

NADA Service Homework

Service Department Analysis

Peltier Kia Longview

By: Cody France

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Current practices

Mailer: We send a mailer out once a quarter to all customers that have purchased a car in the past 2 years that have not serviced with us.

Goals for improvement

Stop focusing on customers that have not serviced with us and put more focus on customers that just purchased and do better job at setting the first appointment. We are going to send out email specials to all active customers to keep them coming back even after they are out of pre-paid maintenance. Still send out mailers, but make it focused on specials and not just sending them to customers that have not service with us. We are also going to start putting hang tag specials in each customer's car after they service with us. The hang tag will have specials for anything we find on the MPI that the customer may need within the next service.

Plans to achieve our goals

Work directly with the company we use to send out the mailers and change our focus to customers that are loyal and customers that just purchased, before they have a chance to go somewhere else. We are working with our design company now to come up with the hang tag specials for alignments, wiper blades, break jobs, flushes.....

Plans to evaluate your changes

I am going to have my advisors and porters putting these in each customer's car before they leave. To make sure this happens, I am going to spiff each advisor if they have proof the customer came back in with the hang tag and they get that service done. We are changing the color of the hang tags each month so we know the customer came in with the tag from the previous service. We have set up specific codes for mailer/hang tag specials, this way we can pull one report and see exactly what is working best for us and what we can do to improve in the future.

Analyze Cost of Labor

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Car	\$ 71,148	\$ 56,982	80.09%	41.45%
Customer Truck			0%	0.00%
Customer Other			0%	0.00%
Warranty	\$ 30,365	\$ 23,319	76.80%	17.69%
Warranty Other			0%	0%
Internal	\$ 70,132	\$ 57,838	82.47%	40.86%
NVI / Road Ready			0%	0%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 171,645	\$ 138,139	80.48%	100.00%

Current practices

I looked at this report once a week to fill out a report for my owner. I knew and understood what cost of labor was and used it to find out my gross as % of sales but truly did not use or understand like I do now.

Goals for improvement

My goals are to be over 82% in CP and Internal and I would like to get Warranty over 80% by the end of May.

Plans to achieve our goals

Understanding this more, I am going to meet with my service manager every week and go over Cost of Labor not only as a store but break it down to each advisor as well. This will help us know where we need to focus training, how to better dispatch and so much more. We are doing good with customer pay and internal but always have room to improve. We will focus on warranty to help keep us growing in the right direction.

Plans to evaluate our change

I plan to meet with my service manager every week, we will set goals for each advisor based on individual strengths and weaknesses. I want to show each advisor how to read this and what it means. I will have them fill out the cost of labor report for them self each week and then we will talk about where they are and what they can do to improve. Doing this each week gives them time to make changes before month end so we can focus on getting to our goal as a store and they can get to their goal as individuals.

Changes in Expense Structure

Expense Category			
Expense Category	Dollar Amount	% of Gross	Profile
Department Gross	\$ 127,424		
Variable Expense	\$ 41,194	32.33%	
Selling Expense	\$ 32,449	25.47%	
Personnel Expense		0.00%	
Semi-Fixed Expense		0.00%	
Fixed Expense	\$ 35,456	27.83%	
Unallocated Expense		0.00%	
Dealer's Salary		0.00%	
Total Expenses	\$ 109,099	85.62%	
Net Profit	\$ 18,325	14.38%	

Current practices

I analyze my expenses every month. I look at personnel, variable and fixed every month. I look at what we are spending in each category and I look for what we can do without and what has to stay at that time.

Goals for improvement

My goal would be to always be 20% and above on Net profit % of Gross. I would like to lower my over all expenses 10% by end of June 2023.

Plans to achieve our goals

I am going to analyze my expenses like I have, but I want to break it down even more than what is on the financial statement. I am going to have my business office break down exactly what is in each category so I can better understand what we are spending money on and what we could do without and could possibly change or what we have to have and cannot cut.

Plans to evaluate our changes

Meet with my service and parts managers each month and go over the expenses. Talk about what and why we need whatever it is we are spending money on. Find out if there is something they could do to make it cheaper or if they could do without something. Also I have all managers in my office when I sign payable checks on the 12th of each month. This gives us another chance to go over where we are spending money and if we can change anything to lower our overall expenses.

Productivity

NADA ACTUAL SERVICE ANALYSIS

Performance

	<i>Labor Sales / Month</i>	÷	<i>Hourly Labor Rate</i>	=	<i>Hours Billed</i>
Customer Car*	\$ 70,584	÷	136.58	=	516.8
Customer Truck*	\$ -	÷		=	0.00
Customer Other*	\$ -	÷		=	0.00
Warranty	\$ 30,365	÷	134.78	=	225.3
Internal	\$ 71,617	÷	156.20	=	458.5
New Vehicle Prep		÷		=	0.00
Total	\$ 172,566				1200.6

POTENTIAL

$$\begin{array}{r}
 \boxed{\$ 172,566} \div \boxed{1200.58} = \boxed{\$ 143.73} \\
 \text{Total labor sales for month} \quad \text{Total hours billed} \quad \text{Effective Labor Rate}
 \end{array}$$

$$\begin{array}{r}
 \boxed{10.00} \times \boxed{10} \times \boxed{22} = \boxed{2,200.0} \\
 \text{\# Service mechanical} \quad \text{\# Hours/Day} \quad \text{Working Days/Month} \quad \text{Clock Hour Avail} \\
 \text{technicians}
 \end{array}$$

$$\begin{array}{r}
 \boxed{2,200.0} \times \boxed{\$ 143.73} = \boxed{\$ 316,217} \\
 \text{Clock Hours Available} \quad \text{Effective Labor Rate} \quad \text{Labor sales potential}
 \end{array}$$

How proficient are your technicians ?

$$\begin{array}{r}
 \boxed{1,196.0} \div \boxed{2,200.00} = \boxed{54.36\%} \\
 \text{Hours Billed} \quad \text{Hours Available} \quad \text{Tech} \\
 \text{Proficiency}
 \end{array}$$

Customer labor divide by the Customer Effective Labor rate from the R. O. Analysis

Current practices

Currently I had only focused on how many hours did each tech run each week. I would look and see if they are hitting 40+ hours and that was really the extent of my analysis.

Goals for improvement

My goal from this point forward for not only myself but for my managers and my techs to all understand what tech proficiency is and how to calculate it. I want to set goals that we can all hit so I want to set each techs goal to improve their tech proficiency by 7-10% each month until they all hit 100% plus.

Plans to achieve our goals

Like I said before, part of my plan is to first make sure everyone knows and understands how to calculate tech proficiency. I will set a growth plan for each tech so we can help work together to get to a goal. I will set bonuses for everyone each month to grow their proficiency 7-10% each month until we get each tech to 100% on consistent bases.

Plans to evaluate our changes

I will have each tech fill out a tech proficiency report each week and turn it in to my service manager. We will then have one on one meetings with each tech once a month to go over where they are and what they feel we could do to help get them to their set goals. Once a month I will meet with everyone together and go over our total tech proficiency to help everyone understand how important this really is for our store.

FACILITY POTENTIAL	
Number of Bays	12
	x
Number of Days	22
	x
Number of Hours	10
	x
Effective Labor Rate	143.54
FACILITY POTENTIAL	\$378,946

FACILITY UTILIZATION	
Total Labor Sales	\$172,566
	÷
Facility Potential	\$378,946
	<i>equals</i>
FACILITY UTILIZATION	45.54%

Current practices

Currently I have not looked at facility utilization on a consistent base.

Goals for improvement

My goal for improving our facility utilization is to be at 100% of course. I understand that can't happen over night or even in a month or two. So we will set goals as a department to help us get to 100%. Another goal is to have everyone, managers, advisors and techs to understand what facility utilization is and how it can help make everyone more money.

Plans to achieve our goals

To achieve our goal will take time but most of all it will take understanding what our goal is and how it will benefit everyone together. We will train and go over how to calculate facility utilization, what it means and how it can help each employee. We will then map out a plan to get our store to 100%. I will set bonuses for Advisors, Techs and Managers each month to help us stay focuses on this goal as a team.

Plans to evaluate our changes

I will meet once a week with my service manager and go over where we are as a store and if we are on track with the plan we mapped out. I will also have the advisors and techs once a month fill out the facility utilization report so they are always aware how close or far we are from our mapped out plan.

Repair Order Analysis Summary Report

		Sales in Dollars		FRH's on RO's		Averages		Analysis	
Competitive		\$ 6,852	÷	55.70	=	123.01		FRH Average	
Maintenance		\$ 3,407	÷	24.90	=	136.81		FRH Average	
Repair		\$ 6,722	÷	46.10	=	145.82		FRH Average	
Totals		\$ 16,981	÷	126.70	=	134.02		Customer ELR	
				Target Labor Rate		137.00		Per FRH	
Total Ro's in Sample	100			Difference		-2.98		Per FRH	
Cost of Labor									
Total Cost of Labor		3657.10	÷	Total Sales	=	21.54%		Percent Cost of Sales	
Total Cost of Labor		3657.10	÷	Total FRHs	=	28.86		Cost per FRH	
Repair Order Measurements									
Total Labor Sales		16,980.62	÷	Total ROs	=	169.81		Avg Labor per RO	
Total FRHs		126.70	÷	Total ROs	=	1.27		Avg FRH's per RO	
Menu Sales			÷	Total ROs	=			Percent Menu Sales	
Competitive FRHs		55.70	÷	Total FRHs	=	43.96%		Percent Competitive	
Maintenance FRHs		24.90	÷	Total FRHs	=	19.65%		Percent Maintenance	
Repair FRH		46.10	÷	Total FRHs	=	36.39%		Percent Repair	
One item ROs		26	÷	Total ROs	=	26.00%		Percent One Item RO	

Model Year Analysis							
2024	2023	2022	2021	2020	2019	Older	Total
0	6	18	14	11	8	40	97
0.00%	6.19%	18.56%	14.43%	11.34%	8.25%	41.24%	

Discussion with service manager

Talking with my service manager about the 100 RO analyses was really a great conversation. I started off asking him what he noticed and what stood out to him the most. He went straight to our ELR and Avg hrs per RO. We are a little low when it comes to ELR, we have a door rate of \$155 and a warranty rate of \$135. Out of these 100 RO's we are at \$134.02, so adding two dollars to our warranty rate that puts us \$2.98 behind where we need to be. This seems like something we can definitely work on and get up right away. We talked about discounting as well, so I had him pull a report over the past 3 months to see how much we have been discounting. Over the past 3 months the avg discounts for each of our 3 Advisors was only \$97 for Darby, \$12 for Amber and \$17 for Bailey. This was really great to see and we both made sure to celebrate their success. Looking into the Hrs Per Ro we loved seeing that we have already started moving in the right direction just from the time we were at class in January. We have went up from below 1 hr per ro to 1.27 hrs per RO. We have really focused on training and to see this moving in the right direction is awesome. We also noticed that the number of one line RO's is starting to drop also. I feel this is a direct reflection of our Hrs per RO going up. But we have gone from over 70% 1 line RO's down to only 26%. This is not where we want to be still but we are staying focused and will continue to watch this until we get under 15% on a consistent bases.

SWOT Analysis

Strengths

1. We have a great core group of employees from Advisors, Techs, Detail and even our Porters.
2. Great opportunity to grow within the company. Employees feel they have room to grow and move up no matter where they start. We have advisors that started as porters, Master KIA Techs that started in Detail....
3. We work for an owner that wants to continue growing in size; we just added 4 new service bays. We are adding a carwash and new service break room and bathrooms as we speak.
4. Great benefits for employees when it comes to vacation, time off and even maternity and paternity leave. Mothers get 6 weeks paid time off and Fathers get 4 weeks paid time off when having a new child.
5. Willing to invest in our employees, rather it is tools needed or new computers and tablets. We pay for any training needed from techs to become a master tech or BDC going to PRO active training.
6. Great moral between all employees and departments.

Weaknesses

1. Service hours do not match our sales hours, so we could be missing out on customers.
2. We purchased this KIA store from Crown KIA in July of 2019. Crown ran it in the ground and really made a lot of people mad in our area. Trying to overcome this has been a bigger challenge than we expected.
3. Better open line of communication with employees.
4. Not marketing to our customers to insure they come back to us once they are out of free maintenance.
5. Setting first service appointment once a customer purchases a new or used car.
6. Making sure all customers know and understand we can service all makes and models not just KIA.
7. Not having to parts needed without having to wait for it to be ordered.
8. Not advertising specials in our service drive or in our customer waiting area.
9. Over lapping our scheduled customers for service is creating too many waiters.
10. Not following up with our customers multiple times a day.
11. Dispatching service work.

Opportunities

1. We purchased this store from a company that treated the public bad, we have a chance to turn this around and change everyone's opinion of not only KIA but of Peltier.
2. Start advertising more and focus on our loyal customers to keep them coming back.
3. Have more accessories displayed for customers to look at while they wait.
4. Put in place a comment or idea box so employees have a way to voice their ideas or opinions.
5. Continue training our advisors and techs on videos to help with more sales per RO.
6. Make sure everyone is using the scheduling tool when setting appointments so we don't have as many overlapping customers.

Threats

1. Not marketing to our customers will have them going to quick lubes down the road and we will never see them again.
2. Our self, If we don't treat each customer like they are a million dollars then we will lose them.
3. Scheduling more customers at the same time than we can get through the shop will cause them to wait longer than expected and we will lose that customer for good.
4. If we don't change our dispatching process we will lose some of our best techs and they are one of the hardest employees to find at this time.
5. If we are not open when customers need us then they will start going somewhere that is more convenient.

Objectives

1. Continue to monitor and improve our ELR
2. Continue to improve our Hrs Per RO
3. Lower our 1 line RO's
4. Put a training plan in place for all employees
5. Set goals for each tech individually to improve tech proficiency
6. Make sure we are not overlapping our appointments
7. Change the way and process for dispatching
8. Increase our sales on the drive

Strategies

1. Every Monday at our manager meeting, go over ELR, where we are what we are doing to improve it.
2. Set goals and bonuses for each Advisor to help increase sales on the drive and this will also improve our Hrs Per RO.
3. Once a month do a 50-100 RO analysis to help monitor our 1 line RO's
4. Have a written training plan in place each month for all employees
5. Get with each tech individually and go over how to calculate tech proficiency, once they know how to get this number and what it means. We will set goals and bonuses based on where we want them to be. Long term goal is 100% of course.
6. Get with BDC and advisors and make sure we are communicating together when setting appointments. Make sure everyone knows exactly how many appointments to set for all times of the day.
7. We are taking the dispatching away from our working shop foreman and going to give this responsibility back to the Advisors.

Tactics

1. GM and Service manager will go over ELR every Monday at the manager meeting. We will break it down not only as a total store but for each Advisor and make sure no discounting is happening and make sure everything is being charged out correctly.
2. Set bonuses for advisors based on everything they sale on the drive before it goes to a tech.
3. Focus on advisors selling on the drive.
4. We have signed up with a training program through KIA, they come 6 times throughout this year and work with advisors and techs on word tracks, how to make the best videos for customers and follow up.
5. Setting goals for each tech will help them with time management and MPI's. This will help improve our Hrs per and ELR at the same time.
6. Have everyone communicating with each other on appointments; make sure everyone knows our busiest time for walk-ins so we don't over book the shop.
7. Have the advisors dispatch all the work. This will help them know where and who has the customer's vehicle, this should help with follow up as well because the advisors will know who to get the updates from.
8. Have the advisors and the techs compete to see who gets the most lines added to the RO. If the advisors can sale it on the drive before the tech gets the car and does the MPI, we have a higher chance to have the customer to say yes.

Action Plan

Task	By Whom	Completion Date
Meet to go over ELR	Service Manager	Weekly
Meet to go over Hrs Per RO	Service Manager	Weekly
Set training schedule for all employees	Service Manager	Monthly
Set tech proficiency goal	Techs/Service manager	Monthly
Bonuses for Advisors for sales on drive	GM/Service manager	Monthly
Set bonuses for Shop foreman	GM/Service manager	May 1, 2023
Change dispatching process	Service manager	May 1, 2023
Meet with BDC and Advisors to go over appointments	Service manager	Weekly
Do a 50-100 RO analysis	Service manager	Monthly
Extend service hrs	GM/Service manager	May 1, 2023

Synopsis

After learning everything I have from NADA School, I know we have several things we need to focus on for our continued growth. We have to start with being available for our customers when they need us. We are going to start with extending our service hours to mirror our sales department Monday through Friday. By doing this it should help with some of our scheduling issues we have seen as well.

We are really focused on TRAINING at this time. I have my service manager and parts manager working to put a training schedule together for each employee and all departments. With the advisors, we are focusing on phone training, word tracks for phone and in person. This will help us get more customers in the door but also give them the confidence needed to go over what services the customers need as well get them to purchase that service with us and not look at going other places. This will directly help our ELR and Hrs Per RO as well. We are setting bonuses for advisors and techs to help with both of these also.

I am focusing my time with each tech to make sure they understand what tech proficiency means, what it can do for them as well how to figure what there proficiency is each week and month. I am going to work with each tech to set a goal each month to get them moving towards the 100% we want them to be at.

One of the most consistent remarks that came up from my techs during the SWOT 4 Square was dispatching. My service manager and I have decided starting May 1st the Advisors will start dispatching all the work. This will open my working foreman up and let him focus more on leading his techs as well give him more time to turn more hours. This will also help build morale between advisors and techs and show everyone they have a voice.

I am excited for continued learning and can't wait to see what comes next!!!!