

Service Department Analysis For "Inver Grove Mitsubishi"
Calendar month August 2022

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Class N400

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ -	0.00		FRH Average
Maintenance	\$ 11,096	119.10	93.17	FRH Average
Repair	\$ 2,542	19.60	129.72	FRH Average
Totals	\$ 13,639	138.70	98.33	Customer ELR
		Target Labor Rate	166.02	Per FRH
Total Ro's in Sample	100	Difference	-67.69	Per FRH

Cost of Labor

Total Cost of Labor	4381.36	Total Sales	32.12%	Percent Cost of Sales
Total Cost of Labor	4381.36	Total FRHs	31.59	Cost per FRH

Repair Order Measurements

Total Labor Sales	13,638.52	Total ROs	136.39	Avg Labor per RO
Total FRHs	138.70	Total ROs	1.39	Avg FRH's per RO
Menu Sales		Total ROs		Percent Menu Sales
Competitive FRHs	0.00	Total FRHs	0.00%	Percent Competitive
Maintenance FRHs	119.10	Total FRHs	85.87%	Percent Maintenance
Repair FRH	19.60	Total FRHs	14.13%	Percent Repair
One item ROs	21	Total ROs	21.00%	Percent One Item RO

Model Year Analysis

2023	2022	2021	2020	2019	2018	Older	Total
0	3	8	6	7	9	67	100
0.00%	3.00%	8.00%	6.00%	7.00%	9.00%	67.00%	

Strengths

1-Have 21 "A" Technicians. Six of which have been here since we opened in 2008.

2-Service manager has over 25 years experience as well as 3 shop foremen with over 35 years experience.

3-Have extended our service hours for evening and Saturday service.

4-With 3 shop foreman we have the ability to jump in to either train or help a technician on a job at any given moment as needed.

5-Have a very large and loyal customer base with high retention level.

6-The owner is a very knowledgeable fixed operations advocate who was also a former student of Bob Atwood at the academy.

7-Have a full time BDC dedicated to both scheduling but also follow up after the work is done.

8-Customer satisfaction levels and scores are very high.

Weaknesses

1-Discounting and coupons are being used way to often and are affecting our ELR and profit in a negative way.

2-Currently morale in the shop is not good. There is a lot of conflicts between the service manager and the technicians. This is creating gossip and conversations that are not helping productivity.

3-Technicians are quick on the jobs but very slow or “lazy” at completing their paperwork. There is no urgency with paperwork and turning R.O.’s in.

4-Our advisors have gotten used to so many people coming through the lane that they are not getting up to greet the customers all the time. They are waiting for them to walk up to their desks. This will cause problems at some point with a customer’s vehicle. We need to do a walk around on every vehicle with every customer.

5-Our call center is scheduling appointments to close together without regard for what type of appointment is needed. Is it maintenance or is it a repair? This is causing unnecessary wait time in some cases.

6-Our parts department is very well staffed but lagging in some instances when a part is not in stock. We need to check other Honda stores to see if it is in stock and send a runner to get the part if available.

7-As shown in the summary report we are not selling enough work on customer pay R.O.'s we need to increase our up sells and decrease our one line R.O.'s.

Opportunities

1-We are expanding our facility to add 8 more stalls.

2-We are expanding our staff to help fill added stalls.

3-We need more sales on customer pay R.O.'s so we will provide more advisor training on up selling and phone skills.

4-Add a second appointment schedule to our BDC. One for "maintenance" and one for actual "repairs" that require more time.

5-Every new and late model used vehicle sold receives complimentary "Courtesy Care". This is an oil change and maintenance plan that ties the customer to our dealership for the first 5 oil changes and tire rotations. With the added advisor sales training we should be able to sell more work on those visits and build value by showing them the benefits of having repairs done at an OEM facility.

6-We are developing our lower skill level techs by having one of our shop foremen do regular training. This will help with tech proficiency and efficiency as well as employee retention.

Threats

1-Parts availability.

2-Hiring quality people.

3-Other dealers poaching our technicians.

4-Increase in oil prices.

5-We have many independent repair facilities and a LARGE number of new car dealerships in our area.

Objectives

1-Increase employee morale.

2-Increase our customer pay ELR from \$98.33 to \$166.02.

3-Increase gross on customer pay R.O.s labor sales.

4-Decrease our one line customer pay R.O.'s from 21% to 10%.

5-Minimize or eliminate discounting by service advisor's.

6-Improve BDC scheduling tailored to job type.

7-Require service advisors to greet customer at their vehicle and do a full walk around while building rapport before bringing them to their desk.

8-Decrease time technicians are taking to complete paperwork and turn in R.O. to help increase efficiency.

9-Bring our C and D level techs up to "B" and "A" tech status through regularly scheduled training.

Strategies

1-Hold short morale building communication meetings once a week with all service personnel.

2-Turn off service advisor's ability to discount anything.

3-Provide service advisor sales training on building value and rapport to help justify our pricing as well as upsell other items on customer pay R.O.'s

4-Create 2 schedules for our BDC scheduling. One for maintenance and one for repair work.

5-Change advisor pay plan to include a spiff for any customer pay R.O. that contains more than one item.

6-Explain the importance of techs getting paperwork done and turned in so they can move on to the next job.

7-Have a shop foreman shadow and assist on a large job for a "C" or "D" level technician to help them increase their knowledge and skill set.

Tactics

1-Hold short morale/communication building meetings every other Friday at noon with all service personnel. Provide lunch and only focus on the positive. Review the scoreboard. Where they are versus where they want to be at the end of the month. Advise and help them get there. Praise in public. Correct or criticize in private.

2-Any parts or labor discount must be approved by the service manager or assistant service manager. Turn that function off on service advisor's computers. This will allow the service manager a second opportunity to build value and justify our pricing before approving the discount.

3-Hire an outside firm to come in and re train our service advisors on upselling, building value, and the benefits of having service work performed at an OEM dealer.

4-We will implement 2 service schedules for our BDC. One schedule will be for maintenance and the other for repair work. This will help smooth out wait times. We cant continue to schedule a bunch of oil changes and then 2 big repair jobs right in the middle of that. The service manager and dispatchers will monitor this schedule to ensure efficient workflow.

5-Create spiff plan for service advisors who sell more than one item on a customer pay R.O. This includes oil change R.O.'s. We need to be selling more work on every customer pay R.O. 67 of our 100 R.O.'s were model year 2017 and older. There is work to be sold there. The training should help.

6-Utilize our 3 shop foremen to shadow, train and assist our technicians on a daily basis. This will teach them the importance of efficiency and help them flag hours. They will demonstrate the importance of prompt paperwork and the affect time has on their paychecks. This will also help to train the lower skill level techs on harder jobs. We can give them a job that's out of their normal skill set but they

will be able to finish it because they will have a foreman there to help and train them.

Synopsis

Overall, this store is set up for success. Customer volume and loyalty are high. The number and skill level of technicians employed here is more than adequate. The hours of operation are similar if not better than the local competition. They just need to tighten up on internal processes, increase morale, provide more training.

The addition of 8 more bays with the expansion will create more opportunities for additional labor sales and gross profit.

Ongoing technician training by the 3 shop foreman will increase the skill level of the "C" and "D" techs which should translate into better tech efficiency and help with employee retention. Hopefully this also creates some employee loyalty as well to help prevent poaching from other dealers.

Bringing in outside "professional" sales training for the service advisors will create an immediate boost in labor sales and decrease our number of one line R.O's. The spiff program put in place for upselling will start to pay dividends on their paychecks. These coupled with "shutting off" their ability to discount without a manager's approval will have an immediate impact on labor gross sold and increase their ELR up to the target of \$166.02.

Holding "communication/morale" building meetings twice a month will help to improve morale. Feeding them lunch and showing them the scoreboard in a positive way in front of their peers. These meetings need to be all positive and about everything good that is going on for the month. Any items or discipline or reprimands that need to be addressed with any individual need to be done one

on one with the service manager behind closed doors not in front of everyone. Praise in public correct in private.

The implementation of 2 separate schedules for the BDC, one for maintenance and one for repairs will help the work flow and lower wait times for customers. The service manager and dispatcher need to monitor these 2 schedules closely to prepare and plan for those jobs for maximum time utilization..

With these steps firmly implemented they should see an immediate increase in morale and profitability. Beware of the evaporation factor. Keep it all consistent all the time.

Action Plan

<u>Task</u>	<u>By whom</u>	<u>Completion date</u>
Plan Bi weekly morale meetings	Service Manager	November 1 st 2022
Turn off ability to discount	Service Manager	Immediate
Hire trainer for advisor's	Service Manager	November 1 st 2022
Create 2nd schedule for BDC	Service manager/BDC manager	November 1 st 2022
Create spiff for advisors	Service manager/GM	November 1 st 2022
Create training schedule for tech's	Assistant Svc mgr/Foreman	November 1 st 2022