from just a few more minutes drive away.

2. Develop more social media/ internet marketing campaigns for the service department and get aggressive with them.

3. Showcase more accessories in our showroom and have displays by our service desk.

4. Hire another technician!

5. Install an alignment machine

6. Extend our hours

THREATS

1. 78 dealer licenses in a county of only 45,000 people. A lot of Mom and Pop used car stores starting to offer servicing as well at cheap rates.

2. Technicians worrying about getting their hours in if a new team member is added (question of whether there is enough business, could have attitude issues)

3. The majority of our growth on the variable side is coming from reaching into the city (250k population) about an hour away. These customers will buy their vehicle here, but will be tough to retain in service.

4. Technician confidence in a new service manager, will they take advantage of inexperience.

5. Lengthening service intervals from the manufacturer, with an unlimited km warranty now in effect.

OBJECTIVES/STRATEGIES/TACTICS

Objectives

1. Improve technician proficiency (mainly with one of our techs)

2. Get new service clerk trained well fast to allow the service manager to focus on growth.

3. Start a Facebook/Instagram/snapchat marketing campaign promoting our service department with specials and coupons regularly

4. Get a bonus structure in place for Service manager/ Service clerk

OBJECTIVES/STRATEGIES/TACTICS

TACTICS

1. Check weekly to see what independent shops are advertising for pricing and also pay attention to WHERE they are advertising it so we can combat it.
2. Increase the open hours to service our customers from out of town and make it easier to do business here for those in town.
3. Have a board in Service MGR's office tracking technician productivity on a daily basis.

4. Hire a quick lube technician to fill in one of the bays and allow for the master technicians to focus on the bigger jobs.

5. Have a weekly fixed operations meeting to discuss our progress and productivity and talk about how we can improve as a team.

OBJECTIVES/STRATEGIES/TACTICS

TACTICS

1. Any and all part order mistakes to be reported by the tech to the service MGR the moment they happen.

2. Before close of business each day Service MGR to sit down with GM and share appointment schedule for following day.

3. Have exclusive coupons on social media platforms specifically for service

4. Have a board in Service MGR's office tracking technician productivity on a daily basis.

5. Take a look at a performance incentive for techs.

OBJECTIVES/STRATEGIES/TACTICS

Action Plan

<u>Task</u>	<u>By Whom</u>
<u>Completion Date</u>	
Train new Service Clerk well in March.1/2018 a reasonable amount of time.	Service MGR
Extend service hours of operation March.1/2018	Service MGR/GM
Hire a quick lube technician February.25/2018	Service MGR

Install an alignment machine
April.1/2018

Service MRG/GM

Get a white board in service MGR
March.1/2018
office to show tech daily numbers

Service MGR

Get wash bay staff on electronic punch
February.5/2018
to ensure appropriate pay

Service MGR

Start social media campaign for service
March.1/2018

Service/Soc.Med MGR

Install competitive pricing board at
March.1/2018
service desk

Service MGR

SYNOPSIS

Truro Mazda is a store in a great position to move forward with a lot of success. Having said that, this will not come without a lot of team effort and desire to succeed from all staff members.

Hours of operation in Truro for all dealers are the same with the exception of our store which is the only store open on Saturday. Even still these hours will need to be extended during the week and weekend to grow this department.

The technicians have been awesome with adapting to having a new and relatively inexperienced service manager. They have stepped up to help make sure things are running smoothly and have embraced a very positive new leader in the shop. The parts manager, though experienced seems to be making some simple mistakes that can prove to be costly. Tech confidence in his ability to have what we need when we need it is dropping and will need to be corrected moving forward starting with the service manager being notified the moment something is ordered wrong.

The addition of an alignment machine and a new lube technician will be huge for the department. Currently alignments are being shopped out to a neighboring dealer which is dollars out the door that will be amazing to have back in house. The new lube tech will speed things up and allow our master techs to focus on the bigger jobs. With the variable side growing at such a fast pace, the addition of the new tech will also get our internals in and out much faster.

All in all the department is headed in the right direction. Everyone will need to pull their weight and embrace change for the dealership to be successful and to grow. We are looking forward to many great years to come for Truro Mazda!