

# FIXED OPERATIONS 2 SERVICE HOMEWORK

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## MARKETING



### Current Practices:

Currently we market our service department by sending out mailers that include service specials. Other marketing tools include word of mouth & dealership sponsorships in our community (i.e sponsor local high school football team where we have a banner with store name and logo on it)

### Goals for Improvement:

With the world we live in today, social media is not only a free marketing tool but also a very effective platform for advertising your business. We currently have a social media page on both Instagram & Facebook. These pages are highly underutilized & is something we believe if better managed would result in positive results for not only our service department but, our store as a whole

### Plans to Achieve Our Goals:

Our goal is to brainstorm as a team and come up with both informative and captivating posts for our service department. Additionally, we would like to create a few "Tech Tips" videos to post on both social media pages and our website. This will allow us to connect with our current customers (as well as potentially new ones) in a way that has become a society norm. We will not only

be able to provide valuable knowledge to these viewers but also show them what a great place Beaverton Toyota and the people are.

### **Plans to Evaluate Our Changes:**

Daily monitoring of the account will commence by appointing a specific individual to post content and respond to comments, likes and inquiries. Weekly meetings will be held to discuss the results of the previous weeks content, the success of such content and how we can improve and better engage our viewers with content for the coming week.

## **ANALYZE COST OF LABOR**



### **Current Practices:**

The majority of our technicians are paid off their flat rate hours with the exception of our lube techs whom are paid off of their time clock hours.

### **Goals for Improvement:**

When reviewing the cost of labor calculation, the unapplied labor amount stuck out. In reviewing that figure, it is apparent that our hourly lube techs are not flagging enough hours on RO's. Our goal is to coach and train our dispatcher to properly disperse work according to the job as it appears our more skilled (and higher paid) technicians are doing basic services that could be performed by our hourly lube techs.

### **Plans to Achieve Our Goals:**

Provide ample training and coaching to our shop dispatcher

**Plans to Evaluate Our Changes:**

Meet every evening with dispatcher to review work coming in for the next day. Ask his plan of attack on dispatching and correct, coach, and suggest ways of improving on dispersing work.

**Service Department Sales And Gross (Labor Only)**

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer	\$ 793,379	\$ 631,103	79.55%	64.94%
Customer Truck			0%	0%
Customer Other			0%	0%
Warranty	\$ 159,832	\$ 108,955	68.17%	13.08%
Warranty Other			0%	0%
Internal	\$ 225,952	\$ 166,706	73.78%	18.50%
NVI / Road Ready	\$ 42,463	\$ 35,011	82.45%	3.48%
Adj. Cost Of Labor		\$ (30,573)	0%	0.00%
<b>Total</b>	<b>\$ 1,221,626</b>	<b>\$ 911,202</b>	<b>74.59%</b>	<b>100.00%</b>

## **CHANGES IN EXPENSE STRUCTURE**

### **Current Practices:**

Our expenses appear to be fairly in line. Where we struggle is the fixed expenses which are not something we have much if any control over. That being said, we are not selling all available hours – with improvement in this area, it will assist in generating more gross, allowing us to get our expense percentages in line.

### **Goals for Improvement:**

In speaking with my service manager, it was mentioned that we are having major issues with our scheduling department. Not only is our RO count down but also, the schedulers have been setting up appointments under the wrong teams which is also contributing to the issue mentioned in the analysis of cost of labor – FR techs are doing lube tech jobs. By correcting the issue in our service scheduling department, this should result in my service RO's per day and adequate/appropriate work being distributed to the correct technicians.

### **Plans to Achieve Our Goals:**

Our plan is to meet with our service call center manager to discuss the issue and address any areas of support that she needs to correct this issue. Is it staffing, training, coaching? Once we breakdown where the issues lie, we will implement a plan of action to correct.

### **Plans to Evaluate Our Changes:**

Daily monitoring of the service schedule before & during appointment times. Reviewing the schedule, the night before to ensure appointments are set for the appropriate amount of time and with the correct tech teams. Weekly meetings to discuss progress from changes implemented.

### Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 918,114		
Variable Expense		0.00%	
Selling Expense	\$ 41,552	4.53%	
Personnel Expense	\$ 304,793	33.20%	
Semi-Fixed Expense	\$ 27,302	2.97%	
Fixed Expense	\$ 369,241	40.22%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 742,888	80.91%	
Net Profit	\$ 175,226	19.09%	

## PRODUCTIVITY

### Current Practices:

As mentioned in Changes in Expense Structure - a huge hurdle we are facing right now is the issue surrounding our scheduling department. We simply are not bringing in enough work to the shop right now.

### Goals for Improvement:

Implement a strong scheduling process. Ensure follow up calls are being made to customers who declined or postponed work. Ensure dispatching in the shop is happening appropriately, effectively and efficiently.

### Plans to Achieve Our Goals:

Review the current process in our scheduling department. Assess the current staff and inquire on what they see as the issue is - they're on the forefront, they will see areas of weakness/room for improvement. Speak with technicians about their current

workload and flow in the shop – ask for areas of improvement. Speak with shop foreman and implement a plan based on feedback from technicians/call center staff.

**Plans to Evaluate Our Changes:**

Daily monitoring of scheduling process and appointments made as well as in the shop and with the technicians. Weekly meetings to assess progress from changes implemented and address and concerns or things that did not work.



## **Facility**

### **Current Practices:**

Currently our Facility utilization is sitting at 65.65%. With the issues surrounding the dispatching of work, a decline in daily written RO's and a lack of appointments being scheduled correctly as well as appointments generated in the scheduling department – this has greatly impacted this %.

### **Goals for Improvement:**

Implement a strong scheduling process. Ensure follow up calls are being made to customers who declined or postponed work. Ensure dispatching in the shop is happening appropriately, effectively and efficiently.

### **Plans to Achieve Our Goals:**

Review the current process in our scheduling department. Assess the current staff and inquire on what they see as the issue is – they're on the forefront, they will see areas of weakness/room for improvement. Speak with technicians about their current workload and flow in the shop – ask for areas of improvement. Speak with shop foreman and implement a plan based on feedback from technicians/call center staff.

### **Plans to Evaluate Our Changes:**

Daily monitoring of scheduling process and appointments made as well as in the shop and with the technicians. Weekly meetings to assess progress from changes implemented and address and concerns or things that did not work.



## **100 REPAIR ORDER ANALYSIS**

### **Current Practices:**

When inputting the 100 Ros it was clear very quickly that there is an issue with our FR techs performing jobs that should be performed by our hourly technicians. When putting this whole assignment together it is evident that there are multiple factors that tie into this issue which have all been mentioned throughout this report. The % of repairs in comparison to the overall sample also was very low. Granted we are a store that services roughly 200 cars a day, so this sample was only 50% of a day's output. None the less, our % of repair RO's does need to be increased/improved

### **Goals for Improvement:**

Increase the % of repair RO's

### **Plans to Achieve Our Goals:**

- Meet with call center manager and inquire about process for following up with guests who have declined/postponed recommended repairs
- Asses advisors on how they are selling these recommended repairs – implement training processes and assign objectives/goals for them to attain
- Implement video MPI in shop as a selling tool for repairs. We should see a 30% increase in sales with this tool 😊

### **Plans to Evaluate Our Changes:**

- Daily morning huddle with service advisors to cover that day's work coming in and to discuss objectives and how they plan to attain them
- Weekly roleplay coaching on selling with advisors who are struggling
- Pull daily reports to analyze the #'s & ensure repair % is improving

- Weekly meetings regarding state of improvement and to discuss strategies on how to get our customers in for recommended repairs

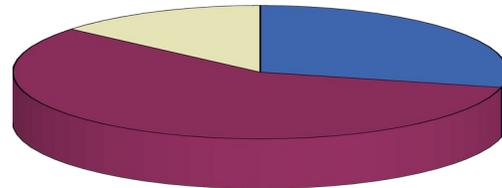
Repair Order Analysis Summary Report							
		Sales in Dollars		FRH's on RO's		Averages	Analysis
Competitive		\$ 5,680	÷	54.90	=	103.47	FRH Average
Maintenance		\$ 14,741	÷	110.10	=	133.89	FRH Average
Repair		\$ 4,763	÷	26.50	=	179.73	FRH Average
Totals		\$ 25,185	÷	191.50	=	131.51	Customer ELR
				Target Labor Rate		137.53	Per FRH
Total Ro's in Sample	100			Difference		-6.02	Per FRH
Cost of Labor							
Total Cost of Labor		5062.35	÷	Total Sales	=	20.10%	Percent Cost of Sales
Total Cost of Labor		5062.35	÷	Total FRHs	=	26.44	Cost per FRH
Repair Order Measurements							
Total Labor Sales		25,184.61	÷	Total ROs	=	251.85	Avg Labor per RO
Total FRHs		191.50	÷	Total	=	1.92	Avg FRH's per

			ROs			RO
Menu Sales		÷	Total ROs	=		Percent Menu Sales
Competitive FRHs	54.90	÷	Total FRHs	=	28.67%	Percent Competitive
Maintenance FRHs	110.10	÷	Total FRHs	=	57.49%	Percent Maintenance
Repair FRH	26.50	÷	Total FRHs	=	13.84%	Percent Repair
One item ROs	0	÷	Total ROs	=	0.00%	Percent One Item RO

### Model Year Analysis

2023	2022	2021	2020	2019	2018	Older	Total
0	13	16	8	6	7	50	100
0.00%	13.00%	16.00%	8.00%	6.00%	7.00%	50.00%	

### Labor Mix



■ Percent Competitive ■ Percent Maintenance ■ Percent Repair

# S.W.O.T

## Strengths:

- Loyal customer base
- Great location – 500k cars drive past our dealership daily
- Training of staff is at 100% - ILT Instructor Lead Training

## Weakness:

- Service Director and Controller are unable to effectively communicate with one another
- When the volume of business has an uptick – we have a tendency to lose our process and smoothness of transaction. We get back logged
- Our service BDC currently is short staffed, booking appointments incorrectly and not enough outbound calls or appointments are being generated
- DMS – ease of use is not there – too many mouse clicks

## Opportunity:

- Adjusting our XTime schedule and how appointments are being scheduled so when the volume is high, we don't flounder
- Bringing on the XTime Inspect tool which is the video MPI feature
- Currently expanding our advanced express team to 10 techs and 4 advisors. This team services cars that are within 40k-80k mileage range
- Service BDC Department – getting them fully staffed and properly trained

### **Threats:**

- Service BDC
- Lack of communication between Service Director and Controller
- Unable to manage increased volume of business when it is present
- Curse of knowledge - when an issue item arises on a customer's car - our advisors deliver the info like a robot - we have the knowledge and share it everyday but the customer does not.

### **Objectives:**

- Improve relationship/communication between service director and controller
- Improve the service schedule to better accommodate high volume days
- Review service staffing levels to ensure we have adequate staff to accommodate high volume days
- Improve process/train and hire Service BDC staff
- Coach advisors on how to inform guest of repairs needed on their vehicles

### **Strategies:**

- Facilitate a meeting between service director and controller to sort through their differences and try to find common ground.
- Devise a scheduling system that is conducive to work flow in shop and tech availability and skill capacity
- Meet with advisors and do role play scenarios on how to inform guest of repairs needed on their vehicle. Coach and counsel during these sessions
- Once schedule system has been put in place analyze how the volume of business and our ability to handle it has changed - did it improve? If not, is it a staffing issue?

## **Tactics:**

- Service director will try to be more patient with controller when they communicate. He understands that service language vs accounting language is very different. Acknowledges that a big part of their issue is this barrier and looks forward to a sit-down meeting with controller to work on a plan to effectively communicate with one another
- Review current scheduling process and tweak where needed.
- Daily reviews of outbound call list vs scheduled appointments.
- Listen to recorded calls to review how effective the communication is from our current service bdc staff
- Daily monitoring of service schedule to ensure appointments are being scheduled for the adequate time and under the correct tech team
- Service manager will spend more active time in the drive just observing and listening to her advisors' interactions with the guests
- Assist Service BDC manager in hiring talent for her department

## **Action Plan:**

<u>Task</u>	<u>By Whom</u>	<u>Completion Date</u>
Hire Talent for Service BDC	Service Director/Svc BDC Manager	11/15/2022
Retrain BDC Staff on scheduling process	Svc BDC Manager	11/20/2022
Service Director & Controller Meeting	Svc Director/Controller	11/11/2022
Role Play Scenarios with Advisors	Service Driver Managers	Ongoing
Install XTime Video MPI Tool	Svc Director/Drive MGRS/Shop Foreman	11/20/2022
Hire Techs/Advisors to increase Advance Exp	Svc Director/Driver Managers	12/01/2022

## **Synopsis:**

We are in a great location with huge exposure which allows us immense opportunity to service our customers and generate gross. At this point in time our numbers are good but, we want to be GREAT. We see that there is room for growth, in multiple areas and as a team, if we pull together, we can overcome these obstacles.

With the service BDC already being short staffed, this is causing a dip in outbound phone calls and appointments being scheduled. Top priority is for the service director and BDC manager to work together on hiring talent for this department. Additionally, a review of the scheduling process needs to be performed with each current employee. This will ensure that the appointments being made are adequate in time and placed with the correct tech team – overall impact of this change will lead to a smoother process in the drive and higher proficiency for the technicians – not to mention, more appointments, higher proficiency – hello gross.

We have seen a boom in demand for advanced express services. Because of this we have decided to expand our advanced express team to 4 advisors and 10 technicians. By increasing both staffing positions this will allow us to better accommodate our current demand and also increase the # of RO's we are currently generating from this team.

With the installation of the XTime MPI video tool we are certain we will see an increase in authorized repairs by our guests. We are excited to have this tool installed as we see the value and believe our guests will too. This will also assist our advisors on having a more personal conversation with the guests when we are selling repair work, as now they will have a visual aid they can present to the guest allowing more clarity and understanding to the guest.

Lastly, the communication issues between the service director and controller are something that is of utmost importance we resolve. What it boils down to, is there aren't understanding one another because they are speaking a "different language". By coming together and putting forth the effort and understanding to resolve these issues, we will see an increase in productivity from both parties as well as a morale boost for not only each manager but their employees as well.

At the end of the day, it is all about team work and supporting one another. Together we will be GREAT!