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SWOT Analysis Service Department Renfrew Chrysler

Service department evaluation

Current practices

- ✦ Service department hours of operation, Monday – Friday 7:00 AM – 5:30 PM, Saturday – Sunday – Closed
- ✦ Unpredictable finish times of customers vehicles
- ✦ Oil changes appointments taking too long
- ✦ One service advisor having the ability to bump their customer's complementary cleans ahead of others
- ✦ Complementary exterior washes after each service
- ✦ We have a couple technicians that do communicate with our customers with video MPI'S
- ✦ Mail out advertising sent from service department directly
- ✦ Limited marketing to keep costs down
- ✦ Customers have to create a log in, in order to schedule an appointment, online scheduling is more of a hassle then convenient

Goals for improvement

- ✦ Open longer hours to cater to our customers, make it convenient for them
- ✦ Be open on the weekends
- ✦ Decrease our 1line items
- ✦ Lessen the amount of wasted technician time (moving vehicles, making trips to the parts department for parts, decreasing the chances of technician's chit chatting)
- ✦ Create and use an online service scheduling system
- ✦ Pricing guide, ensure this is up to date for quick quotes
- ✦ Increase our Hours per RO
- ✦ Service drive introduction for all new customers
- ✦ Ensure all information on a RO is accurate, easy to read
- ✦ Increase our ELR
- ✦ Have all techs use video multipoint inspections with our customers, this will increase our CSI's, help build value and customer may retain more information

Plans to achieve our goals

- ✦ We will change our hours of operations in the service department, ensure we have techs and the proper amount of service staff in the evening and weekends. This will let us sell more hours to the customers we are currently unable to assist because of our limited hours of operation
- ✦ Provide continuous training to service advisors, implement menu selling to help decrease 1line items. Pitch 100% of the product 100% of the time.
- ✦ We will lessen the amount of wasted tech time by having the proper parts staff at our back parts counter and ensuring we are properly stocked with our most common used parts
- ✦ Review and implement an online appointment scheduling system for the convenience of our customers
- ✦ Review our pricing guide monthly, ensure these are up to date
- ✦ Increase our hours per RO- Perform a service walk around with customer at the time of drop offs, add value to the work being sold, advising customers of the work recommended, menu selling
- ✦ Ensure that 100% of our customers get a service walk through at each new vehicle purchase/delivery and book their first oil change. The first scheduled appointment will encourage the customer to come back for their first service
- ✦ Service manager to review all RO's being written, ensure all RO's are easy to read, spelling is correct, and descriptions are clear and easy for customers to understand.
- ✦ Increase our ELR by reviewing each service advisors RO's, watch for discounts
- ✦ We will train all techs to use Video MPI, implement a process for all techs and service advisors. This will increase hrs per RO and increase our CSI scores

Plans to evaluate our changes

- ✦ Review all RO's that were created during extended hours to determine if there is an increase in business and adjust accordingly
- ✦ Review advisor's sales daily with them to keep them on track.
- ✦ Review Technicians hours vs previous 90-day averages to confirm they are becoming more efficient.
- ✦ Review online appointments vs previous average to confirm the simplified online booking tool is working and increasing appointments.
- ✦ Check the latest version of the pricing guide to ensure the system is up to date.
- ✦ Look for an increase in customers purchasing menu items, ensure advisors are completing the walkaround checklists with every customer that comes in.
- ✦ Review appointments for the next 90-120 days looking for an increase in first time oil changes and first-time customers.
- ✦ Review random RO's from each advisor to ensure these changes are taking place.
- ✦ Monitor and address service advisors who continues to discount RO's
- ✦ Review the software used for video MPI to ensure it is being used.

Marketing

- ✦ Create a membership/VIP program which will keep our customers coming back
- ✦ Sales department to complete a service walk through to all new and existing customers
- ✦ Utilize our CRM for mail outs and emails for promotions
- ✦ Advertise with big signs outside in front of dealership
- ✦ Decals on loaners “we service all makes and models”
- ✦ Promote on Radio stations
- ✦ Word of mouth, every service advisor to tell their customers to recommend our service department to someone they know, we can gift them a gift card or a complimentary detail to their vehicle

Facility

FACILITY POTENTIAL	
Number of Bays	26
	x
Number of Days	22
	x
Number of Hours	10
	x
Effective Labor Rate	128.36
FACILITY POTENTIAL	\$ 734,219

FACILITY UTILIZATION	
Total Labor Sales	\$ 253,712
	÷
Facility Potential	\$ 734,219
	<i>equals</i>
FACILITY UTILIZATION	34.56%

Our facility utilization is 34.5% which is a lot lower than the NADA guide of 75%. We need to increase our hours per RO, this can be achieved when every technician recommends the service that every vehicle needs. Video

MPI's will help achieve more hours per RO's as this will help build value and customers will have a better understanding of the work recommended. In our service drive through, our service advisors will utilize service menus to sell recommended work to customers, every customer will be presented with a menu upon arrival in the service drive through. The service advisors will need to explain and build value on the work and services recommended.

Our service manager will analyze RO's on a monthly basis. The service manager will determine what needs to improve and ensure all RO's are completed properly. With doing this, we can determine and address the good and the bad. We will then know how to achieve our sales goals.

Having consistency will increase our hours per RO which will increase our facility utilization.

Productivity

NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month	÷	Hourly Labor Rate	=	Hours Billed
Customer Car*	\$ 126,453	÷	143.48	=	881.3
Customer Truck*	\$ 12,131	÷	143.48	=	84.5
Customer Other*		÷		=	0.00
Warranty	\$ 22,252	÷	131.39	=	169.4
Internal	\$ 78,977	÷	93.88	=	841.3
New Vehicle Prep	\$ 13,899	÷		=	0.00
Total	\$ 253,712				1976.5

POTENTIAL

\$ 253,712	÷	1976.49	=	\$ 128.36
Total labor sales for month		Total hours billed		Effective Labor Rate

12.00	x	8	x	22	=	2,112.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Clock Hour Avail

2,112.0	x	\$ 128.36	=	\$ 271,107
Clock Hours Available		Effective Labor Rate		Labor sales potential

How proficient are your technicians ?

1,976.5	÷	2,112.00	=	93.58%
Hours Billed		Hours Available		Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

Technician proficiency is a measure that combines productivity and efficiency.

Our technician proficiency is 93.5%, this is below the NADA guide of 125%. This is telling us that our technicians time is not spent actually working on vehicles throughout the work day. This could be because of time wasted in waiting for parts (covid has really affected this), possibly because there is too much visiting in the parts department, moving vehicles back and forth, distractions, too much down time.

We need to find the root of the problem, monitor and observe our technicians through out the day, figuring out why they are not working through our the work day and address from there.

Analyze cost of labor

Service Department Sales and Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 126,453	\$ 93,749	74.14%	49.84%
Customer Truck	\$ 12,131	\$ 4,305	35.49%	4.78%
Customer Other			0%	0%
Warranty	\$ 18,362	\$ 10,055	54.76%	7.24%
Warranty Other	\$ 3,890	\$ 2,208	56.76%	1.53%
Internal	\$ 78,977	\$ 56,503	71.54%	31.13%
NVI / Road Ready	\$ 13,899	\$ 9,775	70.33%	5.48%
Adj. Cost Of Labor		\$ (2,120)	0%	0.00%
Total	\$ 253,712	\$ 174,475	68.77%	100.00%

Our cost of labor is at 31.3% which is higher than the NADA guide of 24%. We need to ensure that we are using the proper technicians for the proper jobs, this means not using our highest paid technician if not necessary.

As per our spread sheets, our posted door rate is 174.95 and our ELR is 143.48. Based on these numbers, we need to focus on our internal/customer pay discounting. For example; if we continue to discount our internal work, but yet we have to pay our technicians their regular rate then our labor expenses will continue to be above the NADA guide.

The service manager should review all internal/customer pay RO's daily and make any needed adjustments.

Changes in expense structure

Service Department profit centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 230,978		
Variable Expense		0.00%	
Selling Expense	\$ 118,975	51.51%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 72,931	31.57%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 191,906	83.08%	
Net Profit	\$ 39,072	16.92%	

According to this spreadsheet, our service department nets 16.92% after absorbing their share of expenses, which is below NADA guideline of 20%. Our selling expenses is a little bit higher than suggested by NADA, this should be 45-50%. We need to increase our internal ELR, which will increase our gross profit this is one way it will help us achieve the 20% net profit as suggested by NADA. We should monitor our expenses and ensure these do not increase to keep us close to NADA guide line.

100 Repair Order Analysis

Repair Order Analysis Summary Report

	Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive	\$ 8,997	÷	94.10	=	95.61	FRH Average
Maintenance	\$ 5,489	÷	29.65	=	185.13	FRH Average
Repair	\$ 8,978	÷	31.60	=	284.12	FRH Average
Totals	\$ 23,465	÷	155.35	=	151.04	Customer ELR
			Target Labor Rate		138.26	Per FRH
Total Ro's in Sample	100		Difference		12.78	Per FRH

Cost of Labor

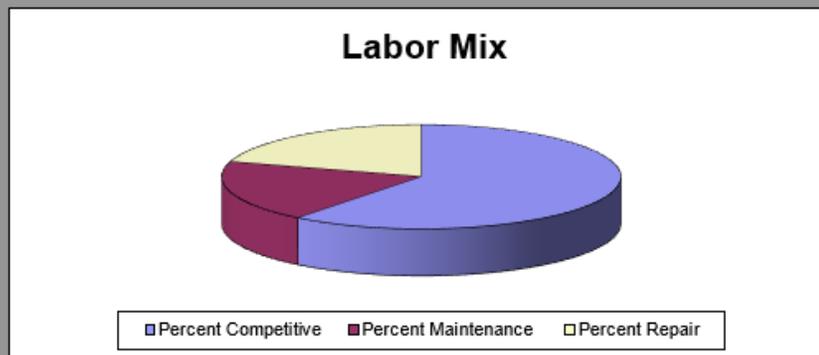
Total Cost of Labor	6212.24	÷	Total Sales	=	26.47%	Percent Cost of Sales
Total Cost of Labor	6212.24	÷	Total FRHs	=	39.99	Cost per FRH

Repair Order Measurements

Total Labor Sales	23,464.61	÷	Total ROs	=	234.65	Avg Labor per RO
Total FRHs	155.35	÷	Total ROs	=	1.55	Avg FRH's per RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	94.10	÷	Total FRHs	=	60.57%	Percent Competitive
Maintenance FRHs	29.65	÷	Total FRHs	=	19.09%	Percent Maintenance
Repair FRH	31.60	÷	Total FRHs	=	20.34%	Percent Repair
One item ROs	61	÷	Total ROs	=	61.00%	Percent One Item RO

Model Year Analysis

2023	2022	2021	2020	2019	2018	Older	Total
0	1	9	15	16	14	45	100
0.00%	1.00%	9.00%	15.00%	16.00%	14.00%	45.00%	



Our one-line items are extremely high, according to the above 100 repair order analysis we are at 61%, which is way above NADA guide of 10-15%. This is telling us that we are not recommending and suggesting other work other than what they had originally came in for. There is lot of potential to sell more hours, we need to be suggesting work to every single customer that comes in.

Menu selling will help with the one-line items.

Our competitive and Maintenance combined is 79.6%, which is above NADA guidelines, this needs to be brought back down to 60%. We need to increase our Repair's to 40% as it is sitting low at 20.34%.

We will need to train all our technicians to communicate with customers using video MPI's, this is help immensely with building value to all work recommended. We know that most people are visual learners, customer will absorb more information with video MPI's which will give customers a better understanding of the work being recommended, which will let us sell more hours, more maintenance and repair work.

Strength

✚ VP of fix operations and service manager are both very

experienced, combined 60 years of experience in the auto industry.

- ✦ Both VP of fixed operations and service manager are easy to talk to and are always willing to assist when needed.
- ✦ We have a mix of customers from all over the city as we are a metro store, located close to the downtown core
- ✦ Diverse staff members with a strong combination of long-term employees
- ✦ Many of our technicians have been employed at Renfrew Chrysler for many, many years.
- ✦ Long terms employees in the service department
- ✦ BDC team to book all service appointments which lets service advisors focus on selling hours, helping customers that are in front of them, etc.

Weaknesses

- ✦ Slow computer system, which leads to slow check ins

- ✦ We have many customers that block our phone numbers due to too many sales calls
- ✦ We are un able to quote correct/accurate prices for on-the-spot maintenances through the system we use (advanced APS), this system is fantastic for quoting scheduled maintenances and preparing customers for their next visits
- ✦ Our oil changes and tire rotations take too long
- ✦ Labor times are low, and our techs are not wanting to work
- ✦ We do not work on all makes and models as we do not have the proper equipment to do so
- ✦ Lack of repeat/loyal customers
- ✦ Currently our hours of operation in service are Monday - Friday 7:00 am - 5:30pm and Saturday and Sunday we are closed

Opportunities

- ✦ Menu selling
- ✦ Menu priced items displayed on a board for customers to see

- ✚ Promotions - “complementary” with each peace of mind service such as wiper blades, Mopar gifts, etc.
- ✚ Organizing a customer appreciation day, 1 day of “discounted” oil changes for customers with previous high-priced invoices
- ✚ Get the equipment and tools our shop needs in order to work on all makes and models
- ✚ Create a “VIP” or “member” program for all our customers which would encourage our customers to come back to our service department/dealership, this would help with loyalty and retention
- ✚ Provide on - going training for all service employees, refreshers
- ✚ Jeep Hard top/Soft top storage for customers, charge the customer a storage fee (just like tire hotel) which would force them to come back to us and when they do come back for their hard top/soft top, suggest to the customer to have us uninstall the hard top/stop for a fee.

Threats

- ✚ High level of competition, there are 9 other Chrysler Dodge Jeep Ram dealerships within 30 kms to ours, the closest is only 7kms away
- ✚ The dealerships in town are new builds or reimaged, they have up to date shops/new facilities, and showrooms which are far more attractive to the eye of customers

- ✦ Some of the other Chrysler Dodge Jeep Ram dealerships offer a quick lube service which attracts customers to their dealerships rather than ours as it may appear that they are quicker than us
- ✦ COVID has really impacted the ability to receive parts on time which results in the delay on work for our techs
- ✦ Unsatisfied customers, the ability to keep 100% of our customers happy a 100% of the time
- ✦ Employees that have a hard to with change
- ✦ Establishing new culture, sales and servicing working together rather than against each other
- ✦ Metro store, lack of traffic during weekends and evenings
- ✦ Attitude

Objectives

- ✦ Ensure that all sales staff is doing a service walk through at the time of new vehicle purchase and book the customers list oil change
- ✦ General manager and owner has implemented a marketing program to regain lost service customers
- ✦ Increase Productivity, efficiency & proficiency
- ✦ Have technicians keep track of first-time fill rates for parts

- ✚ Increase CSI
- ✚ Monitor expenses
- ✚ Ensuring that we are using the right technicians for the right jobs

Strategies

- ✚ Service walk through, include first oil change on delivery checklist. Customer, salesperson and sales manager to sign off on delivery check list when complete. This will help with retention and proficiency. This needs to be done 100% of the time and sales staff need to be held accountable.
- ✚ Create key tags which we will provide every customer at the time of delivery of their new vehicle, this key tag will advertise buy 4 oil changes and get the 5th free
- ✚ General manager will schedule weekly meetings with service advisors. During this meeting they will discuss about any objections with customers, internal issues and they will come up with solutions together.

- ✦ Service advisors will be provided with menus on their desk which will assist them with selling and recommending work to every customer, this is increase hours per RO and decrease one-line items
- ✦ We will provide a log to each technician which they will use to keep track of the parts requested and note whether they are filled at the time of request
- ✦ Service advisors will review CSI survey with every customer at the end of every service appointment, coach the customer to give us a 100% on the CSI survey and ask prior to their departure if there should be any reason why we would not be getting 100% on our CSI and to address all issues before they leave the dealership
- ✦ Service manager and General manager to review DOC weekly to ensure expenses align, this goes for using the right technicians for the right jobs.

Tactics

- ✦ For any new hires, they will shadow our top service advisor and be trained by service manager
- ✦ New technicians will be trained by our shop foreman
- ✦ A training package is being produced and implemented for all new hires in the shop, this will ensure that all employees understand our rules and our culture
- ✦ Service manager is to introduce all new hires from fixed ops to employees in the sales department. This will help congruency between fixed ops and sales
- ✦ Stock and place all most common used parts at back counter, this way the technicians are not wasting time waiting for parts that are needed to complete their jobs

- ✚ Weekly training for service advisors, this will be held by the service manager
- ✚ Service manager to authorize any internal/customer pay discounts

Action plan

Task	By Whom	Completion Date
Service walk through/introduction	Sales advisors	Daily
Create Key tags for retention	Service manager, general manager	15-Aug-22
Weekly meeting with service manager advisors	Service manager, general manager	Weekly
Service advisors to use menus in drive through	Service manager, general manager, service advisors	22-Sep-22
Technicians to utilize first time fill rate log	Service manager, technicians	Daily
CSI review with customers	Service advisors	Daily
Weekly DOC review to ensure expenses align	Service manager, general manager	Weekly
Weekly Service advisor training/meeting	Service manager, service advisors	Weekly
Utilize Video MPI	Service manager, service advisors, technicians	15-Sep-22

Synopsis

After review of all information gathered, it is obvious that there needs to be changes and processes that need to be implemented. This needs to be done to improve our service department as a whole.

We will follow out action plan timeline and ensure we are completing these tasks within the completion date. We will hold everyone accountable.

With the changes noted in our action plan, we will have higher retention of customers, higher CSI scores, implement 100% video MPI's which will allow us to sell more work, which will increase our hours per RO, we will be able to keep our technicians busy, and at the same time keep our expenses down. With all this combined, our service department will grow, continue to succeed, and be profitable.

Onward and upwards!