

Service Department Analysis for



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Service Seminar 33

Qualitative SWOT

STRENGTHS:

1. Retention & Expansion: Our store is currently at 118% retention within the last 7 model years. With the average vehicle being on the road for 12+ years, this allows us to establish, maintain, and take care of our customer base for years to come. We also can attract customers from local dealers and bring them in to show them the benefits of coming to our store verses the store they may have purchased their car from or are used to going to. We can show them the Norm Reeves Way.
2. **Teamwork & Culture**: We have a unique atmosphere in our store, that is passionate about the VW brand and a true love for cars in general. This starts with our service porter, the advisors, our technicians, and parts employees. With that, our whole team always has the best interest of the customers, and their vehicles. Every one of our staff members genuinely care about helping customers and each other. It's refreshing to see it happen and experience it.
3. Communication: Our team has a great communication channel between each other. The culture in the store is strong enough that even a new team member can join and be on the same page within a short time. One thing we do great on is setting the proper expectation and adhering to it. We of course can always be better, but also do a decent job.
4. Qualified Leadership: Our shop foreman, parts manager, and service director are always on top of training and coaching. We always look for a lesson to learn or a way to get better. We pool from ideas of everyone and work together to achieve a goal or overcome an obstacle.

5. Digital MPI Tool: We have obtained a great digital MPI, texting, and check out tool. This provides transparency to the customer to allow them to make a better, informed decision on their vehicle's needs. They can communicate with us directly through text and even skip waiting to go through the check out process and pay online.

WEAKNESSES:

1. Workflow: We have an immediate need to spread out appointments into the afternoon. With proper scheduling, the shop can be loaded accordingly, and moral will be better through the shop. We currently do not have a moral concern, but over time, if left untouched it could become one. One thing I pride myself on is tackling a perceived obstacle before it leads into an actual concern.
2. Shop Equipment & Facilities: There are some upgrades that need to take place in our service department. Since leaving NADA, some of them have already been put into motion. A/C in the shop is almost a must in Florida this day in age. It could also be used to attract and retain technicians. There are some minor equipment upgrades that need to be done as well and have been listed to tick off one at a time.
3. Compensation & Bonuses: Our store tends to be reactive to pay plans and compensation with employees. We have a large opportunity to correct this before it becomes something we can no longer manage. We should not have to wait until there is a problem to address it. We do not let exterior concerns get out of control, so why should we let interior concerns get that way? All we do is risk employee retention and high turnover rates.
4. Ordering Communication: We have an immediate need for streamlining our SOPs through the parts department. That is something manageable, easy to achieve, but is also something that requires constant monitoring to make sure the process is adhered to.

OPPORTUNITIES:

1. Technician Career Path: We have an opportunity to create a clearly defined career path for our new hires and current employees at all levels. Our company does a great job of promoting from within, so we should capitalize on that and make sure all our employees know that.
2. Training: Although limited at this time, VW offers classes nationally and online for all positions. Whether you're an advisor, technician, parts employee, or in management, there is always something available or on the horizon to help you along the way. We have the opportunity to enroll everyone as they become available.
3. Pay: We have the chance to lead our area with competing pay and bonus structures. I believe if we bonus off of proficiency it is only go to drive other KPIs up. This also can motivate the shop more as a whole verses individualizing a goal. I think this will allow for a better team atmosphere instead of focusing on the individual.
4. Complacency: Being complacent is a killer. Not only to production, but also to business. This trickles down from the time the customer arrives until the time they leave. If we allow that, what makes us different from others? This also starves us of potential, CSI, and repeat business.
5. Shop Stat Board: A digital display with rotating information for the shop would help get buy in, and a better feeling of belonging if all the KPIs

we ask them to meet is readily available. They shouldn't have to wait for a manager to run a report and keep getting put off until someone "has time". Without techs, we can't be successful.

THREATS:

1. Outside Qualified Shops: Our area is unique in that there are multiple European specialists with certified technicians. They are constantly marketing, and we need to also. We must set ourselves apart to attract the customer and also the technicians working at these shops in order for us to grow and succeed.
2. Marketing: We need work more closely with the manufacturer coupons to match our own here at the store. We do not need to contradict our own offers and make sure the manufacturer isn't giving away the farm.
3. Manufacturer Quality: We have to monitor the quality coming off the line from the manufacturer right now. We have vehicles within 1 model year and 12,000 miles that already need major wearable items. This is infringing on customer satisfaction, and we are having to campaign the manufacturer for help too often. There is nothing we can control in the building process, but this is something we have to jump on when we see it, so the customer knows that our store is looking out for their best interests.
4. Lack of Training: Although there is a lot of training available through our manufacturer, they are still not readily available. My shop foreman is lacking 2 courses to become Master Certified, however they are not available until 2023. This can impair us from making repairs on new models if training is required.

5. One Line Repair Orders: Our advisor staff needs to stay consistent in the process. This is one of the major components to a successful service department. This affects parts department fill rate, technician pay, overall service department profitability, and the dealership as a whole. We need to focus on being self sufficient and maximizing every opportunity.

OBJECTIVES:

1. Improve the customer experience. We need to hone the write up process to maximize everything at time of write up and set the proper expectations.
2. Focus on utilizing our digital MPI tool to drive more gross through upsells after the inspection process. Also, it will help build the report with the customer, so they trust our process from the time of the first visit until the time something needs to be brought to their attention. At that time, we'll have earned their trust. We want a whole customer base of key-tossers instead of order placers and demanders.
3. Change technician's pay plans and bonuses to reward growth and promote it with buy in on their end.
4. Change the marketing strategy to obtain the best return on investment and customer return.
5. Increase the awareness of training and potential of growth within our own store and also the rest of our company

6. Establish a digital display to show and track technician KPIs where it's viewable at all times, for all employees

STRATEGIES:

1. Change or add a bonus structure to advisors and techs to drive proficiency and gross on all repair orders
2. Meet with our scheduling BDC to help with afternoon work spread
3. Market directly to drive afternoon work and declined services
4. Finish creating a "why service with us board" to help build value in our service department
5. Review repair orders daily to inspect what I expect for service advisors and technicians
6. Hold weekly huddles in the shop that include everyone in the Fixed Operations side of our store to monitor KPIs

TACTICS:

1. Monitor and watch over the walk around and write up process
2. Market directly to customers outside of factory warranty to drive in more customer pay dollars, especially customers that border other dealer's service area
3. Establish a clear, defined parts mark-up process so there is consistency between departments quoting items and jobs to customers
4. Implement a new shop foreman bonus structure to pay directly off of shop inspections done our digital MPI program and shop proficiency to drive up gross per repair order
5. I need to meet and review parts pricing increases and decreases to stay competitive in our market
6. There needs to be dealer surveys done monthly to monitor market fluctuation and pricing congruency with our area

ACTION PLAN:

<u>TASK</u>	<u>ASSIGNED</u>	<u>ETA TO COMPLETE</u>
-Begin weekly Fixed Ops Huddles	Thomas Sirmons	Immediately
-Track 1 item Repair Order with advisors	Thomas Sirmons	Immediately
-Work with GM on tech bonus	Brian Irvin/Thomas Sirmons	July 16, 2022
-SOP Parts process reconfiguring	Aaron Imfeld/Thomas Sirmons	Immediately
-Digital Display in shop for Tech KPI	Luis, Jim, & I.T. DEPT	Immediately
-Create a defined Tech Career Path	Thomas Sirmons	July 16, 2022
-Reach out to VW Advisory council regarding tech and advisor classes	Thomas Sirmons	Immediately
-Clear signage for Dare to Compare tactics in the showroom and lounge	Thomas Sirmons/Buffalo Grappix	Immediately
-Hold a call with VW FOM to discuss direct marketing campaigns to align with our own marketing channels	Thomas Sirmons	Immediately

SUMMARY:

Reviewing the notes and materials covered in our class, there is ample opportunity to ramp up the business we have. There is so much untapped potential that our store has and can achieve greater numbers just utilizing our current strengths and sharpening the skills we already possess. We are blessed to have the team we have and the culture that has been created in our store. Every one makes sure their teammate is being assisted with any issue, customers are the number one focus, and most importantly capturing all opportunity. With that, there is also great room for improvement.

The service advisor team has to capture and ask for every opportunity. Not every customer walks in the door to toss keys and say fix everything, call me when it's done. We must take the initiative and be proactive to prepare the day before with history, scheduled maintenance options, greet the customer, set the proper expectation and then exceed it. We need to set ourselves apart and show the customers the value of coming here verses our competitors. We are already marketing to zip codes where other VW stores reside, now let's give them the experience they expect and deserve.

The KPIs we hold our team accountable to have to be inspected and monitored daily. If we inspect what we expect, that allows for the complacency to set in. Once it reaches a certain point, we may as well install touch screens and do away with the service advisor all together. We should take pride knowing that our expertise, our one-of-a-kind service, our commitments, and our processes are what brings the customer back every time.

We should gear our pay strategies to reflect the achievement of the KPIs and goals we establish for all our employees. Not only our advisors, but the techs and the parts department all have equal opportunities to

contribute to the success of the customer visit and dollars collected. If we tweak our pay structure, we can help boost proficiency through the entire shop, and also drive gross profits in customer pay work.

In closing, we need to inspect what we expect, that has never wavered. If we do not monitor and hold ourselves accountable, then complacency will set in and fester. Staying proactive to all situations whether it is internal opportunities in the department or customer interactions, being reactive is always going to end up working against us. Our service team, in my opinion, is pound for pound for the best there is. We possess the tools necessary, the knowledge needed, the moral to blossom, and can make changes that require no expense that can make or break records. I am going to make sure that as a manager, I'm going to continue to push my team to level we should be at. I also am going to ask my team to hold me accountable. Whether it is shop equipment, training, process improvement suggestions, or anything else that can help or hinder, I need their input to help all of us be successful together. This is a team atmosphere and always will be. I cannot succeed without my team, and they cannot succeed without strong leadership. Charles S. Lauer said it best when he said, "Leaders don't force people to follow. Rather, they invite them on a journey, setting standards along the way that will make people wish they were on their team."