

Service Department Analysis For York Chevrolet Buick GMC

Used Data from October 2022

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N403

Marketing:

We have not been doing any direct marketing or outreach for service, outside of the required marketing for GM. Having said that, in the past 60 days (about 2 months) we have hired more technicians and are at full staff. We now have 2 diesel engine and transmission technicians, and on December 1, we started marketing campaigns for our service department. The new campaigns are targeting both current and new customers with the message surrounding our full staff, extended hours on Tuesdays and Thursdays, and that we also have 2 heavy duty technicians on staff.

Analyze Cost of Labor:

The chart below shows how the technicians are currently paid. Their pay rates have all been adjusted within the last 60 days (about 2 months ago).

Tech #	Tech Pay Per FRH
18905	42.00
32381	40.00
31224	30.00
31693	19.00
11597	17.00
28371	22.00
33155	18.00
30067	20.00

Changes in Expense Structure:

We are not currently selling all of the available hours and our expenses are not in line because of that.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 74,011	\$ 52,141	70.45%	57.26%
Customer Truck			0%	0%
Customer Other	\$ 4,763	\$ 2,109	44.28%	3.69%
Warranty	\$ 18,989	\$ 14,440	76.04%	14.69%
Warranty Other			0%	0%
Internal	\$ 26,134	\$ 20,249	77.48%	20.22%
NVI / Road Ready	\$ 5,351	\$ 4,072	76.10%	4.14%
Adj. Cost Of Labor		\$ (8,011)	0%	0.00%
Total	\$ 129,248	\$ 85,000	65.77%	100.00%

Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 85,250		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 58,228	68.30%	
Semi-Fixed Expense	\$ 18,339	21.51%	
Fixed Expense	\$ 16,154	18.95%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 92,721	108.76%	
Net Profit	\$ (7,471)	-8.76%	

Productivity:

From a profitability standpoint, having two A-technicians increases the number of available hours for our most efficient techs. From a proficiency standpoint, our B & C technicians require additional training. Training, along with performing proper vehicle inspections, will teach them to be more efficient with their workflows and increase their production and profitability.

NADA ACTUAL SERVICE ANALYSIS			
Performance			
	Labor Sales / Month	Hourly Labor Rate	Hours Billed
Customer Car*	\$ 74,011	÷ 155.00	= 477.5
Customer Truck*		÷	= 0.00
Customer Other*	\$ 4,763	÷	= 0.00
Warranty	\$ 18,989	÷ 118.65	= 160.0
Internal	\$ 26,134	÷ 155.00	= 168.6
New Vehicle Prep	\$ 5,351	÷	= 0.00
Total	\$ 129,248		806.1
POTENTIAL			
	\$ 129,248	÷ 806.14	= \$ 160.33
	Total labor sales for month	Total hours billed	Effective Labor Rate
	7.00	x 8	x 21 = 1,176.0
	# Service mechanical technicians	# Hours/Day	Working Days/Month Clock Hour Avail
	1,176.0	x \$ 160.33	= \$ 188,548
	Clock Hours Available	Effective Labor Rate	Labor sales potential
How proficient are your technicians ?			
	876.8	÷ 1,176.00	= 74.56%
	Hours Billed	Hours Available	Tech Proficiency
Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis			

Facility:

In the last 60 days, we have increased the number of service bays from 13 to 15 and we have hired a second heavy-duty technician to increase facility utilization. With that said, on December 1 we started marketing campaigns for our Service Department. We are currently at full capacity for Service Technicians, and we have not been for the past 2 years. We still need to hire one additional Lube Technician.

FACILITY POTENTIAL	
Number of Bays	15
	x
Number of Days	21
	x
Number of Hours	8
	x
Effective Labor Rate	121.81
FACILITY POTENTIAL	\$ 306,961

FACILITY UTILIZATION	
Total Labor Sales	\$ 129,248
	÷
Facility Potential	\$ 306,961
	<i>equals</i>
FACILITY UTILIZATION	42.11%

100 Repair Order Analysis:

We are writing too many one-line ROs because we are not completing proper vehicle inspections. This may be because of available time between appointments and our need to hire an additional Lube Technician.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 2,661	= 23.90	= 111.33	FRH Average			
Maintenance	\$ 2,383	= 33.20	= 71.79	FRH Average			
Repair	\$ 16,973	= 125.50	= 135.25	FRH Average			
Totals	\$ 22,017	= 182.60	= 120.58	Customer ELR			
Target Labor Rate			120.65	Per FRH			
Total Ro's in Sample	100	Difference		-0.07	Per FRH		
Cost of Labor							
Total Cost of Labor	5970.80	= Total Sales	= 27.12%	Percent Cost of Sales			
Total Cost of Labor	5970.80	= Total FRHs	= 32.70	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	22,017.39	= Total ROs	= 220.17	Avg Labor per RO			
Total FRHs	182.60	= Total ROs	= 1.83	Avg FRH's per RO			
Menu Sales		= Total ROs	=	Percent Menu Sales			
Competitive FRHs	23.90	= Total FRHs	= 13.09%	Percent Competitive			
Maintenance FRHs	33.20	= Total FRHs	= 18.18%	Percent Maintenance			
Repair FRH	125.50	= Total FRHs	= 68.73%	Percent Repair			
One item ROs	50	= Total ROs	= 50.00%	Percent One Item RO			
Model Year Analysis							
2023	2022	2021	2020	2019	2018	Older	Total
0	5	14	5	1	9	66	100
0.00%	5.00%	14.00%	5.00%	1.00%	9.00%	66.00%	

Labor Mix

■ Percent Competitive	■ Percent Maintenance	■ Percent Repair
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Perform a complete Qualitative SWOT Analysis with an Action Plan:

STRENGTHS:

1. Established Dealership in the area with over 35 years at the same location
2. Large loyal customer base.
3. Two heavy-duty technicians
4. Our workshop is clean and organized
5. We pick up customer vehicles within 30 miles
6. Experienced service adviser with 10 years of experience
7. Our service staff (good people)
8. Excellent location, right off main road
9. Only GM Dealership within 20 miles
10. We also have a body shop

WEAKNESSES:

1. Long wait time to get vehicles in the shop, after scheduled
2. Servicing non-GM vehicles
3. Inability to service walk-ins
4. Low tire inventory due to space
5. Facility space is maxed-out and cannot accommodate additional technicians
6. Costs associated with new technician recruiting (paid health ins, etc.)
7. Being in a small town (small number of people to service)
8. Workshop is small with limited parking
9. Long-term staff

OPPORTUNITIES:

1. Marketing
2. Training and cross-training
3. Declined maintenance and repairs follow-up
4. Large, Loyal, Local customer base
5. Non-GM vehicle servicing

THREATS:

1. Local Independents/box stores
2. Service hours are not same as sales hours
3. Costs associate with recruiting new technicians (paid health care, other benefits being offered elsewhere)
4. Unable to add additional square footage to increase the number of service bays due to real estate availability

OBJECTIVES:

1. Implement training programs for service advisors to assist with overcoming customer objections, training for D and lube technicians to complete comprehensive vehicle inspections.
2. Track and implement a management/BDC follow process up on declined work
3. Review potential marketing campaigns for service/body shop targeting current and new customers
4. Improve efficiency through proper training and customer follow-up

STRATEGIES:

1. All level technicians need to be trained to GM standards
2. Hire another lube technician to help with workflow
3. Cross train employees to assist with special order parts follow-up
4. Update software systems to diagnose non-gm vehicle issues

TACTICS:

1. Daily service meetings with service managers and advisers to review current scheduled work, and work to be closed.
2. Create job posting for an additional lube tech.
3. Update marketing team with current service specials.
4. Cross-train warranty rep to assist in SOP scheduling.
5. Train service advisors to assist in overcoming customer objections.
6. Train D and lube technicians on completing a comprehensive vehicle inspection.

ACTION PLAN:

TASK	ROLE	START DATE
Hire Lube Tech	Service Mgr.	January 1, 2023
Advertise Service Dept	Marketing Co	November 30, 2022
Re Assign SOP	GM/Service Mgr.	November 30, 2022
Schedule Daily Svc Mtgs	Service Mgr.	January 1, 2023
Training for Svc Advisor	Service Mgr.	December 15, 2022
Training D & lube techs	Service Mgr.	January 1, 2023
F/U on declined work	Service Mgr./BDC	January 1, 2023

SYNOPSIS:

With our store being in the same location for over 35 years and our current strong customer base, we have many opportunities that can be taken advantage of. Having two heavy-duty technicians and a farming community gives us the opportunity to take on more diesel transmission work.

Implementing training programs to improve technicians' efficiency and proficiency will insure the improvement of customer satisfaction and profitability.

Having the warranty admin also calling on SOPs to schedule appointments and installations will also improve CSI.

Daily service meetings will improve scheduling and shop productivity/profit.