

James Toyota Fixed Ops: Mike Bazuik N329-43

- A. Advertising: We currently market frequently through radio, newspaper and social media and send mailers out to our customers with current service promotions. We also offer free extended maintenance plans for 3 years with the purchase of extended warranty upon vehicle purchase.
- B. Marketing: Tied in with our social media, print and mailer ads.

- C. Facility: Our facility has been the remained the same since 1987 with some equipment upgrades throughout but we are in the midst of a complete remodel to adhere to Toyota standards starting June 2018. Despite having an older facility, right now we are at a respectable 73% utilization but I believe with the new remodel and updated equipment, we will give our start all the necessary recourses to achieve 100%.

- D. Productivity: Currently our tech proficiency is running at 113% and are striving to reach the NADA guideline of 120%.

- E. Production Method: We currently have a production method we call the bucket system. Once RO's made, each job is analyzed by the service manager and distributed to the tech which he thinks is the most qualified or fit for the current job/type of work being done. Eg; diagnosing and heavy repair to A techs and lube changes and straight forward job to B and C techs.

- F. Analyze Cost of Labor: As seen in my RO analysis, our cost of labour is between 23.82% and 25.27%. Both fall below NADA guide which puts us in a great position to hold gross on labour sales.

- G. Changes in Expense Structure: Currently expenses are 62% of gross profit leaving which left us a net profit of \$31,274. I am happy with these results but want to focus more on proficiency to increase profits.

- H. Pay Plans: Advisors are paid hourly with no bonus or commission and service manager is paid salary + 2.5% of departmental gross.

- I. Detail Performance Programs: Service manager has a weekly morning meeting with advisors and techs to go over objectives and performance. Individual goals are then set for service advisors and reviewed to begin the following meetings. A visible scoreboard is something that has yet to be implemented.

- J. All employees are given a very in depth and extensive training program tailored to each job through Toyota University. Each employee is required to be up to Toyota's standards and current with any new training available.

- K. Special Tools: Special tool room is very neat, organized and accessible but very restricted by the amount of space we currently have.

- L. 100RO analysis

Repair Order Analysis Summary Report

		Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive		\$3,708	÷	34.40	=	107.78	FRH Average	
Maintenance		\$4,424	÷	42.20	=	104.84	FRH Average	
Repair		\$1,759	÷	16.60	=	105.95	FRH Average	
Totals		\$9,891	÷	93.20	=	106.12	Customer ELR	
		Target Labor Rate				107.00	Per FRH	
Total Ro's in Sample	100	Difference				-0.88	Per FRH	

Cost of Labor

Total Cost of Labor	2355.50	÷	Total Sales	=	23.82%	Percent Cost of Sales
Total Cost of Labor	2355.50	÷	Total FRH's	=	25.27	Cost per FRH

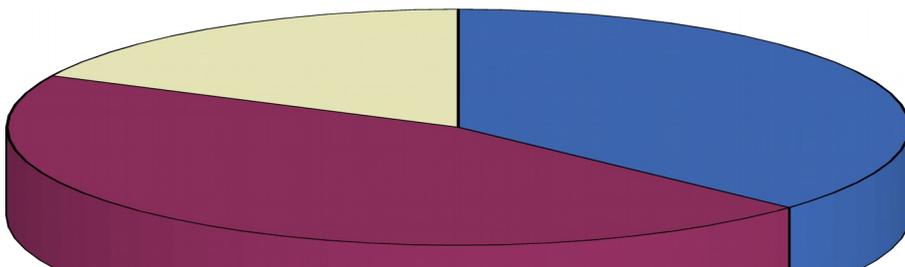
Repair Order Measurements

Total Labor Sales	9,890.80	÷	Total RO's	=	98.91	Avg Labor per RO
Total FRH's	93.20	÷	Total RO's	=	0.93	Avg FRH's per RO
Menu Sales		÷	Total RO's	=		Percent Menu Sales
Competitive FRH's	34.40	÷	Total FRH's	=	36.91%	Percent Competitive
Maintenance FRH's	42.20	÷	Total FRH's	=	45.28%	Percent Maintenance
Repair FRH'	16.60	÷	Total FRH's	=	17.81%	Percent Repair
One item RO's	0	÷	Total RO's	=	0.00%	Percent One Item RO

Model Year Analysis

2019	2018	2017	2016	2015	2014	Older	Total
0	1	10	5	15	11	58	100
0.00%	1.00%	10.00%	5.00%	15.00%	11.00%	58.00%	

Labor Mix



Qualitative Analysis

Strengths

- In business since 1987 with a growing large and loyal customer base.
- The experience, knowledge and training of our veteran advisors and techs is second to none.
- Access to the number one automobile brand in the world which has lead our staff to believe in the products that they sell and shows with 95% of our staff driving a Toyota product.
- Very low turnover rate with staff due to a strong benefit program and structure that has allowed us to promote our staff from within the dealership.
- Very bright and spacious workshop with tons of potential to be utilized with the new building plans in the spring.
- Very family orientated atmosphere and staff appreciation shown frequently with staff BBQ's, parties and employee on vehicles and service.
- We have recently started the process to implement a new CRM system that will severely improve some systematic problems we currently have with tracking and organization within the department.

Weaknesses

- Service hours do not mirror sales hours.
- We have a new service manager in his first year with advisors in there 2nd years which sometimes makes for extra oversight from the GM to make sure they are able to do their jobs properly which takes effort and focus away from the sales department.
- Current pay structures for advisors does not incentivise them to upsell shop hours.
- Parts and service have poor communication with each other which leads to not having correct parts ordered for RO's and having to book 2nd appointments to complete simple jobs.
- Service advisors discounting.
- No tracking of lost sales.

Opportunities

- Mining industry is booming with more resources being found and potential new mines opening.
- In the upcoming years, many of the veteran staff members will be retiring and there will be a changing of the guard with some very talented and motivated personnel moving in their places.
- With the complete remodel coming we will optimize the service department with a new parts display wall and state of the art visual aids via television screen that will help the advisors upsell to our loyal customers.
- With a growing used car operation, our service department will aim to retain more used vehicle customers from local competitor shops.

Threats

- The mining industry can be very volatile and our business can rise and fall with the price of gold and other key resources.
- We need catch up to the technology curve and stay ahead of it in the future.
- Increasing number of demographic choosing to bring vehicles to 3rd party shops for maintenance.
- Reputation is our biggest asset and our biggest threat with the size of our community.

Objectives

- Increase Shop utilization.
- Refine and implement process for better organization and communication between parts and service.
- Adjust service hours to mirror sales.
- Increase hours sold per RO.

- Track lost sales.
- Revise advisors pay plans to motivate them.

Strategies

- Train service advisors on upselling and revise pay plans to give them an incentive to do so.
- Educate parts and service managers to recognize and track lost sales in both departments.
- Schedule morning meetings with parts service and techs to go over monthly strategies and hear out any complaints or suggestions to improve the department. (4 square SWOT was a big eye opener to give a voice to our entire staff)
- Formulate new schedule to allow service ours to mirror sales that works for all advisors.
- Post non-dealer competitive pricing board to show where we stack up to the stand-alone shops.

Tactics

- Print, circle, sign process for all ROs to avoid miscommunication between parts and service.
- Bonus based pay plans for service advisors.
- Override computer systems ability to discount parts or labour from the service desk.
- New display board with building update.
- Track parts and service progress and have a monthly meeting to set new goals and objectives with them to guide them in making goals for the advisors.

Action Plan

Task	By Whom	Completion Date
• Install non-dealer Competitive pricing board	Service Manager	02/10/2018
• Meeting to devise new production method	Serv Mngr/parts Mngr/ GM	02/11/2018
• New parts display	Contrators/GM	06/01/2018
• Re-design advisor pay plans	GM	02/12/2018
• Remove discounting from non mgrs.	GM/serv Mngr	02/14/2018
• Service Hour adjustments	Gm/serv and parts Mngrs	03/01/2018
• Lost sales tracking meeting	parts/serv mngrs	03/03/2018

Synopsis

Despite being behind the curve on a technological front, we are operating at an optimal level with service being accountable for 72% gross profit YTD, techs performing at a high efficiency rate and service maintaining an excellent reputation within the community. That is not to say that we do not have areas to improve in. After week 3 I have realized the importance of my service advisors to our dealership and realize with the 50 and 1000RO analysis exercises that we need to focus on selling more labor and FRH/RO at the counter, keep a scoreboard for the advisors and implement a new targets and goals for them as well as my service manager. With new goals in mind for the service department I believe that we are on our way to a bright and successful future and look forward to all new challenges coming our way.