

Service Department Analysis

Lexus of Hingham - George Sarkis - #28

A - Advertising

<p>LEXUS GENUINE WIPER BLADES All Wipers Are Not Created Equal</p> <p>\$17.95 Installed Expires 02-28-2018</p> <p>Premium Compression-molded Rubber Helps: - Reduce Noise - Improve Wipe Quality - Provide Long Service Life</p> <p>Specifically designed for Lexus vehicles - with Lexus quality. For Lexus Vehicles Only</p> <p>Coupon Code: BLADES Offer Disclosure</p> <p>SCHEDULE SERVICE</p>	<p>LEXUS EXPRESS MAINTENANCE Vehicle Completed in 60 minutes</p> <p>\$89.95 Expires 02-28-2018</p> <p>Includes: - oil change and filter change - multi-point safety inspection - set tire pressure - top off fluids - car wash</p> <p>Conventional Oil \$20 Less</p> <p>Coupon Code: LXMMMA10 Offer Disclosure</p> <p>SCHEDULE SERVICE</p>	<p>FEBRUARY SPECIAL SAVINGS At Herb Chambers Lexus of Hingham</p> <p>Expires 02-28-2018</p> <p>On Any Recommended Service or Repair: Receive \$10 off when you spend \$100-\$50.00 Receive \$30 off when you spend \$101.00-\$200.00 Receive \$50 off when you spend \$201.00 or More</p> <p>INCLUDED A COMPLIMENTARY MULTI-POINT INSPECTION</p> <p>Coupon Code: NEWYEAR50 Offer Disclosure</p> <p>SCHEDULE SERVICE</p>
<p>BATTERY AND CHARGING SYSTEM COMPLIMENTARY BATTERY AND CHARGING SYSTEM INSPECTION.</p> <p>Expires 02-28-2018</p> <p>- Check battery terminals for corrosion - Battery cold cranking amps, perform amp draw test - Inspect alternator for proper output voltage and amps</p> <p>BATTERY REPLACEMENT SPECIAL IF NEEDED \$169.95 with an 84 MONTH LEXUS WARRANTY BATTERY</p> <p>Excludes SC and Hybrid models</p> <p>Coupon Code: BATT5 Offer Disclosure</p> <p>SCHEDULE SERVICE</p>	<p>LEXUS BATTERY TENDER</p> <p>\$64.99 Expires 02-28-2018</p> <p>Fully charge and maintain your battery during the Winter Season. Offer Disclosure</p> <p>REQUEST PARTS</p>	<p>LEXUS BOUTIQUE SAVINGS</p> <p>10% Off Expires 02-28-2018</p> <p>10% Off any Boutique item. Offer Disclosure</p> <p>REQUEST PARTS</p>

FACILITY POTENTIAL	
Number of Bays	15
	x
Number of Days	24
	x
Number of Hours	272
	x
Effective Labor Rate	145
	<i>equals</i>
FACILITY POTENTIAL	\$ 14,198,400

FACILITY UTILIZATION	
Total Labor Sales	\$ 286,759
	÷
Facility Potential	\$ 14,198,400
	<i>equals</i>
FACILITY UTILIZATION	2.02%

C - Facility Utilization

D - Productivity

How proficient are your technicians ?						
	1,330.0		2,106.00	=	63.15%	
	Hours Produced		Hours Available		Tech Proficiency	

Defiantly an area of oppportunity here....

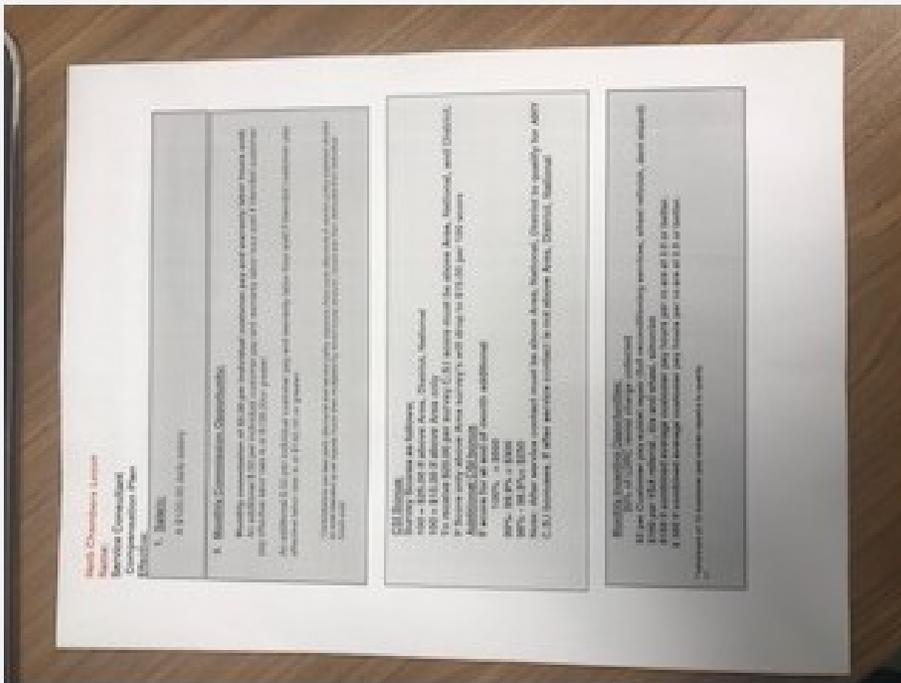
E. Production method - We have 2 team leaders. We're not that productive because our C techs don't hold their ground.

F - Analyze cost of labor

Cost of Labor						
Total Cost of Labor	6989.90	÷	Total Sales	=	27.47%	Percent Cost of Sales
Total Cost of Labor	6989.90	÷	Total FRH's	=	20.56	Cost per FRH

G - Changes in Expense Structure - No change here, we are profitable!

Service Department Profit Centering			
Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 242,352		
Variable Expense	\$ 47,491	0.00%	
Selling Expense	\$ 58,733	0.00%	
Personnel Expense	\$ 87,839	0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense		0.00%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 194,063	0.00%	
Net Profit	\$ 48,289	0.00%	



Pay plan above

Daily Service Dash Board													
Dealership	Lexus Hingham	Date	2/5/2018	Forecast	\$350,000	Workdays This Month	24	Workday #	4				
LABOR GROSS PROFIT \$	MIS Drill Down	Projection	LABOR GROSS PROFIT %	Actual	Guide	Difference	REPAIR ORDER COUNT	RAP Report	Projected RO Count	EFFECTIVE LABOR RATES	RAP Report	Guide	Difference
Customer Labor Gross \$	\$19,130	\$114,780	Customer Labor Gross %	82.0%	80.0%	2.0%	Customer RO Count	93	598	Customer Labor ELR	\$135.96	#####	-\$9.04
Warranty Labor Gross \$	\$3,640	\$21,840	Warranty Labor Gross %	85.0%	80.0%	5.0%	Warranty RO Count	27	162	Warranty Labor ELR	\$134.91	#####	\$0.00
Internal Labor Gross \$	\$6,018	\$36,108	Internal Labor Gross %	85.0%	80.0%	5.0%	Internal Labor RO Count	47	282	Internal Labor ELR	\$133.15	#####	#####
EXT Warranty Labor Gross	\$0	\$0	EXT Warranty Labor Gross %	89.0%	80.0%	9.0%	Total RO Count	167	1002	Average	\$134.67	#####	(\$6.96)
PDS Labor Gross	\$3,130	\$18,780	PDS Labor Gross %	89.0%	80.0%	9.0%	Service / Parts Gross Total		\$43,033.00	Service / Parts Trending MTD Gross		\$258,198.00	
Sublet Gross \$	\$1,696	\$10,176	Sublet Gross %	20.0%	25.0%	-5.0%	WIP Labor FRH		73	FRHs		33.9	
Unapplied Labor Cost	\$0	\$0	Average Labor Gross %	86.0%	80.0%	6.0%	Forecast vs		(\$24,719)				
Total Labor Gross \$	\$33,514		Forecast Labor Gross by Workday		#####								
Trending Gross Profit MTD		\$201,684	Parts Trending MTD										
FHRs by LABOR	RAP Report	MTD	WORK MIX	Actual	Guide	Difference	Parts MTD Total Gross	\$ 9,419.00	\$ 56,514.00	FHRs PER RO	RAP Report	Guide	Difference
Customer Labor FHRs	188.4	1,130.4	Customer Labor Mix	#DIV/0!	60.0%	#DIV/0!	Customer	2.0	1.8	0.2			
Warranty Labor FHRs	31.8	190.8	Warranty Labor Mix	#DIV/0!	40.0%	#DIV/0!	Warranty	1.1	1.3	-0.2			
Internal Labor FHRs	79.5	477.0					Internal	1.6	2.0	-0.4			
Total Labor Hours	299.7	1,798.2	Forecast in Flat Rate Hours				Expense Monit		MIS Drill Down	Guide %	Difference		
			Month Objective	Obj. MTD	Actual	Difference	Policy		\$563.60	2.0%	#####		
TECHNICIAN PERFORMANCE													
TECHNICIAN	EMP. #	Daily Objective	MTD Objective	RTH MTD	Diff	Objective Efficiency (Based	Technician	ASR	Inspector	ASR's	Actual	Benchmark	Difference
BLUE TEAM													
Rebec Oliveira	115542	8.3	33.2	31.8	(1.4)	95.8%	schooltraining	#DIV/0!	ASR	37.0%	48.0%	11.0%	53.6%
Andreus Stalbor	101365	8.0	32.0	31.0	(1.0)	96.9%		#DIV/0!	Benchmark	30.0%	48.0%	18.0%	53.6%
Danny Chen	56916	9.0	36.0	38.5	2.5	106.9%		#DIV/0!	Difference	3.0%	5.6%	2.6%	36.5%
Jordan Camero		6.0	24.0	31.9	7.9	132.9%	schooltraining	#DIV/0!	Actual	40.0%	48.0%	8.0%	36.5%
RED TEAM													
Michael Navarika	974	8.0	32.0	26.9	(6.1)	80.9%		#DIV/0!	Benchmark	40.0%	48.0%	8.0%	36.5%
Jake Yao	90796	8.2	32.8	30.1	(2.7)	91.8%		#DIV/0!	Difference	-3.2%	#####		
Joseph Cadger	129021	8.0	32.0	40.6	8.6	126.9%		#DIV/0!					
INTERNAL TEAM													
Roberto Saans	95862	8.5	34.0	24.6	(9.4)	72.4%		#DIV/0!					
Timothy Adams	123737	8.0	32.0	20.5	(11.5)	64.1%		#DIV/0!					
Express Lube Techs		0.0	0.0	0.0	0.0	#DIV/0!		#DIV/0!					

I - Detail Performance Programs. Above \\\\\\\\\\\

J - Level of current training. Our advisors go to quarterly training from Lexus and service director goes to a performance group twice a year.

M - SWOT

Service Department Analysis

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Strengths

1. State of the art facility
2. Valets always on the ball in the drive
3. Trained Lexus certified technicians
4. Strong advisors who consistently make sure there's work for techs
5. All brand new equipment and tools for techs
6. Family atmosphere

Weakness

1. Lack of employees (receptionists, valets)
2. Too much gossip at times
3. Staying on process 100% of the time
4. Scheduling appoints via telephone. Way too busy at times.
5. Outsourced BDC leads to not scheduling apts correctly
6. More technicians
7. Need 1 more scan tool

Opportunities

1. Maximize amount of service apt per day

2. Scheduling of service appts
3. More work on following up on declined services
4. Performance review with staff once per month
5. Upsell incentives for techs to create more hours
6. Opp to grow
7. More one on one time with advisor

Threats

1. Controlling the loaners to stay efficient
2. Not picking up phone and returning calls
3. Over promising
4. Tardiness of employees
5. Communication between sales and services
6. Lack of passion resulting in losing good clients
7. Not enough loaners as were growing very fast

Objectives

1. Improve communication between sales and service to maintain good CSI
2. Purchase 1 to 2 more scan tools to make sure techs work quicker
3. Make sure reviews are done on a monthly basis with advisor and tech to assure they know were watching and paying attention to their performance
4. Daily 1 on 1 with advisor (10 min max)
5. Make sure service director is making all declined service calls the next day
6. Loaners vehicles to be cleaned and gassed at all times before going with the guest

Strategies

1. Make sure express service bays are being used at all time. When no CP work being done, express is to be used for internal and PDI
2. Make sure we have a quick meeting with whole staff when they get in (5 Min max)
3. Go over decline services following day with advisor before SM calls guest again
4. Consistently going over process with all employees of service to maintain profitability, customer retention and CSI
5. 1 on 1 to make sure everyone knows where they stand at all times. Good, bad and ugly

Tactics

1. SM to authorize loaners and to who they go to
2. SM to come up with bonus plan monthly for advisors and tech (GM to approve)
3. SM to make sure 1on1 is being done daily
4. SM to make decision on how much to discount and the %between service and parts
5. SM to pump up staff EVERYDAY!

TASK - BY WHOM - COMPLETION DATE

1. Monthly Bonuses - SM - Every Month
2. Buy more scan tools - GM - March 1, 2018
3. Change Pay Plan for advisors, full commission to sell more - GM/SM - March 1, 2018
4. Extended Service Horus - GM/Owner - March 1, 2018
5. Make sure express bays are used at all possible work time - SM - March 1,2018

Synopsis

At the end of the day we do so many things right but were not perfect by any means, and the goal is to be as close to perfect as possible. Were well over guide in all the right areas when It comes down to holding gross, CSI is #9 in the country and turnover is at a minimal. However, it's great to get feedback from everyone to really make this operation perfect. Area of opportunity is making sure we stick to process 100% of the time, show up to work on time and work your whole shift, answer the phone when it rings and communicate all the time because the only one that loses in the end is us when that guest never comes back!

People need to be appreciated when they do well because good people are hard to find! Come to work to work and everything else will always take care of itself.