

Fixed Operations 2 Service Homework

- A. **Facility:** What changes will you make to increase your Utilization (4th Homework Calculation)?
- As a dealership we are at 16.40% utilization. This is not for a lack of work; our shops are as busy as ever... I believe this a lack of techs. We need to improve our hiring practices if we are going to increase our utilization. We need to start working more closely with technical schools and local high schools help recruit new people to the industry. Additionally, we need to spread the word about why our dealership is a great place to work, through referrals and targeted advertising.
- B. **Productivity:** How will you increase your Tech Proficiency? (3rd Homework Calculation)? Will you make any changes to you service department to improve the proficiency level of your techs?
- After the RO analysis, I realized the number one thing we need to improve on is assigning jobs. Our techs are not as efficient as they could be, because they are working on jobs that are above their skill level.
 - Over half of the RO's analyzed, the hours on the job were greater than the hours billed.
 - This indicates 2 things; techs are not being assigned to jobs that meet their still level... we can immediately begin to fix this by putting techs on different jobs that meet their still level and training them so they can work on more challenging jobs.
 - I believe we can achieve 70% proficiency instantly by assigning techs to jobs that fit their skill level and by the end 2024, I believe we can get to 80% proficiency by focusing more on training of our techs.
- C. **Analyze Cost of Labor:** How do you pay the techs? Will you be making any changes (1st Homework Calculation)?
- I think the way we pay our techs is okay, I believe the larger problem is what we charge for our services.
 - Changing both our internal and external labor rates, especially our internal labor rates... simply if we charge more for our work. Our internal labor rate is only \$125, as compared to our general service rate of \$159.
 - Both of these rates are low... but by simply changing our internal rate to \$159, we would see over a \$12,000 increase in internal sales revenue. This is something that could take effect immediately and have a substantial impact on sales for the service department.
- D. **Changes in Expense Structure:** Are you selling all the available hours, are your expenses in line (2nd Homework Calculations)?
- The dealerships expenses are greater than the departments gross, thus we should be looking at making changes immediately. One of the major categories that stands out is unapplied time. In June we had \$43,352 hours of unapplied time and so far, this year we have \$243,382 hours of unapplied time.
 - During my time shadowing the department, I noticed a lot of "standing around" and unproductive work. Looking at ways to make our techs more efficient is something that needs to occur as soon as possible.

- The first step will be revamping the back counter, some of our most efficient shops do not have a back counter, eliminating the back counter at all locations will help to improve unapplied time immediately.
- E. **Level of current training:** Are you within the minimum training standard for your manufacturer?
- Yes, we are within the minimum training standard for Navistar, but we need to look at additional training.... As previously mentioned, our least efficient techs are our new techs, and some of this is because they are not being assigned the right jobs, but additionally training is absolutely something that is needed.
- F. **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. Now it is time 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.

<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> • Loyal Customer Base • Multiple Locations • Motivated and knowledgeable techs • Tools • Efficiency • Training 	<p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> • Parts availability • Shipping time • Unrealistic customer expectations • Lack of techs
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • New customers • More locations • Electric Trucks • Truck Sales • Improved market share 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Electric trucks • Government Restrictions • Other International Deals • Small shops taking jobs • Tech shortage • Recession

- I believe it is apparent that we need to make changes and make them as soon as possible. We appear to be as busy as every but still we are not as profitable as we should be. My action plan will focus on revamping our training practices... which should help the entire department, especially our hiring efforts, and improving on our unapplied time.

Step	Resources	Accountable	Result	Expected Completion Date
Revamping Technician Training	Time and People	Service Director	Improved Technician Efficiency	Q3 2023
Hiring A Training Supervisor	Right Candidate	HR and Service Director	Improved Training Paths	Q4 2022
Develop A New Training Path	Time	Training Supervisor and Service Director	New training plans	Q1 2023
Pilot Training Program	Time and Employees	Training Supervisor and Service Director	Successful Pilot of a New Training Program	Q2 2023
Launch of Training Programs	Buying at The Store Level	Training Supervisor	Successful Launch of the New Training Program	Q3 2023
Achieve 80% efficiency	Techs to Train	Training Supervisor and Service Director	Achieved 80% efficiency	End of 2024

- I believe that by the end of 2024 we can achieve 80% efficiency and substantial increase the profitability of our service department. The financial impact of getting 80% efficiency is \$305,222.40 per month and \$3,662,668.80 annually. Having a person whose fulltime job is training, will more than pay for itself if implemented correctly.