

Service Department Analysis

Peninsula Subaru

N397

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Fixed Operations 2 Service Homework

1. Evaluate Your Service Department. A detailed analysis is required for the following areas:

- **Current practices-** Our dealership offers Free Oil Changes for Lifetime of Ownership. We have great customer retention due to this. We present Accessory sales to every customer purchasing a new vehicle. We make sure each customer is introduced to the Service Department during the sale. We have a shuttle vehicle and 60 loaner vehicles in our fleet to accommodate our customer's busy lives.
- **Goals for improvement-** Review Repair Order's daily with advisors. Review Labor Gross percentages on all competitive and maintenance items. Review advisor pay plans and consider compensation as a percentage of gross rather than hours sold. Enroll our less experienced advisors in NADA online training. Implement variable diagnosis charges.
- **Plans to achieve your goals-** Meet with entire management team and review our strengths, weaknesses, opportunities, and threats. Designate responsibilities among the fixed operations team. Discuss the importance of training for our advisors and get GM/Owner to buy in to cost.
- **Plans to evaluate your changes-** Hold a follow up meeting 30 days later to evaluate progress. Hold fixed operations

Some of you may not have the authority to make any changes but you are still required to describe your plans for implementation and evaluation as if it was your department.

2. Marketing: What are your plans to keep your service department name in front of your customer?

How will you be marketing the dealership service department to obtain new customers and retain

the ones that you have? - We will continue to allocate marketing expenses via TV, Radio, social media, email campaigns. Ask customers to fill out google/yelp/facebook reviews to attract new customers. We will accomplish this by offering to send a review link via Podium.

3. Facility (4th Homework Calculation): What changes will you make to increase your Utilization?

-We will review schedules (4-10's vs 3-13's) and implement the best schedule for maximum utilization. Consider expanded hours for Parts and Service.

4. Productivity (3rd Homework Calculation): How will you increase your Tech Proficiency? Are you selling all available hours? Will you make any changes to your production method in your service

department? - We will continue sending less experienced technicians to instructor led trainings to improve their productivity. We will review feedback from customer's (surveys, questionnaires) and implement changes that reduce friction in our current process.

5. Analyze Cost of Labor (1st Homework Calculation): How does this calculation relate to the work mix being performed in your service department? What are your opportunities for growth? How is the distribution of work in your shop affecting the gross profit percentages? Is your pricing structure in line? Is there discounting going on that needs to be addressed? -We will utilize shop loading to make sure the proper technician is being assigned the job. We will review Internal pricing for Oil Changes for Life to ensure proper gross profit percentages for Parts and Service departments. Discounting will be addressed by changing advisor pay from hours sold to gross profit. Any discount above 1-1.5% of total sales will be subtracted from their eligible pay. Another opportunity for growth is reviewing our current pricing on competitive and maintenance items to reflect the current market.

6. Changes in Expense Structure (2nd Homework Calculation): With the ultimate goal of higher net profit, do you have a grossing problem or are your expenses in line? How do you plan to achieve higher net profit? Are any adjustments needed in your staff's pay plans and why?- We have to review our advisor pay plans and switch them from being paid off total hours sold because it leads to Memo-billing and decreased profit. I believe we have an expense issue rather than a gross issue. We will review our current pay plans for technicians, advisors, managers, and GM.

7. 100 Repair Order Analysis: Submit the summary page along with your evaluation of the analysis.

8. Perform a complete Qualitative SWOT Analysis with an Action Plan: Copy the Strengths, Weaknesses, Opportunities, and Threats sheet and hand it to EVERY service employee. Ask for their input. Collect the sheets, tabulate the data and then set Objectives, Strategies, and Tactics. Use that data to create the Action Plan. Give us a synopsis of your homework assignment, with the potential impact that could be achieved when the plan is implemented in your location. Use whatever time frame is best for you. Please email it to us, or if it is too large, upload it to the dropbox in the homework dropbox. Once it has been uploaded, email us so we may grade the assignment.

Strengths-

- Great Retention
- Loyal Subaru customers
- Experience in all positions
- Closed Sunday for Family Day
- Community Involvement
- Population increasing in the area

Weaknesses-

- Unable to expand footprint
- Ease of access to the facility
- Employee morale
- Do not currently offer valet
- Outdated customer lounge

Opportunities-

- Initial greeting/ walkaround
- Offer valet pick up/ drop off to customers
- Update facility
- Increased focus on Service Department during advertisements
- Employee appreciation events for employees & their families

Threats-

- Independent Repair Facilities
- Electric Vehicles
- Complacent employees not taking care of our customers
- Losing Technicians to our competition
- Employee turnover due to low morale

Objectives

1. Improve employee morale
2. Hold more labor gross
3. Increase facility utilization
4. Have better trained employees
5. Track lost sales

Strategies

1. Hold meeting with entire management team.
2. Review key takeaways from NADA Service class.
3. Assign responsibilities for each item to individuals. (morale, gross, training, lost sales)
4. Set follow up meeting to discuss progress.

Tactics

1. Host employee appreciation events for employees & their families.
2. Remove ability to discount/memo-billing without manager approval.
3. Alter schedules to 4/10's or 3/13's to increase facility utilization.
4. Enroll advisors in online NADA trainings and send technicians to instructor led trainings.
5. Have service manager meet with parts manager daily to review declined repairs from previous day of business.

Action Plan

Task	By Whom	Completion Date
NADA Students submit key takeaways to owner	Rick Miller and Nick Dionas	Monday June 13 th
Host key takeaway Meeting	Entire Management Team	Friday June 17 th
Manager Meeting	Entire Management Team	Monday June 20 th
Service Manager/Parts Manager begin meeting daily to discuss lost sales	Rick Miller and Stephen Sundstrum	Tuesday June 21 th
Manager Meeting	Entire Management Team	Monday June 27 th
Sign technicians up for instructor led trainings	Rick Miller	Tuesday June 28 th
Employee Appreciation	Entire Fixed Ops Team	Tuesday July 5 th
Manager Meeting	Entire Management Team	Monday July 11 th
Host 30 day key takeaway meeting	Entire Management Team	Thursday July 14 th
Enroll advisors into NADA online training	Rick Miller	Thursday July 14 th
Manager Meeting	Entire Management Team	Monday July 18 th
Evaluate all competitive & maintenance items. Raise prices to match current market	Rick Miller	Wednesday Aug 3 rd
Host 60 day key takeaway meeting	Entire Management Team	Monday Aug 15 th

Synopsis

After reviewing our key takeaways from class we have identified several areas of opportunity. Meeting with our management team was the first step in making changes for the better. Good morale and community involvement is something our dealer principle holds very dear to his heart. Our first step towards making any changes was to address employee morale. We knew a healthier work environment would make it easier for us to implement the remaining items. Our employee appreciation day helped boost morale and get the technicians & advisors excited about working here. In addition, the few technicians & advisors who were being sent to training were even more excited to learn and grow with the company. We will continue following our action plan and reviewing results on a regular basis.