



ACADEMY

Service Department Analysis for
James Corlew Chevrolet/Cadillac

By

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Class N404

Fixed Operations - Service

Repair Order Analysis Summary Report

Chart Area

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 5,268	÷ 90.60	= 58.14	FRH Average
Maintenance	\$ 2,256	÷ 22.60	= 99.84	FRH Average
Repair	\$ 7,163	÷ 55.70	= 128.59	FRH Average
Totals	\$ 14,686	÷ 168.90	= 86.95	Customer ELR
			Target Labor Rate	130.00 Per FRH
Total Ro's in Sample	100	Difference		-43.05 Per FRH

Cost of Labor

Total Cost of Labor	4065.70	÷ Total Sales	= 27.68%	Percent Cost of Sales
Total Cost of Labor	4065.70	÷ Total FRHs	= 24.07	Cost per FRH

Repair Order Measurements

Total Labor Sales	14,686.44	÷ Total ROs	= 146.86	Avg Labor per RO
Total FRHs	168.90	÷ Total ROs	= 1.69	Avg FRH's per RO
Menu Sales		÷ Total ROs	=	Percent Menu Sales
Competitive FRHs	90.60	÷ Total FRHs	= 53.64%	Percent Competitive
Maintenance FRHs	22.60	÷ Total FRHs	= 13.38%	Percent Maintenance
Repair FRH	55.70	÷ Total FRHs	= 32.98%	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	5	18	13	13	11	40	100
0.00%	5.00%	18.00%	13.00%	13.00%	11.00%	40.00%	

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair

Strenghts

- Location
- Quick turn-a-round – vehicles in and out in a timely manner
- Local market – good business/customer opportunities
- Staff are “people” oriented
- Staff are motivated
- Strong technology base
- Staff are positive
- Great environment to work in – friendliness
- Excellent Rapid Recon department
- Family business
- Willingness to help each other
- Reliable team
- Good communication
- Many staff are certified or hold degrees for the position they are in
- Hard working technicians
- Good mentors
- Staff members are willing to learn new things
- No one is afraid to ask for help
- Overall excellent experienced staff
- Reliable team
- Flexibility
- Staff members are optimistic
- Excellent Human Resources Department
- Quality physical resources
- Loyalty
- Feels like family

Weaknesses

- Lack of leadership
- Poor communication
- Lack of knowledge
- Lack of direction
- Poor decisions
- Teamwork
- Staff doesn't want to help each other
- Employees not committing to the best they can do
- Laziness
- Lack of part efficiency
- No group functions
- Constantly having to correct others mistakes
- Poor Rapid Recon
- Tech scheduling
- Young technicians who need time to learn
- Need for more Service Advisors
- Playing on cell phones
- Not enough time to learn the computer system (DMS)
- Slackers
- Lack of consideration of others
- Understaffed
- Lack of communication
- Several new and inexperienced employees

Opportunities

- Staff want to be the “best there is”
- In house opportunity when employees take ownership of their responsibilities
- To grow with a great company
- Recommend company events to include everyone – this will help bring the workforce and back into the “family” side of this business
- Opportunities for young technicians to advance
- Extensive opportunities to grow
- Resumption of loaner car program and stay away from Enterprise or Hertz
- Many opportunities to move to different departments within the organization
- Lack of work
- Explore more opportunities for new employees to grow and succeed in the company
- Provide more equipment
- Getting help on service lane
- Training on ideas and projects
- Up-to-date software
- More opportunities to advance
- To learn more and build the business even bigger

Threats

- Parts availability
- “Tattle tales”
- Lack of quality employees
- Not enough technicians
- Lack of parts
- Young/inexperienced employees
- Parts delay or wrong parts
- Need for more skilled technicians – especially with EV vehicles
- Rise of online dealerships online
- Becoming physically or emotionally burned out
- Economic trends
- Technology advancements
- Possibility of both employee and customer attrition

Objectives

- Continue to market the success and longstanding ritual of our location of 5+ decades of family ownership
- Continue to monitor employee motivation and draw upon/from ideas presented to management
- Improve upon an already strong technology base and provide more educational opportunities
- Ensure employees continue to provide excellent customer serviced
- More aggressive marketing of our service department
- Maintain a high retention level of current customers and work toward gaining new customers
- Review pay plans of all service advisors and technicians
- Increase number of daily repair orders and close them as soon as possible
- Improve upon reviewing repair(s) performed on customer vehicle at time of departure
- Improve communication with a daily morning huddle
- Review the pairing of advisors with technicians to ensure we have a good personality mix
- Observe those who may be slower and determine how to alter his or her work speed
- Encourage one on one conversations to resolve issues before involving management
- Continue to encourage flexibility and willingness to help others during down time
- Increase GP on all customer ROs via thorough multi-point inspection
- Decrease customer wait time
- Continue to improve on those things we already do well

Objectives, continued

- Routine review of current employees being able to grow within our organization
- Continue to develop and improve upon apprenticeship programs for newer technicians
- Locate and hire additional service advisors
- Maintain equipment even more than we do now
- Listen to employees and encourage them to provide ideas and suggest changes that need to be made
- Continue to focus on fixed operations financial growth so the profit will cover the costs incurred throughout the dealership
- Make customers aware of the competitiveness of our pricing

Strategies

- Implement an employee program to present new ideas that will increase GP and reward them
- Improve upon employee training programs pertaining to customer service
- Increase use of texting service with customers regarding the status of his or her repair
- Increase communication within the department to ensure everyone is performing in the same manner and providing the same information to customers
- Improve upon our multipoint inspection process to increase our up-sells
- Employ improved communication with the parts department and with technicians
- Develop a more tailored program for apprentices
- Add routine monitoring (more so than we do now) of absorption rate to make changes ahead of time – proactive vs. reactive
- Ensure technicians are utilizing appropriate op codes to obtain the most money from each RO completed
- Ensure ROs are closed as soon as possible, and that no money is left on the table
- Mystery shop competition
- Improve upon our express lube lane
- Monitor lost sales more closely
- Develop strategies to increase ELR
- Eliminate waste
- Utilize social media to drive traffic to our service lanes

Tactics

- Review pay plans for all technicians
- Plan outreach programs to attract new technicians
- Ensure customer information is up to date and that they are okay with digital communication – this will free up time advisors would spend on the phone
- Solicit advice from customer service experts as to changes we could make – if any needed
- Allow the customer to state his or her concerns and then proceed to provide the appropriate response
- Improve relationships with parts department and with all technicians
- Work closely with the accounting department to verify our numbers appear appropriate year over year
- Implement training session(s) to ensure technicians are performing complete multipoint inspections
- Increase absorption rate through increased GP for labor pay via competitive, maintenance, repair, customer, and warranty
- Upsell as many products as possible
- Provide thorough training for technicians to ensure they are coding appropriately and that all charges are appropriate
- Price match if necessary – mystery shop independents and other brands
- Social media is our voice – outside of word of mouth of customers. Ensure social media is being used to its fullest capacity to drive traffic – big and bold colors, catchy slogans, snazzy ad captions, videos
- Implement training that will ensure all advisors are relaying the same information to customers
- Respond to surveys
- Minimize discounts unless necessary

Action Plan

Task	Person Responsible	Goal Date
Monitor fixed expenses	Service Manager	Ongoing
Review of pay plans for selected staff	Service Manager	June 1, 2023
Outreach programs to attract new technicians	Various Service Advisors/ Service Manager	Ongoing
More thorough MPIs	Service Advisors and Technicians	Ongoing
Hiring of appropriate staff	Service Manager/GM	Ongoing
Scheduling of technicians	Service Manager	Ongoing
Work close with accounting department regarding year over year numbers	Bi-annually	January and July
Continuous monitoring of labor rates – i.e., competitive, maintenance, repair, customer pay, and warranty	Service Manager	Ongoing
Encourage upsell of products via thorough MPI	Service Advisors and Technicians	Daily
Mystery Shop for price matching	Service Manager/Anyone	Various times
Use of social media to increase traffic	Advertising Agency Rep and person in service	Daily

Action Plan – Continued

Task	Person Responsible	Goal Date
Update DMS with patient information	Service Advisors	Each time a customer visits
Solicit advice/recommendations/ideas from customers regarding needed changes	All service department staff	Ongoing
Implement weekly or bi-weekly meetings to review our performance	All service department staff	Weekly or every two weeks
Increase customer pay and effective labor rates	Service Manager	03/01/2023
Consider changing service lane hours to match that of showroom and possibly Sunday's	Service Department Staff/GM	07/01/2023
Implement rotating schedule for Cadillac Roadside Assistance	Service Manager/GM/Service Advisors	03/31/2023
Increase absorption rate via additional GP	All service department staff	Ongoing
Training sessions for technicians to ensure proper coding regarding charges	Accounting Department/District Service Rep	Ongoing
Perform RO analysis at least 2-3 times per year	Service Manager	Ongoing
Have a menu describing maintenance pricing	All service department staff	Ongoing

Synopsis

Completion of this 100 RO analysis has been very eye opening. For example, our effective labor rate on any given day is \$139.95 – however, for this analysis it was only \$86.95. I recognize this is a snapshot – but a large snapshot of the work we do daily. This is concerning because not only does this reduce our absorption rate, but it also allowed us to further analyze whether we are charging the right amount for the work being done. Are we charging a competitive rate when it should be a maintenance rate, etc., - it truly makes one stop and look at how we are billing. Are our technicians coding properly? Are we leaving money on the table?

We also recognized that we do need more service advisors. Although it is not represented in this analysis, we have lost 3 service advisors in the last 5 weeks and we, thus, are backed up most of the time. Time is cash. This has shown our team that our FRH (for this analysis) averages are below what our stated rates are – again making one ask if all the flat rate hours are being captured properly. I was surprised that we were negative \$43.05 target labor rate for the purpose of this analysis. Capturing all the flat rate hours possible our gross profit would increase, thus increasing our absorption rate.

One can see that the comments provided anonymously by the service staff show that for the most part, people are happy and want to see the organization continue to grow. They provided great ideas and provided comments that we most likely don't/haven't thought about. Each person thinks differently, but what is striking is that there is similarity among most of the responses.

I expected our sales to be more for 100 ROs – in fact, I was quite shocked they were only \$14,686. This fact alone tells me that we must do a better job in ensuring technicians are billing for the correct number of hours

and for the correct dollar amount. A frequent analysis of ROs is now in our future (certainly more frequently than we do now). By seeing this number, I recognize that we must do a better job of upselling through the use of a thorough MPI. Any method possible to increase our GP is on the table. Not only are our sales lower than I expected, it is recognized that this also impacts the parts department as well – and we are supposed to be their BEST customer!

We are continuously planning on how to increase the number of hours per RO – ethically, but still increasing the number of hours. Our ELR needs to increase – and that is not only going to require an increase in the number of sales, but as well, the number of hours billed. Therefore, we must ensure our technicians are billing properly and that we are driving traffic through our service lanes. Having fewer service advisors has limited our ability to make appointments and has created missed opportunities to capture sales. Fortunately, having been in business for 55 years, we have a client base who are understanding and unless an emergency, are willing to wait until we can schedule his or her appointment. As of the writing of this document, we are only 1 (one) advisor short and will hopefully have that position filled this week.

This analysis has shown me that our goal to increase our absorption rate to 75-80% by June 30, 2023, is even more important. We will continue to do so despite supply chain issues, staffing, inventory, parts availability, etc. Reviewing 100 ROs allow us to see items that are out-of-line and take the appropriate corrective action measures to prevent expenses from going beyond our projections to the extent we can. We will, as I mentioned in an earlier document during class, focus on sales and inventory, technician productivity, number of written ROs and customer retention.

The bottom line is that this analysis has shown me that ideas we have in place are attainable. We are moving in the right direction given what I saw 8 months ago. The next RO review will allow us to decide if that is true.