

## **Current Practices**

1. Our Service Advisors do not present any Scheduled maintenance to customers at write up.
2. Xtime is our Inspection tool and isn't currently being utilized to sell work.
3. 75% of Express Service Repair Orders are 1 line Ro's.
4. All inspections are inconsistent.
5. Our Service Department is open Mon-Fri 7 am to 6 pm and Saturday 8-12. The technicians only work 8-5 and 8-12.
6. Our express advisors have low HPRO.
7. We perform very poor and inconsistent customer walk arounds.
8. We do not always meet the customer at the vehicle.
9. When the BDC is busy the Advisors will ignore phones.
10. We do not currently have a good follow up with customers.
11. Special Orders currently sit and sometimes get sent back as we have a poor process to follow up when the customer does not show.
12. We do not follow up with missed appointments.

## **Goals for Improvement**

1. To implement a plan to present scheduled maintenance to our customers.
2. Work with the entire team front and back to utilize our inspection tool so the customer can have a nice packet to review when the vehicle is finished.
3. Get the Express technicians to perform a better, more consistent inspection to increase upsells.
4. Work with entire tech teams to have a process that is consistent with all technician's on MPVI.
5. Create shifts to utilize the hours we are open and possibly increase those hours and have a technician on staff at all hours.
6. Create a Walk around process for the advisors to follow on customer vehicles.
7. Create a plan to make sure our customers are getting good follow up.
8. Make a Process to get accurate follow ups with customers on special order parts, vehicle updates, and missed appointments.

## **Plans to achieve our goal**

1. We will add Maintenance Schedules to our write up tool and have the advisors present to the customer with a box they must check to acknowledge they were presented. We will also put maintenance schedules in our Early Bird Box and attach them to completed Repair orders.
2. We will reach out to Xtime to have them come back and retrain our team on using the tool. When we signed up it was COVID year and they did our implementation virtually.
3. We will train our lead lube tech to be the “foreperson” in the lube lane and he will be responsible to ensure they are performing consistent and quality inspections.
4. For our main shop we will create 2 teams to work 10 hour 4 on shifts. This will ensure we have techs onsite all out operating hours and increase proficiency.
5. Sign up with Podium, a text platform, to communicate with customers via text.
6. The Service manager will present each advisor with the process for ensuring a walk around.

## **Plans to evaluate our changes**

1. We will review the write up tool to make sure the customers are acknowledging the maintenance presentation.
2. After Xtime comes in and trains the employees we will review the Xtime reporting to see what our utilization is and monitor what we need to change.
3. We will monitor our repair orders vis repair order review to see how many add on lines we have from upsell.
4. We will review our DMS labor profit analysis to see if we are improving hours per ro.
5. We will monitor our tech productivity to ensure we are keeping the techs busy on the new 10-hour shifts and ensure by having them clock in and out that they are here for the entire shift.
6. Podium has a reporting feature that will show us how many times it has been used. We will create templates for each use such as special-order parts, etc.
7. The service manager will do random spot checks when an advisor is writing up a customer to ensure they are performing the walk around and we will have prizes at random for the best walk around.

## Marketing

1. We have signed up with Epsilon to market to all our Lost customers and promote General Motors National Retail Plan.
2. We have also started to utilize Conversica, which is a A.I. customer engagement tool that will reach out to lost customers and engage them before they turn them over to an advisor.
3. We have immersed our dealership into the community by sponsoring many events from little league, golf outings, and even sponsored a community center.
4. We will grow our online marketing presence with Facebook and Instagram.
5. We have hired a marketing director that will work to utilize Google analytics.
6. We have utilized our CRM to start sending out “birthday cards” to customers vehicles.
7. Several dealerships in town have sold to out of state dealer groups. We plan to market ourselves as your local dealer and bring in All makes to our service department.
8. Our BDC will be working off conquest lists given to us by General Motors. These lists include any GM product in our PMA that we did not sell.
9. We plan to start service clinics to engage our customers from the start of ownership, but will not limit these to new owners.
10. We intend to hire a outside salesperson to work and bring in more fleet business. We have a lot of potential in untapped fleets in our area.
11. We have partnered with the local high schools and have donated popcorn bags for them to package popcorn it at sporting events with our log and info on them with a coupon for special discounts.

## Facility

FACILITY POTENTIAL	
Number of Bays	24
	x
Number of Days	22
	x
Number of Hours	11
	x
Effective Labor Rate	\$ 109.14
	<i>equals</i>
FACILITY POTENTIAL	\$ 633,868

FACILITY UTILIZATION	
Total Labor Sales	\$ 319,660
	÷
Facility Potential	\$ 633,868
	<i>equals</i>
FACILITY UTILIZATION	50.43%

We fell short of where we need and want to be on our Facility Potential. With the changes we plan to make with our hours and schedule's, we feel we can increase this. Our goal would be to get it at a minimum to eh NADA guide. I also feel with some added training we plan to implement with our Advisors we can get our ELR up several dollars per hour which will also help. This and the increase in work potential will definitely get us on the right track. I feel this number can be closer to 75% by the end of 2022.

## Productivity

### NADA ACTUAL SERVICE ANALYSIS

	Labor Sales / Month	Effective Labor Rates	Hours Billed
Customer Pay	\$ 178,243	÷ 105.53 =	1689.0
Customer	\$ 55,012	÷ 116.48 =	472.3
Customer Other	\$ -	÷ =	0.00
Warranty	\$ 66,797	÷ 123.63 =	540.3
Internal	\$ 19,608	÷ 86.24 =	227.4
New Vehicle Prep	\$ -	÷ 123.63 =	0.0
<b>Total</b>	<b>\$ 319,660</b>		<b>2929.0</b>

#### POTENTIAL

$$\text{\$ } 319,660 \div 2928.98 = \text{\$ } 109.14$$

Total labor sales for month      Total hours billed      Effective Labor Rate

$$18.00 \times 8 \times 21 = 3,024.0$$

# Service mechanical technicians      # Hours/Day      Working Days/Month      Hours Available to Sell

$$3,024.0 \times \text{\$ } 109.14 = \text{\$ } 330,031 \quad \text{\$ } 412,538.16$$

Hours Available to Sell      Effective Labor Rate      Labor sales potential @100%      Labor sales potential @ 125%

How proficient are your technicians ?

$$2,929.0 \div 3,024.00 = 96.86\%$$

Total Hours Billed      Hours Available to Sell      Tech Proficiency

Clear Form

Our technician proficiency is not in a bad place to get it moving upward. Once we make the changes to our hours and schedules to get the technicians working loner, we can then adjust the schedule to increase our work load. Als, we will work on how we spread out the work to make sure we are getting the right jobs with the right technicians to maximize our proficiency. Also, the addition of a full work day on Saturday will be an immense help in increasing our output.

## Cost of Labor

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$ 178,243	\$ 132,440	74.30%	55.76%
Customer	\$ 55,012	\$ 42,947	78.07%	17.21%
Customer Other			0%	0.00%
Warranty	\$ 66,797	\$ 48,787	73.04%	20.90%
Warranty Other			0%	0.00%
Internal	\$ 19,608	\$ 14,654	74.73%	6.13%
NVI / Road Ready/ PDI			0%	0.00%
Adj. Cost Of Labor		\$ (15,142)	0%	0.00%
<b>Total</b>	<b>\$ 319,660</b>	<b>\$ 223,686</b>	<b>69.98%</b>	<b>100.00%</b>

Our adjusted cost of labor is running high mainly due to the fact we are proficient with our Express operations. We work our Express teams in groups of 2 with oil changes cycling every thirty minutes. Our goal is to increase the upsells of items such as cabin filters, air filters, wiper blades etc. to help increase the hours turned by the teams. We also feel if we set them up to be more efficient, they can do 3 oil changes an hour which will also help. We will work with the General Manager to increase our internal labor rate to retail as well as our parts markup to retail. We do not currently do a lot of work for the Used Car Department, but look to make a change to get them to run more through our service department.

## Expense Structure

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 223,686		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 150,771	67.40%	
Semi-Fixed Expense	\$ 58,402	26.11%	
Fixed Expense	\$ 29,980	13.40%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 239,153	106.91%	
Net Profit	\$ (15,467)	-6.91%	

Clear Form

The Picture	
Customer Pay Gross Profit %	75.19%
Total Service Dept. G.P. %	69.98%
Parts / Labor Ratio (Cust. Pay Only)	0.75
Total Service Dept. Expenses	\$ 239,153

I do not believe we have an issue with our current expense, but so feel we need to increase our sales to help grow our Net increase. Our gross as a percent of sales could use a little work, but overall, we need to sell more. Again, this goes back to increasing the number of productive hours we operate.

## 100 RO Analysis

Repair Order Analysis Summary Report							
	Sales in Dollars		FRH's on RO's		Averages	Analysis	
Competitive	\$	2,662	÷	26.30	=	101.21	FRH Average
Maintenance	\$	2,058	÷	20.50	=	100.37	FRH Average
Repair	\$	12,065	÷	93.90	=	128.49	FRH Average
Totals	\$	16,784	÷	140.70	=	119.29	Customer ELR
			Target Labor Rate				Per FRH
Total Ro's in Sample	0		Difference		119.29		Per FRH
Cost of Labor							
Total Cost of Labor	3997.10		÷	Total Sales	=	23.81%	Percent Cost of Sales
Total Cost of Labor	3997.10		÷	Total FRHs	=	28.41	Cost per FRH
Repair Order Measurements							
Total Labor Sales	16,784.35		÷	Total ROs	=	167.84	Avg Labor per RO
Total FRHs	140.70		÷	Total ROs	=	1.41	Avg FRH's per RO
Menu Sales			÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	26.30		÷	Total FRHs	=	18.69%	Percent Competitive
Maintenance FRHs	20.50		÷	Total FRHs	=	14.57%	Percent Maintenance
Repair FRH	93.90		÷	Total FRHs	=	66.74%	Percent Repair
One item ROs	50		÷	Total ROs	=	50.00%	Percent One Item RO
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	1	2	6	16	14	61	100
0.00%	1.00%	2.00%	6.00%	16.00%	14.00%	61.00%	

We have gathered from our RO analysis that we need to do a better job of performing quality inspections in both the main shop and express. Over 50% of our RO's were on liners. Also 61% of the vehicle in the RO mix were older than 5 years. With a vehicle base of older than 5 years and higher mileage we need to better inspect and present menus.

## **Our take aways from the employee SWOT**

### **Strengths**

- We make adjustments quickly from employee input
- Treat our customers professionally
- Family atmosphere to customers and employees
- Top employee pay for our area
- Employee engagement
- Great CSI and Retention
- Our area has a lot of manufacturing
- Technician apprentice program
- Technician retention program

### **Weaknesses**

- Advisor to customer communication
- Shop is outdated
- Service hours too short
- Technician utilization of Xtime
- Poor and inconsistent MPVI
- Technician lack of concern for customer
- Technicians cut corners on repairs to make time
- Shop is not Air Conditioned
- Shop does not have Power doors
- Some of our equipment is outdated

### **Opportunities**

- Start performing quality inspections
- Install Podium text feature to help advisor communicate with customer
- Mirror the sales department hours
- Better MPVI presentation to customer
- Present customers with service menus
- Better vehicle walk arounds with customer
- Manage service drive display boards with better displays

## Threats

- Lack of electric vehicle trained technicians
- No Human Resource Department
- Lack of incentive program for lube technicians
- Lack of customer service training for the service advisors
- Loss of maintenance on Electric Vehicles
- Advisors feeling like customers are an annoyance.

## Objectives

- Improve MPVI to be consistent from tech to tech
- Increase HPRO and ELR
- Train advisors to make them Sales People not order takers
- Improve technician proficiency
- Create retention program for advisors and lube techs

## Strategies

- To install Podium a text platform to keep customers involved
- Have Xtime come back out and retrain our employees on the function
- Send the Advisors to Sale training
- Train the technicians on the value and how to do a MPVI
- Change our service hours to mirror sales hours
- Incentivize technicians to become EV qualified
- Monitor and change the service display boards monthly

## Tactics

- Fixed Ops Director, Service and Parts Manager to update display board
- Implement bonus programs for technician upsells
- Implement retention program for advisors based on ELR and HPRO
- Weekly manager meetings for Fixed managers to discuss good/bad.
- Implement bonus program with higher hourly rate for technicians who are qualified and work on EV's
- Implement team system for longer service hours

## Task

## By Whom

## Completion Date

Update Display Board	Fixed Managers	07/01/2022
Develop and install bonus program For Technicians	Fixed and Service Manager	08/01/2022
Develop and install bonus program For advisors	Fixed and Service Manager	08/01/2022
Weekly Fixed managers meetings	Fixed Operations Director	07/01/2022
Re-immersion to Xtime	Fixed Operations Director	08/01/2022
Advisor Sales training	Fixed Operations Director	10/01/2022
Design team system and install Longer hours	Fixed Managers	09/01/2022
Program to incentivize EV training	Fixed and Service Manager	12/01/2022
Re-evaluate all pay plans	Fixed Operations Director	12/01/2022

## Synopsis

After the review of the entire service department from Facility potential, HPRO, ELR, expense structure, etc. it is apparent we have room for much improvement. The fact that we do not present menus, quality MPVI, and walk arounds are costing us.

We feel that with some changes to the way we do business and by investing in our employees training we can increase our sales. By giving our Advisors the tools they need to succeed in making the sale, this will give them the confidence they need to approach the customer.

A few changes will make a huge impact in our Fixed absorption. We have the goal of getting that to 125% in 12 months.

By taking a look at our pay plans, we can design them to incentivize our employees to sale and allow them with the increased sales to make them more money as well. Also with the creation of teams, this will allow us to be open more hours and also give them advisors and technicians mor time off with 4/10 work schedule and allow us to be here for the customer.

I am so grateful for the information I have received during this class and look forward to the rewards it will bring.