

Summit Place Kia

Garrett LaLonde

Tania LaLonde

Advanced Service Seminar 10/10-14/2022

Marketing (current practices)

- Current practices include utilizing Kia's KORE program which sends coupons and reminders of service to all current customers.
- Utilizing our B.D.C to send current promotions to all SPK customers.
- We have banners on our website that allow customers to see promotions and schedule service with us.
- Also we utilize a mailer company to send notices of recalls to customers and urge them to schedule an appointment to get recalls taken care of with us.

Marketing (goals for improving)

- Goals for improving includes finding new strategies to allow all customers from our area to have it known that we are a multi manufacture repair facility and that we can fix your car!
- Promote to customers that if their spouse or family has a different make of vehicle but they love the experience that they have with us that they can bring that vehicle here to be worked on.
- With more focused marketing strategies to allow the populace of the are around the dealer to have it known that we have that capacity to fix their vehicle to bring a wider array of vehicles and customers to our store.
- Educating all customer that we sell new vehicles to why it is important to bring their manufacture vehicle back to our dealership.

Marketing (Plans to achieve your goals)

- Build Good, Better Best displays
- Post, live, and breathe, Top 10 Reasons to get serviced by your Authorized Dealer
- Create a pamphlet that customer can read and take home with them upon purchase of a vehicle with all information of how to contact the store and set up an appointment will provide ease for sales purchased customers to return.
- Working with our Digital team to create an email that will send to our current database of customers letting them know that we work on all makes and models and they can bring their spouses or family members vehicles to the store for repair.
- Finally working with a mail marketing company to send a flyer to all residences within a set location that we have the capacity to fix their vehicle as well which will include the location of store and pictures of the pristine facility with all available amenities.

Marketing (Plans to evaluate your changes)

- Plans to evaluate changes will include looking at all data collections of current customers and seeing how many new customers we take on in our DMS.
- Another plan would be to work with parts and see how many non manufacture parts are placed on customer pay repair orders to see if we have an influx of off brand vehicles coming in to the store.

Analyze Cost of Labor (current practices)

Service Department Sales And Gross (Labor Only)					
Category	Sales	Gross	Gross as % of Sales	%Sales Contribution	
Customer Car	\$ 75,636	\$ 56,093	74.16%	46.79%	
Customer Truck			0%	0%	
Customer Other	\$ 688	\$ 497	72.24%	0.43%	
Warranty	\$ 35,336	\$ 26,560	75.16%	21.86%	
Warranty Other			0%	0%	
Internal	\$ 29,835	\$ 20,557	68.90%	18.46%	
NVI / Road Ready	\$ 20,142	\$ 17,904	88.89%	12.46%	
Adj. Cost Of Labor			0%	0.00%	
Total	\$ 161,637	\$ 121,611	75.24%	100.00%	

Analyze cost of labor (current practices)

- Currently there is only 2 types of technician pay: 1) techs- flag rate and 2) lube techs- hourly.
- If a tech, upsells a job, that job will be paid at the flag rate even for an oil change, tire rotate, fuel additive, or air filters.
- Lube techs are very limited on what they are able to do besides change oil, filters, and filters/fluids.
- Costing us a lot of profit, time, and efficiency.

Goals for Improvement

- Goals for improving on our cost of labor is to be more profitable by creating new established processes, and procedures
- Getting buy-in from the teams
- Having a structure of A,B,C,D techs that will break down jobs into those categories to allow more of a profit per job instead of paying A techs to do all jobs that are not just oil changes

Analyze cost of labor (plans to achieve goals)

- Hire lower labor techs (B,C level) and set up structure for them in job classification
- Bring in more jobs, by creating preventative maintenance pkgs that will be structured around lower level techs to allow more income per job in those classifications
- Taking away lower classification jobs from A techs to allow more profit from the jobs, especially menu board jobs, and complete price jobs, as to not pay higher wages to lower income jobs.

Analyze cost of labor (plans to evaluate changes)

- By placing these structures, I will evaluate gross profit percentage and see what and hours are going to B,C techs and if A level techs are still getting paid on lower level jobs on a daily basis, and make adjustment when and where needed.
- Evaluate repair orders the same-

Changes in Expense Structure:

Service Department Profit Centering				
Expense Category	Dollar Amount		% of Gross	Profile
Department Gross	\$ 121,611			
Variable Expense	\$ 50,558		41.57%	
Selling Expense			0.00%	
Personnel Expense			0.00%	
Semi-Fixed Expense	\$ 45,710		37.59%	
Fixed Expense	\$ 53,897		44.32%	
Unallocated Expense			0.00%	
Dealer's Salary			0.00%	
Total Expenses	\$ 150,165		123.48%	
Net Profit	\$ (28,554)		-23.48%	

Changes in Expense Structure: (current Practices)

- Currently for the store we experience a net loss after all expense are paid
- Currently there is little control and monitoring of many expenses, including the shop supplies account
- Currently all techs get salary increases straight across the board without any incentives to be productive
- First oil changes are being charged to advertising as well as coupons for retention Kia KORE program, which decrease our profit even more since we are only giving the customers the free stuff.

Changes in Expense Structure: (goals for improvement)

- Put controls in place to regularly monitor where shop expenses are going.
- Evaluate processes that may be slowing down ability to efficiently get parts, get communication to customers, techs standing around, and anything else slowing the process, and dragging profit.
- Hone in what is being charged to the shop and why, if not important remove it.
- Look at special tools, are they organized, are they where they belong?
- Create system to get technicians to sign off on tool box checks.
- Look at pay plans that are win win for techs and summit place.

Changes in Expense Structure: (plans to achieve your goals)

- First is to remove the ability for techs to add to the shop supplies
- Stay on top of the shop supplies and make sure parts is not adding anything unnecessary to it
- Finding the right techs for the right jobs to be able to be more profitability of the store.
- Watch that techs are not using supplies, or facilities unwisely and not using unnecessary supplies
- Find cheaper alternatives for current supplies and if there are better options switch to them

Changes in Expense Structure: (plans to evaluate your goals)

- Watching over the expenses in the DMS on a daily basis to see patterns.
- Be instrumental in insuring what techs are getting for jobs and making sure they are getting appropriate jobs for skill level.
- Watch where supplies are coming from and try to get better idea of what is appropriate, and what is potential abuse.

Productivity

NADA ACTUAL SERVICE ANALYSIS

Performance

	Labor Sales / Month		Hourly Labor Rate	=	Hours Billed
	\$				
Customer Car*	75,636	÷	109.33	=	691.8
Customer Truck*		÷		=	0.00
	\$				
Customer Other*	688	÷	109.33	=	6.3
	\$				
Warranty	35,336	÷	134.89	=	262.0
	\$				
Internal	29,835	÷	103.16	=	289.2
	\$				
New Vehicle Prep	20,142	÷	134.89	=	149.3
	\$				
Total	\$ 161,637				1398.6

POTENTIAL

	\$				\$
	161,637	÷	1398.60	=	115.57
	Total labor sales for month		Total hours billed		Effective Labor Rate
	10.00	x	10	x	25 = 2,375.0
	# Service mechanical technicians		# Hours/Day		Working Days/Month
					Clock Hour Avail
	2,375.0	x	\$ 115.57	=	\$ 274,480
	Clock Hours Available		Effective Labor Rate		Labor sales potential

How proficient are your technicians ?

	1,398.6	÷	2,200.00	=	63.57%
	Hours Billed		Hours Available		Tech Proficiency

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

Productivity (current practices)

- Currently the number of hours the shop has to offer are not being utilized by the techs and advisors to the fullest.
- Many one line repair orders are written with little to no upselling
- More heavy repair and competitive work being done than maintenance work.

Productivity (Goals for Improvement)

- Increase the number of lines per repair order, in order to capture more income per customer
- keep tech on task and repairing vehicles instead of having down time and not repairing vehicles.
- Selling all of the available hours of shop time
- Making techs more than 100% proficient.

Productivity (Plans to achieve your goals)

- Utilizing software that allow the tech less time away from their stalls that will increase productivity
- Utilizing the software that we have to allow customers to see condition of parts that we are recommending to be replaced so that the selling for the advisors is less than just a statement
- focus on trying to sell more maintenance work to bring in better paying jobs to techs
- Have parts run parts to techs instead of having techs go to parts.
- Get techs on board to use softwares that will help add lines to repair orders

Productivity (Plans to evaluate your changes)

- View repair orders daily, and watch to see how many one line repair orders there are still, and watch to see if there is a growth in multi line repair orders.
- also to see if more hours per tech are being produced
- View multi point inspections and see if video and other media is being utilized by tech and advisor.
- If necessary to get technicians onboard to use video and other media to upsell find a way to incentivize that weather by different pay or prizes for highest utilization.

Facility

FACILITY POTENTIAL	
Number of Bays	16
	x
Number of Days	25
	x
Number of Hours	9.5
	x
Effective Labor Rate	115.57
	\$
FACILITY POTENTIAL	439,166
FACILITY UTILIZATION	
	\$
Total Labor Sales	161,637
	÷
	\$
Facility Potential	439,166
	equals
FACILITY UTILIZATION	36.81%

Facility (Current practices)

- Currently, 3 of the longest time employees that are fully trained and certified all have 3 of their own hoist, and 2 of the newer less trained tech have 2 hoist to their selves.
- Lube fast lane share 2 hoist for the staff on hand.

Facility (Goals for improvement)

- Increase utilization from the current low level and increase profitability of the store.
- Make each bay a more utilized bay and set a minimum income per hoist, tech, and time of operation.

Facility (Plans to achieve your goals)

- Hire more technicians and give them hoists from other current techs to lessen the amount of overall hoist per tech.
- By having more techs in the store I will have more time per day to sell which will increase utilization overall of the store
- Making the techs more proficient will also increase utilization of the facility

Facility (Plans to evaluate your changes)

- Keep an eye on technician proficiency and building utilization with calculations and reports.
- Work with tech to find new ways together to keep proficiency up