

Service Department Analysis for Darling's Chevy

By Connor Darling N401

Marketing

Current Practices: Mailer advertisements to customers offering discounts. Listing our job openings for the shop on company website and in Newspaper occasionally we will do radio ads for techs.

Goals For Improvement: Different ways of advertising for our customers and to get employees to join us. YouTube and Facebook ads should be included where we advertise our services and why you gain value when you service with us.

Plans to Achieve Goals: Monthly Marketing meeting between Service, Parts, and Marketing. Explain why you would want to work at Darling's A/C, 401K Match, Benefits, Tenure bonus etc. Oil Filter stickers so other shops see our name on vehicles they also service.

Plans to Evaluate Change: More incoming interviews for specific roles in our shop. Higher op code usage with coupon codes to show we are reaching the customers we want to attract.

Cost of Labor

Current Practice: All of our techs at Darling's Chevy are flat rate.

Goals for Improvement: We currently don't anticipate changing tech pay structures, but do have plans to add Saturday to our workable days for service.

Plans to achieve: We plan on implementing the additional work day by having a rotating tech schedule to allow for coverage on that day.

Plans to Evaluate: We can evaluate our changes by watching tech productivity on Saturdays, and by also watching our overall utilization to verify that we should be open on Saturdays.

\$ 43,750
Labor Cost
1,982.00
/ Hours Billed
\$ 22.07
=Real Cost

$$\begin{array}{l} \text{1,760.0} \\ \text{Hours Available to Sell} \end{array} \times \begin{array}{l} \$ 116.98 \\ \text{Effective Labor Rate} \end{array} = \begin{array}{l} \$ 205,883 \\ \text{Labor sales potential @100\%} \end{array} \quad \begin{array}{l} \$ 257,353.25 \\ \text{Labor sales potential @ 125\%} \end{array}$$

Changes in Expense Structure

Current Practice: We currently sell 1982 hours of an available 1760 hours with good tech proficiency. We do have higher expenses than we anticipated and will need to do some adjusting.

Goals for improvement: reduce policy expenses that come from poor writer interactions. The other major goal to reduce expense in our shop is to better dispatch our work to the proper technician. (try to reduce A techs rotating tires).

Plans to Improve: The first step in reducing our expense for the service department is by training/retraining TSM's on better question asking and walk around process. Another bay could be added as well to increase hours available for the shop.

Plans to evaluate: Confirm installation of additional lift and hire new tech. Track dispatching routes to make sure techs are getting appropriate jobs. Follow up on TSM training by doing 1-1 with writers.

Overhead Expense	\$ 473,761	
Total Fixed Gross Profit	\$ 294,341	
Total Dealership Expense	\$ 473,761	
Fixed Absorption Percentage	62.13%	
<input type="button" value="Clear Form"/>		Guideline 60%

Productivity

Current Practices: Based on our available and sold hours last month our current tech proficiency is 112.64%. We currently have 11 techs and 2 back parts counter people.

Goals for Improvement: Identify process for our writers that take up time or don't add value. Increasing our days open will also add to our productivity as long as our techs maintain their proficiency per RO.

Plans to Achieve: Have meeting with Techs/Advisors to see where bottle necks are in our system. I would also look into hiring a parts runner to help our techs get the job done faster.

Plans to evaluate: Review bottle necks and changes with advisors and techs 2 weeks after changes are made to see if adjustments are needed. See if parts runner does increase tech proficiency across the board.

Hours Per RO (RO Analysis)	2.0
Percent of One Item R.O.'s (RO Analysis)	88.00%
Customer Pay Effective Labor Rate (DMS Reoprt)	\$ 122.87
Warranty Labor Rate (DMS Report)	\$ 134.35
Total Overall Effective Labor Rate	\$ 116.98
Overall Technician Proficiency	112.64%

Facility

Current Practices: Darling's Chevy currently has its facility utilization at 71% which is just below NADA guide of 75%. We currently aren't not open on Saturdays for service business.

Goals for Improvement: Hire parts runner for better tech proficiency. We also have plans as outlined on other pages to increase our operating hours to include Saturday. We really want to strive to meet or exceed the NADA guide for facility.

Plans to achieve goals: Increase hours to include Saturday should be the main focus of our changes. Meetings with techs and advisors to see what other changes can be made to better utilize the shop.

Plans to evaluate: We will track our tech efficiency and get feedback from our team after implementing Saturday to the work schedule.

FACILITY POTENTIAL	
Number of Bays	14
	x
Number of Days	20
	x
Number of Hours	10
	x
Effective Labor Rate	\$ 116.98
	<small>207,145</small>
FACILITY POTENTIAL	\$ 327,540

FACILITY UTILIZATION	
Total Labor Sales	\$ 231,903
	÷
Facility Potential	\$ 327,540
	<small>207,145</small>
FACILITY UTILIZATION	70.80%

Clear Form

Strengths

- Training
- Dealership Stability
- Clean/ Well lit
- Shop personal
- Team work environment
- Organization
- Known in community
- Ability to do large clients (Company vehicles)

Weakness

- Scheduling
- BDC caused errors
- Lack of communication with parts
- Answering phones
- Chain of command
- Not reporting broken tools
- Limited work hours (7:30-5pm)
- Need extra bays

Opportunities

- More training for various roles
- Better Equipment
- Extend Shop Hours
- Work on all makes and models
- Expand service facility
- Promote more communication between parts and service

Threats

- Independent Shops
- EV Compliance
- Crowding in shop
- Service Policy expense can become a large threat than we think if we don't start better practices with our TSM's
- Limited applicants in rural town

Objectives

- Increase Shop Hours
- Incentivize keeping good Techs
- Build additional service facility
- Train better phone processes for BDC/Scheduling
- More accountability of Service writers for phone calls

Strategies

- Bonus technicians who are with us for 3+ years to build retention
- Get a parts runner assigned to parts to make better faster deliveries to techs while lifting communication.
- Move hours to 7am to 7pm to capture business that we are currently missing.
- Have 1 on 1 meetings with those not meeting roles and responsibilities in service.
- Come up with more comprehensive service system to make scheduling on right schedule clearer to BDC

Tactics

- Reach out further on our applications to get right techs in our dealership.
- Limit discounting by TSM and limit goodwill that we shouldn't be helping on.
- Test run 4-10 schedule for technicians on teams to maximize hours of daily operation and allow more time off for techs.
- Have bi-weekly meeting with Service and Parts manager to improve communication between departments.
- Expand training to BDC/Schedulers

Action Plan

Task	Who	Date
Extend Service Hours	GM/Service Mgr	12/15/22
Advertise Tech openings	Service Manager	12/18/22
BDC 3 part training	BDC Mgr/Service Mgr	12/20/22, 1/20/23, 2/20/23
Begin 4-10 schedule	Service Mgr/ TSM/ Tech	1/2/23
Bi Weekly Mgr Meeting	GM/Service Mgr/Parts Mgr	1/10/22

Synopsis

During our SWOT analysis we had 3 key take aways which were as follow. 1 we have good training and our people think that, but to people in different seats within service such as BDC we found we weren't doing enough training. These people are missing out from something we do well and are not following key processes in our dealership. We fully intend to change that and give our BDC the resources it needs to improve with our service department.

The next realization we had while doing the SWOT analysis was that not all of our writers are pulling their weight. It was clear in the weakness section that numerous writers thought other writer were not handling a fair share of incoming calls. We will start tabulating calls received to ensure people are pulling their weight and we can also offer phone training to build confidence on the phone.

The last struggle that came up in our SWOT analysis is COMMUNICATION. Just like the training we found some people send and receive good communication and others don't. Techs often feel they have better communication with their writer than any of the service personal. We plan to implement a runner to help get the right part to the right tech at the right time.

In the action plan above we did list how we plan to tackle these issues in the service department. When we spread our training to more people and increase hours and shop facility space we do anticipate to continue growing in our service department.

Repair Order Analysis Summary Report

	Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive	\$ 7,918	84.20	94.04	FRH Average
Maintenance	\$ 1,105	7.40	149.28	FRH Average
Repair	\$ 18,360	120.60	152.24	FRH Average
Totals	\$ 27,383	212.20	129.04	Customer ELR
			Target Labor Rate	152.00 Per FRH
Total Ro's in Sample	100	Difference		-22.96 Per FRH

Cost of Labor

Total Cost of Labor	5058.00	Total Sales	18.47%	Percent Cost of Sales
Total Cost of Labor	5058.00	Total FRHs	23.84	Cost per FRH

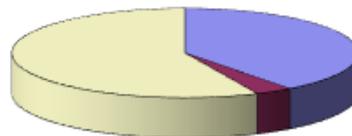
Repair Order Measurements

Total Labor Sales	27,382.74	Total ROs	273.83	Avg Labor per RO
Total FRHs	212.20	Total ROs	2.12	Avg FRH's per RO
Menu Sales		Total ROs		Percent Menu Sales
Competitive FRHs	84.20	Total FRHs	39.68%	Percent Competitive
Maintenance FRHs	7.40	Total FRHs	3.49%	Percent Maintenance
Repair FRH	120.60	Total FRHs	56.83%	Percent Repair
One item ROs	84	Total ROs	84.00%	Percent One Item RO

Model Year Analysis

2023	2022	2021	2020	2019	2018	Older	Total
0	2	13	9	16	11	49	100
0.00%	2.00%	13.00%	9.00%	16.00%	11.00%	49.00%	

Labor Mix



■ Percent Competitive
 ■ Percent Maintenance
 ■ Percent Repair