

*Service Department
Analysis for Labrum
Chevrolet*

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Marketing

Current Practices:

- o *Our marketing consists of online coupons and service specials that we post on our website. Sometimes there are also service mailers that are mailed by the OEM.*

Goal For Improvement:

- o *We can do a better job of advertising; this is something our dealership does not do very much of.*

Plans to Achieve Goals:

- o *We need to call a meeting with our service managers and decide on the best way we can advertise, and who we need to target to be most effective.*

Plans to Evaluate Changes:

- o *Would need to have another meeting every month after the changes are decided upon and find out if they are driving more customers here or not.*

Analyze The Cost of Labor

Current Practices:

- o We just raised our door rate to \$150.00 an hour for 2023. That is on the low end of everyone around. Currently we are tied with the lowest door rate within 50 miles. I think we are paying our techs very competitively based on their training/certifications.

Goals For Improvement:

- o Each year towards the end of the year we need to make some calls and see what everybody is going to change their labor rates too so that we aren't leaving money on the table. However, still being competitive. We are also giving bonuses to our technicians that are 100% proficient.

Plans to Achieve Goals:

- o We have a few young technicians that are eager to learn. I think if we get them the proper training, they can be beneficial and be a real asset to our service department.

Plans to Evaluate Changes:

- o We have service managers meetings weekly; we can evaluate these changes every week and make the needed changes from there.

Service Department Sales And Gross (Labor Only)

2022 YTD

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$ 534,475	\$ 397,020	74.28%	61.33%
Customer			0%	0.00%
Customer Other	\$ 34,101	\$ 20,566	60.31%	3.91%
Warranty	\$ 216,730	\$ 160,507	74.06%	24.87%
Warranty Other			0%	0.00%
Internal	\$ 53,196	\$ 38,528	72.43%	6.10%
NVI / Road Ready/ PDI	\$ 32,967	\$ 25,732	78.05%	3.78%
Adj. Cost Of Labor		\$ -	0%	0.00%
Total	\$ 871,469	\$ 642,353	73.71%	100.00%

Changes in Expense Structure

Current Practices:

- o We run a tight ship here. We don't spend a lot of money on things that aren't important or necessary here.

Goals For Improvement:

- o Before big purchases or other changes, we need to consult with our managers. That way we can agree on where we are spending the money and if it's going to improve or help things.

Plans to Achieve Goals:

- o We are doing what we need to be doing and what the owner wants us to do. We are being cautious about spending the money but are also willing to spend if the opportunity presents itself.

Plans to Evaluate Changes:

- o We continue to evaluate things every week in our meetings and make decisions and changes from there.

Service Department Profit Centering

2022 YTD

Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 642,353		
Variable Expense		0.00%	
Selling Expense		0.00%	
Personnel Expense	\$ 104,295	16.24%	
Semi-Fixed Expense	\$ 27,724	4.32%	
Fixed Expense	\$ 30,001	4.67%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 162,020	25.22%	
Net Profit	\$ 480,333	74.78%	

Productivity

Current Practices:

- o We have a mostly productive group of technicians so far. What we need help with is keeping that culture to the new people we are hiring and recruiting. If we can do that, along with other changes we will need to make as we are growing, we have some great potential.

Goals For Improvements:

- o One thing would be getting bay door openers for all our technicians, especially our lube techs. This will help them be more efficient in getting things done.
- o Another thing would be implementing a policy to designate certain areas of our parking lots to, service cars, UVI/PDI vehicles, and employee parking. This will help our technicians find vehicles easier and lead to them being more proficient.

Plans to Achieve Goals:

- o We are adding another few bays to our dealership. When we get the garage doors working on the addition, we could get openers for the other doors as well. For the others we just need to get some signs to designate certain areas for what vehicles can we parked there.

Plans to Evaluate Changes:

- o Watch our technicians' flagged hours and see if they improve.

SERVICE INVENTORY ANALYSIS			2022 YTD	
	Labor Sales / Month	Effective Labor Rates	Hours Billed	
Customer Pay	\$ 534,475	+ 125.00	=	4275.8
Customer		+ 0.00	=	0.00
Customer Other	\$ 34,101	+ 135.00	=	252.6
Warranty	\$ 216,730	+ 116.87	=	1854.5
Internal	\$ 53,196	+ 115.00	=	462.6
New Vehicle Prep	\$ 32,967	+ 116.87	=	282.1
Total	\$ 871,469			7127.5

POTENTIAL				
\$ 871,469	+	7127.51	=	\$ 122.27
Total labor sales for month		Total hours billed		Effective Labor Rate
7.00	x	9	x	22.0
# Service mechanical technicians		# Hours/Day		Working Days/Month
1,386.0	x	\$ 122.27	=	\$ 169,464
Hours Available to Sell		Effective Labor Rate		Labor sales potential @100%
				\$ 211,829.94
				Labor sales potential @ 125%

How proficient are your technicians ?		
7,127.5	÷	1,386.00
Total Hours Billed		Hours Available to Sell
		=
		514.25%
		Tech Proficiency

Facility

Current Practices:

- o We just added 8 more bays onto our shop.

Goals For Improvements:

- o Maximize the proficiency of these new addition bays, continually watch them, and see where things are bottleneck and make improvements from there.

Plans to Achieve Goals:

- o There is a bit of unknown with this new addition so we will have to carefully watch it to see what problems we are going to encounter. Problems always seem to occur with new things!

Plans to Evaluate Changes:

- o As things come to light that need to be changed, we will need to assess how to best fix these issues.

2022 YTD	
FACILITY POTENTIAL	
Number of Bays	9
	x
Number of Days	22
	x
Number of Hours	9
	x
Effective Labor Rate	\$ 122.27
	<i>equals</i>
FACILITY POTENTIAL	\$ 217,882
FACILITY UTILIZATION	
Total Labor Sales	\$ 871,469
	÷
Facility Potential	\$ 217,882

Repair Order Analysis

Things We Found:

- o We have way too many one-line repair orders.
- o We are not as busy as we think we are.
- o Service writers need more training.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 1,100	÷ 10.00	= 109.99	FRH Average			
Maintenance	\$ 5,040	÷ 36.70	= 137.33	FRH Average			
Repair	\$ 31,810	÷ 219.40	= 144.99	FRH Average			
Totals	\$ 37,950	÷ 266.10	= 142.62	Customer ELR			
Total Ro's in Sample		86	Target Labor Rate	125.00	Per FRH		
			Difference	17.62	Per FRH		
Cost of Labor							
Total Cost of Labor	7276.50	÷ Total Sales	= 19.17%	Percent Cost of Sales			
Total Cost of Labor	7276.50	÷ Total FRHs	= 27.34	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	37,950.15	÷ Total ROs	= 441.28	Avg Labor per RO			
Total FRHs	266.10	÷ Total ROs	= 3.09	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	10.00	÷ Total FRHs	= 3.76%	Percent Competitive			
Maintenance FRHs	36.70	÷ Total FRHs	= 13.79%	Percent Maintenance			
Repair FRH	219.40	÷ Total FRHs	= 82.45%	Percent Repair			
One item ROs	34	÷ Total ROs	= 39.53%	Percent One Item RO			
Model Year Analysis							
2024	2023	2022	2021	2020	2019	Older	Total
0	0	5	13	5	9	54	86
0.00%	0.00%	5.81%	15.12%	5.81%	10.47%	62.79%	

Labor Mix



SWOT Analysis

Strengths:

- o *We have many well-trained technicians with years of experience.*
- o *We have a motivated service advisors' team.*
- o *We have easy access to GM training tools.*
- o *We are set up with the right tools and shop equipment.*
- o *We have good customer relations.*
- o *We have motivated employees trying to accommodate customer's needs.*

Weaknesses:

- o *Two technicians with low or lack of motivation.*
- o *Partially trained technicians.*
- o *Lots of changes happening at the same time.*
- o *Positions not filled. Need more help.*

Opportunities:

- o *A lot of room for improvement without increasing staff.*
- o *Improvement in all areas including HRS/RO. RO open to completion time.*
- o *Increase in warranty parts & labor pricing.*
- o *Population in valley is getting bigger.*
- o *Market is growing rapidly.*
- o *Getting great reviews.*
- o *Add or improved service sales.*

Threats:

- o *Decreasing warranty labor HRS by manufacturer.*
- o *Added requirements by manufacturer for warranty repair write up, repairs, and submissions.*
- o *Losing valuable customers.*
- o *Customers feeling ignored.*
- o *Could cause bad reviews.*
- o *Employees feeling overwhelmed.*
- o *Parts availability- lots on back order and unable to get from other dealers.*
- o *Gloves to be able to work on electric vehicles are on back order.*

Action Plan:

<i>Task</i>	<i>Position Responsible</i>	<i>Check In/Completion Schedule</i>
<i>Review pay plans and bonus structures.</i>	<i>Wes Kroon</i>	<i>Any changes effective May 1st.</i>
<i>Hire lot techs to help move cars</i>	<i>Jesse Evans</i>	<i>Weekly, we could benefit immediately</i>
<i>Do some more advertising</i>	<i>Wes Kroon and Kaleb Roskelly</i>	<i>Immediately. Monthly coupons approved 10 days before end of month.</i>
<i>Have a daily meeting with service advisors on how to properly load the shop and goals for how many hours to sell.</i>	<i>Wes Kroon</i>	<i>Implement in next management meeting, have a meeting with advisors every morning at a certain time.</i>
<i>Enroll service advisors in training classes, get them up to date with information they need to be effective.</i>	<i>Wes Kroon</i>	<i>Rachel sign up for next available class. Give Scott 3 months to get everything figured out then enroll him in a class.</i>

Homework Synopsis:

We have thought we are way too busy in the service department, a combination of not enough service writers, not enough technicians, and a lack of being able to get parts here. This has made us think we are way too busy and need more staff to help handle the load. We are 55-60% proficient for the hours our techs are working, we are having way too many one-line repair orders, and we are not doing a very good job of upselling things because we are doing 80% repairs. I think one thing that can help us is to do some service advisor training on how we can appropriately load our calendars to help us sell the needed hours throughout the day. We are a GM dealer and we have struggled with the labor times for warranty work. Sometimes we are searching for issues that is taking us 2-3 hours and we are getting reimbursed for .3 hours is. This makes it discouraging because we are searching so hard for an issue and although we have clock time of 2-3 hours, we still can only submit .3 for reimbursement.

Overall, I think we are not as bad as we look on paper, our technicians are motivated and well trained. I don't think any of our techs realized we were around 60% proficiency, and they are the type of people who will hustle to get those numbers up. We have had a record winter and that has caused delays across the board for everything. Going into the springtime we have good weather and people are excited to get out of their homes and get their vehicles serviced and looking good. With the addition of a new service writer that has a background in customer service and ties to a company with a fleet of highline vehicles we have a bright future and great potential.

Looking at both the good and bad of our situation I think the good outweighs the bad and with the knowledge we have gained from this section of the NADA academy we have come to realize how can we motivate people to perform better. Along with strategies and tactics to better help us upsell and organize our service department to help retain business and gain lifetime customers we are in a good situation with lots of money to be made.