

Marketing Service Department.

We are currently marketing our service department by using a service orientated SEO and the tools that General Motors supply to us such as conquest lists, and OnStar service leads. For our current customers, other than being the only GM store within 30 minutes of our city, we are not doing anything above and beyond to maintain future relationships. We are rarely providing transport unless the variable side wants to keep the customer loyal to them, our hours are impossible for most of our customers to work with, and our service advisors have been under booking appointments and pushing work further out due to fear of working with waiters during a busy day. We recently hired a consultant for all of our service departments and the first changes that he implemented were updating the hours to reflect our sales hours. This has allowed for our blue collar "9-5" customers being able to drop their car off on Mondays and Thursdays since the department closes at 8:00 now, and also gives them the ability to have their vehicle worked on from 9-5 on Saturday, which is the day that 95% of our customers have off. On top of this, he implemented more visual advertisements inside the service department including a chart of competitive rates from other repair facilities in our area. He also has been talking with the service managers as well as our website provider to work on service coupons and he is planning to put someone in charge to make sure that all of our websites coupons are changed once or twice monthly to create a fresh new look. We have also been working on getting a list of small yet growing businesses that do not service with us and having the service manager and a sales manager talk about the benefits that we provide. This includes having dedicated service loaners from small cars all the way up to H.D. trucks to always keep our customers on the road, as well as hiring two porters to be able to pick up customers cars and swap them out with a loaner so they never have to leave work. So far, we have had a bit of kickback from our service department with these changes, however between our consultant, our dealer principal, and I watching over everything to make sure that we are doing the little things, our employees have been compliant so far. Evaluations to these changes will come down to monthly meetings that our management team has, going over RO count as well as our GM retention rate to make sure we are holding and gaining more customers in our area instead of letting them slowly bleed out. With these figures we can see if the accommodation helps as well as, hopefully, watch the gross in that department go up.

Cost of Labor Analysis

The cost of labor that we have at the dealership is right in line with NADA guide, until you put in the adjustment of labor for our techs on guarantees. Currently we have our techs on a pay-plan that allows all our A and B techs to be able to do some oil changes and lower work without us completely losing all gross retention on the job. The lower the tier of work is that they complete, the smaller percentage on their hourly wage is paid out. This keeps our oil changes still somewhat profitable and allows the techs to be able to upsell work to get paid their full amount of they find something during the MPI. This results in us being at 77% gross retention at our store which would put us above the NADA guide. We did, however, have \$7,408 in our adjusted cost of labor line which brought us down to just under 70% for retention. With that adjusted cost of labor being bonuses for higher hours turned I believe that the tech pay for our store is in line with where it should be. We have been talking to our service manager about techs that we have on guarantees that are not hitting their 40 hours. We had some unapplied labor for them, and we are working with him to try and have no techs on guarantees so they earn what they turn. The gross retention rate being below guide though, is a reflection on the price that we charge for our services which, after doing the RO analysis, is lower than where it should be. I think that pricing our work appropriately will go further than re-working pay-plans for our techs.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 38,608	\$ 29,769	77.11 %	37.88%
Customer Truck	\$ 6,287	\$ 5,169	82.22 %	6.17%
Customer Other	\$ 8,200	\$ 6,086	74.22 %	8.05%
Warranty	\$ 19,857	\$ 15,058	75.83 %	19.48%
Warranty Other			0%	0%
Internal	\$ 21,870	\$ 16,867	77.12 %	21.46%
NVI / Road Ready	\$ 7,089	\$ 5,569	78.56 %	6.96%
Adj. Cost Of Labor		\$ (7,248)	0%	0.00%
Total	\$ 101,911	\$ 71,270	69.93 %	100.00 %

Changes in Expense Structure

I used the month of December to show the expenses of the store and realized that I did so in error regarding this section. We had year-end bonuses pull out for this statement that represented our personnel expense to be way too high, the percentage value that I had for this was 81% which is way higher than NADA guide. As a result of the mistake, I went off a January statement to show true numbers without any bonuses inflating the value. In January, our personnel expense was at 40% which is within guide. All our other expenses are managed well and are within guide on all counts. As a result of these findings, I believe the reason that we are not at 20% of net month in and month out is due to not selling all the hours and not maximizing gross on all RO's. As stated in the marketing portion of this assignment, our advisors were not fully booking every day they had available and were leaving two to three days per hour open in case they had a waiter walk into their department. We were pushing work out a week or two to make sure they had an open schedule which resulted in loss of work and a lower RO count. To fix this issue and sell all available hours, we have given the responsibility of scheduling to our BDC manager. Her calls are monitored closely, and she is told that if a time is available, it will be scheduled. This takes the advisors power out of their hands and gives them no choice but to write more RO's and make the store more gross. Our service department has seen an uptick in RO count after this change, and we are waiting to see if our GM retention goes up by not pushing out our customers service work. Our techs are turning more hours and our advisors are reducing one line repair orders due to the sense of urgency placed on every customer. These changes are monitored by the GM, service manager, and our service consultant and so far, they seem to be making the department more profitable. Past the money side of it though, our tech morale has improved, and everything has been running smoother.

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 74,164		
Variable Expense	\$ -	0.00%	DECEMBER
Selling Expense	\$ -	0.00%	
Personnel Expense	\$ 60,227	81.21%	
Semi-Fixed Expense	\$ 16,894	22.78%	
Fixed Expense	\$ 10,814	14.58%	
Unallocated Expense	\$ -	0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 87,935	118.57%	
Net Profit	\$ (13,771)	18.57%	

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 83,579		
Variable Expense	\$ -	0.00%	JANUARY
Selling Expense	\$ -	0.00%	
Personnel Expense	\$ 33,605	40.21%	
Semi-Fixed Expense	\$ 21,526	25.76%	
Fixed Expense	\$ 14,124	16.90%	
Unallocated Expense	\$ -	0.00%	
Dealer's Salary	\$ -	0.00%	
Total Expenses	\$ 69,255	82.86%	
Net Profit	\$ 14,324	17.14%	

Measuring Tech Proficiency

Tech proficiency at this store was a very alarming number to see for the first time. Our service manager, like many others, is constantly complaining about needing more techs, he believes that he needs another three techs in our shop to be able to make more money. After showing him this number, he has backed down his number but even still believes that he needs more techs. Our proficiency number for the month of December was at 70.44%. With our team of six people, that means that we have nearly two techs worth of inefficiency. He is not pushing his techs to even be at 100% yet needs more for what amount of work? We have worked with him and have been able to increase that number a bit, by thinking outside the box and not using money as the sole motivator for the techs. As much as we think money would be a huge incentive for them, they just want time to their families and to be appreciated for what they do. The techs that we have that could turn over 40 hours have been offered the ability to only work four days a week if they turned 50+ hours. Our techs that turn 50+ hours would have to turn 60+ in that time. Out of our team of six technicians, three have taken the deal and have not had one week below their number. Even more shocking than that is that usually those technicians that do not need to come in, will come in an hour or two late and work the whole day anyways. One of our techs hit her goal of 70 hours while on this plan and came in on Friday to finish it off. Between the ability to work four days and our advisors cramming the workday full, they have all the work they could possibly turn and all the time they could have as well. We have been monitoring the changes in tech hours with meetings between the GM and service manager, they both have to check to make sure that their number is hit, and our GM personally comes out to tell the technician that they hit and they have can have the day off the next day. This creates an open line of communication between management and the service department that sadly many general managers do not check often enough.



NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>		<i>Hourly Labor Rate</i>		<i>Hours Billed</i>
Customer Car*	\$ 38,608	÷	135.00	=	286.0
Customer Truck*	\$ 6,287	÷	135.00	=	46.6
Customer Other*	\$ 8,200	÷	135.00	=	60.7
Warranty	\$ 19,857	÷	127.96	=	155.2
Internal	\$ 21,870	÷	110.00	=	198.8
New Vehicle Prep	\$ 7,089	÷	127.96	=	55.4
Total	\$ 101,911				802.7

POTENTIAL

<div style="border: 1px solid black; padding: 5px; background-color: yellow;">\$ 101,911</div> <p style="font-size: small;">Total labor sales for month</p>	÷	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">802.70</div> <p style="font-size: small;">Total hours billed</p>	=	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">\$ 126.96</div> <p style="font-size: small;">Effective Labor Rate</p>
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<div style="border: 1px solid black; padding: 5px;">6.00</div> <p style="font-size: small;"># Service mechanical technicians</p>	x	<div style="border: 1px solid black; padding: 5px;">8</div> <p style="font-size: small;"># Hours/Day</p>	x	<div style="border: 1px solid black; padding: 5px;">25</div> <p style="font-size: small;">Working Days/Month</p>	=	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">1,200.0</div> <p style="font-size: small;">Clock Hour Available</p>
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<div style="border: 1px solid black; padding: 5px; background-color: yellow;">1,200.0</div> <p style="font-size: small;">Clock Hours Available</p>	x	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">\$ 126.96</div> <p style="font-size: small;">Effective Labor Rate</p>	=	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">\$ 152,353</div> <p style="font-size: small;">Labor sales potential</p>
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How proficient are your technicians?

<div style="border: 1px solid black; padding: 5px;">845.3</div> <p style="font-size: small;">Hours Billed</p>	÷	<div style="border: 1px solid black; padding: 5px;">1,200.00</div> <p style="font-size: small;">Hours Available</p>	=	<div style="border: 1px solid black; padding: 5px; background-color: yellow;">70.44%</div> <p style="font-size: small;">Tech Proficiency</p>
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Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

Facility Utilization

Our facility utilization was very low compared to NADA guide and is another issue that our service manager has brought up to me. He has been wanting to add additional bays for medium duty trucks even though he has not been able to use up all the bays that he already has. Our utilization percentage was at roughly 32% in the month of December which is miles away from the guide of 70%. Our shop does do a lot of diesel work, which can result in cab off repairs requiring a bay to be used up for a decent period but that still should not account for 40% of our facility to be used up. I feel the same changes we used to increase tech proficiency will increase how much of our facility we use and get us closer to that guide. We will do the same as above, increase how crammed our days are, put incentives on technicians to turn more hours, and if we get to 100% technician proficiency. Then we can work on adding another technician to push our facility even further and keep us getting closer to 100%. The same ways we track tech proficiency can be used for the facility as, based on our number of techs, it will increase linearly with each other.

FACILITY POTENTIAL	
Number of Bays	13
	x
Number of Days	25
	x
Number of Hours	8
	x
Effective Labor Rate	123.15
FACILITY POTENTIAL	\$ 320,190

FACILITY UTILIZATION	
Total Labor Sales	\$ 101,911
	÷
Facility Potential	\$ 320,190
	<i>equals</i>

FACILITY UTILIZATION	31.83%

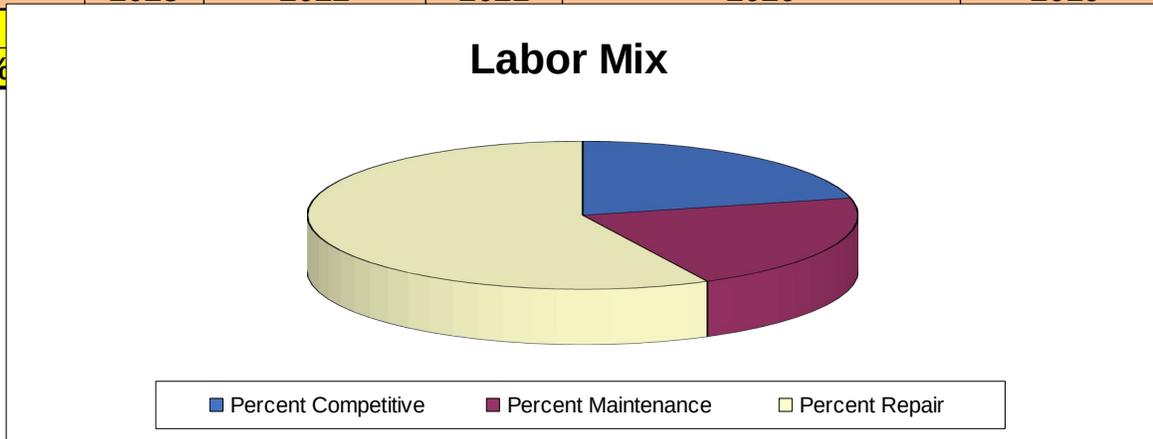
Repair Order Analysis Summary Report

		Sales in Dollars	FRH's on RO's	Averages	Analysis
Competitive		\$ 3,789	÷ 55.80	= 67.90	FRH Average
Maintenance		\$ 6,541	÷ 55.85	= 117.11	FRH Average
Repair		\$ 22,371	÷ 150.90	= 148.25	FRH Average
Totals		\$ 32,701	÷ 262.55	= 124.55	Customer ELR
		Target Labor Rate		129.96	Per FRH
Total Ro's in Sample	100	Difference		-5.41	Per FRH
Cost of Labor					
Total Cost of Labor		8058.60	÷ Total Sales	= 24.64%	Percent Cost of Sales
Total Cost of Labor		8058.60	÷ Total FRHs	= 30.69	Cost per FRH
Repair Order Measurements					
Total Labor Sales		32,700.63	÷ Total ROs	= 327.01	Avg Labor per RO
Total FRHs		262.55	÷ Total ROs	= 2.63	Avg FRH's per RO
Menu Sales			÷ Total ROs	=	Percent Menu Sales
Competitive FRHs		55.80	÷ Total	= 21.25%	Percent Competitive

			FRHs			
Maintenance FRHs	55.85	÷	Total FRHs	=	21.27%	Percent Maintenance
Repair FRH	150.90	÷	Total FRHs	=	57.47%	Percent Repair
One item ROs	82	÷	Total ROs	=	82.00%	Percent One Item RO

Model Year Analysis

2024	2023	2022	2021	2020	2019	Older
0						61
0.00%						61.00%



100 RO Summary Analysis

After looking over the summary of 100 RO's there were quite a few issues that I found to be apparent. Obviously, the data in is only a small section of total RO's written through the month and it appears my service manager started this at the beginning of the month when he had quite a few large repair jobs close out causing a much larger percentage of repair work throwing off our mix. Despite this skew, we have a very low number of maintenance work being done. Despite the large repair jobs, I believe that while we have the customers car, we should be upselling maintenance work after all the parts are in since a lot of the components would already be visible. Customers do not want to spend more money after a large repair, but they also do not want to be back in within the next few months for a preventable item failing that could have been prevented. With the maintenance work that we did complete, the FRH value for it was way below NADA guide. We were eight to twelve dollars per hour off from where guide is, causing us to lose gross every time those jobs are completed. With competitive work, GM had many coupons that month which a lot of our customers used, when doing these calculations for our other GM dealerships we also noticed a drop at the end of year in FRH. The repair line looked in line and shows that we squeezed a lot of dollars out of customers during that type of work. In the cost of labor lines, it showed that we were above guide at 24.64% instead of being below 24%. I was noticing on the RO's pulled that the cost that we showed compared to the spreadsheet was almost always a

bit off except for the repair line. Our technicians are on a pay-plan where any work that is below the skill level that they are out is discounted and they are paid a percentage of their hourly rate instead of the full amount as shown. I do not know if the disparity is enough to drop below 24% but if our competitive and maintenance work was off by an average of \$2.00 per hour that would have our percentage as 23.88% which I think is highly possible. On the final section I believe that the surplus in repair work has skewed our averages which look very strong on the surface. I did find it concerning, however, that even with all the large repairs, we were only .2 hours over guide at our GM store. With 57% of repair work we should have been closer to 3.00 hours per RO which comes with not upselling anything after those jobs are completed. Last, but not least, our percentage of one-line RO's was way higher than NADA guide. After talking with both of our service advisors, they responded that the customer-base that we have does not respond well to high-pressure scare tactics and that upselling never worked for them. I asked them what they were doing to upsell and there was no salesmanship in either of their responses. They are afraid to tell a customer what is wrong with their car and are losing money as a result. We are exploring different training avenues with them to increase their numbers and our service consultant is personally training them and going over word tracks with them to increase sales. I believe all of these issues are fixable and that training in sales as well as more work will help our ELR go up allowing for higher profitability in the future.

SWOT

Strengths

1. Destination facility with no same make competitors within thirty minutes and an hour.
2. Variable side sells (during non-COVID months) 50-60 new cars a month with all salespeople doing a service walk.
3. Service manager with 30 years of experience that has been at dealerships big and small.
4. Large number of small businesses with fleets of 20+ GM diesel trucks that drive 50,000+ miles per year.
5. High used car volume with a lot of internal work to keep technicians fed (normally at 50% of service work sold.)
6. Large number of bays to hold a lot of jobs and allow for future growth of the department.
7. Three other stores in our group with experienced service managers within an hour of each other, allowing for parts transfer and bouncing ideas off of each other.

Weaknesses

1. Service manager that does not know how to let go and delegate causing tasks to fall through the cracks.
2. Inexperienced parts manager that is highly reactive vs. proactive.
3. Shortened service hours makes it hard for local customers to find times to come in.
4. No shop foreman to push techs to turn more hours allowing them to go without management in the shop for multiple hours through a day.
5. Very poor local marketing with customers still thinking we are the most expensive shop in town.
6. Younger technicians that make mistakes resulting in be-backs and loss of future business.
7. Service Advisors that are afraid to upsell to customers and not going over 100% of the repairs recommended by the technicians.

Opportunities

1. Young technicians that are hungry to become certified and turn more hours and learn everything that they possibly can.
2. Very good career centers in all our bordering counties to snag young techs and create loyalty.
3. COVID building a lot of the local businesses up allowing them to purchase more trucks in the last few years for more future servicing.
4. Increased year over year sales from the variable department, giving them more customers to retain and more internal work projected in the future.
5. Recently hired a service consultant that has 35 years of service experience running the department from the top down, pointing out problems that our service employees cannot see in the trenches.
6. General Manager and I going through the NADA class, allowing us to assist with the department and have more insight into what all goes on in the department.

Threats

1. Other dealerships taking technicians and advisors since our employees have an average drive of 45 minutes to work.
2. Without addition of better accommodations, we may lose customers due to more convenient alternatives.
3. Complacency with our regular customers making us forget to do the little things to retain them.
4. Small businesses growing so large that they create their own repair facility for their fleet.
5. Our inexperience in the parts department causing poor morale.

Objectives

1. Increase service hours to mirror sales allowing for easier access to the department for our working-class customers.
2. Improve our service managers ability to delegate and watch the department from above, not within.
3. Parts training for our parts manager to decreases time techs wait for parts and have a higher chance of upselling work when we have the part in house.
4. Service Advisor training to make sure they are presenting every job to every customer.
5. Make a “no compromise” service for all our customer so they have no excuse to not service with us.
6. Improve local marketing to let customers know we are just as aggressive with pricing as the independents and have GM certified technicians.

Strategies

1. Have technician input to work out a schedule for us to open late and all day on Saturday instead of having the service manager blindly move forward.
2. Re-write defined roles for the service manager and advisors and enforce who handles what to take it out of the service managers hands.
3. Explore training options for all our parts managers using our other sister stores to bounce different websites off of.
4. Going through our service consultant to find the best service advisor training tools since he has a class dedicated to that.
5. Hire two other porters simply for running customer service vehicles around and making sure every transaction has someone dedicated to it.
6. Calling all local ad sites and radio stations for pricing and get our name out there.

Tactics

1. Have the General Manager and Service Manager write up (with technician input) a schedule that allows for all time to be fully used to increase proficiency.
2. General Manager to have weekly meetings with the service advisors to ensure that they have responsibilities and that they are on top of them, also ensuring that they are not being completed by the service manager.
3. Have monthly meetings monitoring how much training has been completed by the service advisors and parts managers.
4. Have the service manager to have daily morning meetings with the porters talking over the appointments that they have, where the vehicles are located, and ensuring they always have a fueled-up loaner car ready.
5. Bouncing around different advertising ideas and watching GM local customer retention to make sure that everyone in our area knows who we are and what our specials are.

Action Plan

New schedules written up for technicians.	General Manager and Service Manager	April 1st 2023
All dispatching, UVI's, PDI's, Foreman work, and handling of customers to be handled by advisors.	Service Manager, Service Advisors, and General Manager	May 1 st 2023
Training meetings going over topics that were completed.	General Manager, Parts Manager, and Service Advisors.	June 1 st 2023
Meetings to make sure all customers are prepared for and all employees are ready.	Service Manager, Lot Porters.	Daily

Create bonus plan for advisors using one item RO's	General Manager, Service Manager	April 1 st 2023
Service coupons refreshed and updated on the website.	Service Manager	Monthly
Service Manager meeting	General Manager	Weekly
Parts Manager meeting	General Manager	Weekly

Synopsis

Our service department has come very far from what it used to be. When we bought the store, all the remaining techs left to go to the old ownership's other location. Our service manager has had to recruit, train, and overhaul the department to make it anywhere near profitable. He now needs to learn to let go and let his department run on its own. Our hours being what they were really limited how much growth we could have in our community. We could not retain any working-class customers and did not do anything to make it easier for them to service with us, leaving them with no choice but to take the easiest avenue. By extending our hours to mirror sales, we have a large majority of our customer base able to use our services. We also can use these hours to incentivize technicians to turn more hours by giving them the option to four days a week instead of five. This improves morale by having more work, and by having more time at home with their families. Also, by having our advisors handle the customers instead of our service manager, our front-line defense can feel in control and can make the customers experience much better by having less handoff. They will be more on top of every vehicle in the bay because they dispatched the work and know exactly which technician is working on the customers car, allowing for a more personal experience in our local store. As a result of this, customers will feel more comfortable with us and will, hopefully, spend more money with us in the future because we built up their trust. All of this adds to create more customer retention, more word of mouth for future

business, and a chance to receive the one-million dollar value out of every valuable customer that we have.