

Strengths

- **High Volume New and Pre Owned Sales Departments**
Having a high volume of vehicle sales gives the service department an increased work load and opportunity to retain customers for service and parts.
- **Experienced Techs and Staff**
With so much combined experience between our employees is it makes solving issues easier. Most of our techs are very experienced not only as technicians but they have the most experience with our brands. It's a great environment for our junior techs to learn from our experienced staff.
- **Service Department located on site with Vehicle sales Dept.**
Having an onsite Service facility is rare for dealers in our area. It's a big advantage because customers already know where its located after taking delivery of there vehicle and it gives the sales staff to introduce the customers to the Service Staff. It also speeds up delivery times and cuts down on over staffing.
- **Maintenance Program Exclusive to our Dealership**
Since we've put a maintenance program in place for free oil changes, tire rotations for the first year and lifetime state inspections on every new and pre owned vehicle purchase, it has increased our retention rate for service. The customer has to come back to our facility to receive these services.

Weakness

- **Outgrown Facility**

Outgrowing the facility is a double edged sword, on one hand it's a good problem to have. We are having to schedule work up to 2 weeks in advance because of the increased service demand. Its also very negative because we can very rarely take in work immediately which can frustrate customers resulting in lost sales.

- **94% of New Vehicles sold from our dealership are leases**

With such a lease to purchase ratio it can be tough for advisors to sell work when these vehicles come in for service. We are seeing that most people will only do the minimum required maintenance because it's a lease and they don't care about maintaining it for long term.

- **Understaffed**

Since we have such an increased demand for service we've had a difficult time meeting the staffing requirements to keep up with the work flow. We have opened our service department on Sundays which has helped but its difficult to get techs to work that day. We are trying to staff up on techs so we can have a night shift as well.

- **No Advertising**

As of right now we do very little in the way of advertising the Service and Parts Dept. We are only sending out email blasts for service specials every two to three weeks.

- **No Displays for customers**
Since the remodel of our service waiting area, we don't have any displays such as a parts display or a display showing parts that need to be replaced such as tires, brakes and wiper blades.

Opportunities

- **Expanding Facility**
With so much work coming in, we have the chance to expand our facility to keep up with the demand. We have recently purchased two pieces of property to build on, the first will be a satellite service facility with six additional lifts and a small parts storage dept. only one hundred yards from main facility. The second is a two acre lot for storing new car inventory with a built in prep center.
- **Extended weekday hours**
Having so much work coming in we can potentially go to extended service hours even surpassing the sales dept. We just have to find the staff to do it, the business is there.
- **Heavily populated area**
My dealership is in a very populated area, with that many people close by we have a huge opportunity to draw a new customer base.
- **Increasing demand for sales**
As the new car program is always increasing numbers it's a great source of labor for service dept. Currently my new car prep tech is flagging almost one hundred hours a week.

- **Advertising**

As I listed it as a weakness previously its also an opportunity. We don't advertise now because we cant take in more work as we stand now. After the new facility is up and running we will have the ability to take on more work and advertising is a great way to make sure the lifts are full.

Threats

- **Competition**

Our market is saturated with dealerships, Long Island, New York is only about ninety miles long and contains twenty-two Jeep Chrysler Dodge Ram stores alone, not to mention the hundreds of other brands on the island as well. With so many stores close by there is always a struggle to retain customers.

- **Big Investment**

Expanding our Service department is not without risk, its big increase in overhead and will require the facility to hold up and exceed its financial responsibility.

- **Staff**

With our current techs aging and not to many younger techs entering the industry, staffing could become a future problem. A majority of my techs are now in there mid forties to fifties. We have a few younger techs that have recently started.

- **High amount of Recalls and Quality issues with product**

With FCA trying keep production levels high, it seems that quality control has suffered. We are seeing high amounts of recalls and issues with brand new vehicles. This is ok from a

service profit side but overall customers satisfaction is suffering. It could turn future buyers away from the brand therefore hurting future sales and service business.

Objectives for Service

- **Increase gross profit for Service and Parts**
- **Increase technician proficiency**
- **Unify the dealership (all departments work together)**
- **Find a way to motivate Service and Parts Managers to get push their depart to the next level.**
- **Increase Customer Satisfaction for Service**
- **Find and train next generation of techs**
- **Increase fixed absorption**
- **Decrease monthly expenses**

Strategies

- **Add selling tools to customer waiting area (parts display/worn parts).**
- **Hire a stronger second advisor. (the second advisor now is only averaging .78 hrs per R.O.)**
- **Lock discounting out on parts and labor. During analysis I saw way too much labor being discounted and drop our effective labor drastically.**
- **Make sure the whole shop is on board and clear with goals and objectives for the future.**
- **Get sales, service and parts more involved together so all departments are on the same page with a clear objective and plan.**
- **Get more involved with community organizations (volunteer fire fighters, auxiliary police and town supervisors) all of these organizations have vehicles that could be potential service work.**
- **Target customers that are currently using the tire store next door and Goodyear across the street.**
- **Complete the expansion of Service facility.**
- **Include all Departments in weekly meetings.**

Tactics

- **Get the General Manager involved and trained on managing these departments. (make him earn that ridiculous pay check or replace him).**
- **Meet with department heads weekly and make an objectives sheet for everyone so all departments are working together.**
- **Implement weekly meetings with techs only, no service and parts managers present.**
- **Start a quarterly competition for techs with bonus for highest producing tech.**
- **Send service manager and senior advisor around the community to introduce themselves and the store.**
- **Start a recruiting program for techs through local schools.**
- **Track all coupons and discounts given, Service manager authorized only.**
- **Hire more techs and extend the service hours. (late night/second shift).**
- **Structure advisor pay plan to increase hours per R.O. with bonus tiers.**

- **Mandate dress code and appearance guidelines for all service and parts employees. (most people think my valet are stealing the vehicle).**
- **Implement monthly tracking of GP% on parts and labor with spread sheet for month by month comparison.**

Responsibilities/Objectives

March 1 2018

Train GM on day to day operations and operating procedures inside the service and parts dept.

Service & Parts Dir./ Myself

Implementation of employee appearance and dress code. GM/Service &Parts Dir.

Track all coupons and discounts. Service & Parts Dir.

Start weekly meetings of all department heads.

Service & Parts Dir./Parts Manager/GSM/UC Manager

April 1 2018

Make tech recruiting plan. Service & Parts Dir./GM

Start tech productivity competition. Service & Parts Dir./GM

Weekly meetings with techs. Myself

Adjust advisor pay plan structure to increase avg. hours per R.O. Service & Parts Dir./ Myself/ GM

Service Dir. and Senior advisor start visiting community organizations. Service & Parts Dir.

May 1 2018

Have selling tools/displays in service waiting area. Service & Parts Dir.

Have system in place to track and compare GP% of parts and labor. Service & Parts Dir./ Myself/ Controller.

September 1 2018

Extend the Service & Dept hours. Service & Parts Dir./ Myself

Completion of hiring more techs. Service & Parts Dir.

Complete satellite service dept. Dealer Principle/Myself/GM/Service & Parts Dir.

Synopsis

After this analysis its obvious that my service department is very profitable but this project has shown me that we have so much potential and room to grow. We have been getting left behind in todays ever changing market and we have to adapt and become more convenient to increase business and profit. Our lack of real process and monitoring has made the department become complacent.

I believe that expanding the service department and extending hours we can make ourselves more appealing to customers that traditionally don't service at dealerships. Combining that with aggressive advertising and pricing we can draw new customers and retain the ones we have. We have to overcome the customers mentality that dealerships are a rip off and only do warranty work. We must show that we are competitive with our pricing and show the customer the value of spending their money with us. We hardly advertise our services and pricing currently, I think that putting our name and prices in front of people can increase our customer paid labor exponentially.

With the implementation of tracking the gross profit percentages, hours per R.O. and tech proficiency as well as weekly meetings, the department managers they

will have more of a sense of accountability for the areas that pertain to their department and they will self monitor and adjust as they go. Which in turn should increase profit.

I can put all this in writing and make it sound great but without a plan and making sure we follow through with the changes its all just a class assignment and the increased profit is a dream. Even before this class I committed to expanding service by convincing the Dealer Principle to invest millions in this project. I guess you could say this is a multi-million dollar class for me so let me be the first to assure you this plan will be followed through or my ass is grass. Thank you for sharing your knowledge and experience, it truly is priceless.

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