

Fixed Operations 2 Service Homework - Coyle Nissan

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Marketing:

Currently we have no major marketing plan for our service department past targeting repeat customers. What we could do more of is pull a/an OEM Manifest list to target those that are in our current market. We also need to target customers that we sold in that were non-OEM and let them know we work on ALL Makes and Models.

Expenses:

We currently aren't selling all the available hours. Based on the calculations we have a total of 702 available hours to sell and only billed 453. Our expenses don't seem to be out of line from a dollar amount standpoint, however when you adjust for not selling all the available hours technically, we aren't maximizing or taking advantage of the hours we do sell. A ton of one-line RO's being done by two master technicians doesn't make sense from a personnel expense. We also could hire low level techs so that way we don't continue to pay master techs to do only oil changes.

Productivity:

We need to increase tech proficiency. Based on 453 hours billed and the 702 hours available we are running at 64% efficiency. Ways to increase this would be by first selling all the available hours in a day (limiting one item repair orders). If we increase sold hours on the one-line RO's then we can maximize the hours sold in the day. Service Advisors need to do a better job communicating with tech and the customers, so the customer is aware of what needs to be done with their vehicles and making sure all current maintenance is completed. Have a very bad "work mix" that we need to improve.

Facility:

With 6 available days and our current hours/schedule we have a facility potential of \$189,259. Based on our labor sales for September we are only running at a 32% facility utilization. Taking a deeper dive at this shows that we need to hire a few lower-level techs to fill the 3 open bays. With only 3 techs and 6 bays we are only using 50% of our available bays but based on profit potential we are well below that number. By hiring the lower-level techs, we can make sure we have our master techs do more repair related work that is more difficult, and we can have the oil changers do more of the maintenance and competitive work.

100 R.O. Analysis:

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 2,971	÷ 77.80	= 38.18	FRH Average			
Maintenance	\$ 6,723	÷ 85.90	= 78.27	FRH Average			
Repair	\$ 1,606	÷ 12.80	= 125.46	FRH Average			
Totals	\$ 11,300	÷ 176.50	= 64.02	Customer ELR			
			Target Labor Rate	124.00	Per FRH		
Total Ro's in Sample	100	Difference		-59.98	Per FRH		
Cost of Labor							
Total Cost of Labor	4188.20	÷ Total Sales	= 37.06%	Percent Cost of Sales			
Total Cost of Labor	4188.20	÷ Total FRHs	= 23.73	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	11,300.05	÷ Total ROs	= 113.00	Avg Labor per RO			
Total FRHs	176.50	÷ Total ROs	= 1.77	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	77.80	÷ Total FRHs	= 44.08%	Percent Competitive			
Maintenance FRHs	85.90	÷ Total FRHs	= 48.67%	Percent Maintenance			
Repair FRH	12.80	÷ Total FRHs	= 7.25%	Percent Repair			
One item ROs	56	÷ Total ROs	= 56.00%	Percent One Item RO			
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	7	13	16	8	8	48	100
0.00%	7.00%	13.00%	16.00%	8.00%	8.00%	48.00%	

Looking at the 100 R.O. Analysis we have a glaring problem by having over 56% of the total being 1 line Repair Orders. Not only that but the Avg labor rate per RO is \$113. Since our target Labor Rate is \$124 we must be discounting the labor on some RO's and we aren't being effective in upselling customers that have vehicles that are older than 2018. I'd assume/know that most of the vehicles coming in for maintenance and competitive work on cars older than a 2018 do need more maintenance than just an oil change.

Qualitative SWOT Analysis w/Action Plan

STRENGTHS:

- Close knit unit
- Team works together (Teamwork)
- Profound knowledge from seasoned techs
- Only Nissan OEM point in southern Indiana

WEAKNESSES:

- Limited Space for growth
- Internal issues be with customers or coworkers
- Aged and poor facility that needs upgrades
- Location is not on a main street with traffic
- Service hours don't mirror sales hours

OPPORTUNITIES:

- 1 ON 1 time for growth and learning
- Maxing out current proficiency standards
- Help working together to knock out more difficult jobs faster
- Only Nissan Franchise in our area

THREATS:

- No Growth for employees
- Small Staff so if one person calls in sick throws off the day's schedule
- No growth/limited growth
- Building/ Facility upgrades
- Opportunities missed/ Customers missed due to locations

Action Plan

Decrease the total number of One Item RO's by half by December 2022.

We will do this by upselling work on all vehicles but targeting the large amount of RO's written on vehicles over 5 model years or out of manufacturer warranty.

We will also provide training to the service advisor so that she has the same sales skills that are available on the variable operations side. Go over with all customers on the vehicle inspection report and proceed to advise them on any necessary repairs we see at the time the vehicle is in our possession and provide Tech videos!

Objectives:

1. Improve gross on customer pay RO parts and labor sales.
2. Increase # of RO's written each day.
3. Improve CSI and overall employee and customer satisfaction.
4. Improve internal turn time on used vehicles.
5. Increase fixed absorption.

Strategies:

1. Hold advisors accountable and train them like you would your sales staff.
2. Eliminate advisors' ability to discount work.
3. Hire an express team or build a process for oil change work and double check with an experienced advisor on customer inspections.

Tactics:

1. Advertise on social media and optimize our website for customer booking.
2. Review techs and proficiency standards weekly.
3. Create a process where the service manager is the only one who can discount work.
4. Check Parts and Service Matrix.
5. Increase warranty labor rate with OEM.