

Crowfoot Dodge Service department analysis NADA Tysons 36

below I will provide an in-depth review of the service department, including a review of 100 service RO's to determine the current situation and lost opportunity.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$ 2,761	÷ 37.40	= 73.84	FRH Average			
Maintenance	\$ 7,438	÷ 53.80	= 138.24	FRH Average			
Repair	\$ 21,078	÷ 122.90	= 171.51	FRH Average			
Totals	\$ 31,277	÷ 214.10	= 146.09	Customer ELR			
		Target Labor Rate	130.50	Per FRH			
Total Ro's in Sample	100	Difference	15.59	Per FRH			
Cost of Labor							
Total Cost of Labor	8599.75	÷ Total Sales	= 27.50%	Percent Cost of Sales			
Total Cost of Labor	8599.75	÷ Total FRHs	= 40.17	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	31,277.46	÷ Total ROs	= 312.77	Avg Labor per RO			
Total FRHs	214.10	÷ Total ROs	= 2.14	Avg FRH's per RO			
Menu Sales		÷ Total ROs	=	Percent Menu Sales			
Competitive FRHs	37.40	÷ Total FRHs	= 17.47%	Percent Competitive			
Maintenance FRHs	53.80	÷ Total FRHs	= 25.13%	Percent Maintenance			
Repair FRH	122.90	÷ Total FRHs	= 57.40%	Percent Repair			
One item ROs	60	÷ Total ROs	= %	Percent One Item RO			
Model Year Analysis							
2024	2023	2022	2021	2020	2019	Older	Total
0	0	5	8	9	10	63	95
0.00%	0.00%	5.26%	8.42%	9.47%	10.53%	66.32%	

Labor Mix

■ Percent Competitive	■ Percent Maintenance	■ Percent Repair
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The current situation (sample from April 2023)

The average hours per Ro (2.14) are just below the industry benchmark of 2.2-2.5. Our effective labor rate for repairs is \$171.51 this is within a few dollars of the posted door rate of \$174.95. This tells me that there is little discounting for the sample provided, and the repairs are being billed at the posted rate. The percent of repair work share is high at 57%, Due to the gap in sales between service advisors and one line Ro's at 60 percent, I believe we have lost opportunity and will work with the bottom producing service advisors to present and sell more maintenance items as per the dealer recommended service schedule. The maintenance effective labor rate is over the warranty rate which is acceptable.

Service department strengths

We have a combined over 200 yrs. of experienced technicians mostly all fully trained with FCA.

We have an extremely loyal customer base who have been purchasing and servicing vehicles for generations.

Our drive thru is extensively renovated and arguably one of the nicest in the area.

Low staff turnover in fixed departments.

Large facility potential that is currently underutilized

Fixed Department and dealership weaknesses.

Communication can be lacking between departments, at times department staff and managers make decisions what best for them personally or departmentally and not the entire dealership.

Organization of special tools, aging equipment and tool organization.

Shop cleanliness

Availability on in Stock parts to service vehicles. (Commonly used parts.) using all available resources to complete the vehicle today and not having lost sales.

Restricted parts not being ordered until needed then having to wait. pre-emptively getting parts that we know are restricted.

Checking in stock parts before purchasing from outside resources (tires)

Some long-term employees have become complacent in their positions.

Return visits are high for No fault found and FFV. No comeback process in place for quality control.

Extreme variance in labor hours per RO, effective labor rate and sales from top to bottom advisor.

Opportunity

We are the only dealer located in NW Calgary and have the largest service area for our customers.

We must make every effort to capitalise on every available service hour in a day, Parts department needs to make every attempt to have parts picked up in town if the vehicle can be serviced that day.

Be proactive on stocking parts that are common and frequently used. thinking outside the box when items are unavailable from a quick look.

Lower-level tech selling opportunities. express lane upsells on waiters.

Remove the stigmas that we are more expensive by creating a service board and advertise our competitive pricing within the area.

Reviewing staff in their current roles, could they be used more effectively in different roles within the organization.

Only 70% of service bays are occupied.

Threats.

Multiple aftermarket shops withing walking distance of our dealer.

Severe labor shortage of journeymen, apprentice technicians and quality employees.

Longer service intervals on newer vehicles and fewer serviceable components

Our car park is shrinking as new and used vehicles sales have been slower due to previous inventory issues.

Objectives

Driving technician productivity, efficiency, and proficiency and thru departments

Increasing daily appointments to previous levels of above 50 per day.

Developing working relations between departments, increasing morale and keeping up with staffing levels and workload increases

Increasing hour per RO and effective labor rate to industry benchmarks.

Creating a Return visit quality control and FFV process

Increasing gross profit to a minimum of 200k per month.

Training to Properly handle incoming phone calls and actively asking for the sale. Progressing thru objectives to secure more traffic into the building.

Strategies

Posting technician proficiency and creating some positive competition throughout the shop.

Increasing technician and staff morale from social events and teambuilding activities.

Experienced and top producing service advisor recently added to improve the customer experience and sales in the drive thru.

Bottom producing service advisor has been moved to the cash office to offer experience and make sure there is no bouncing of calls to service advisors and other departments.

Introduction of an oil changes for life program to create customer loyalty and generate maintenance sales at the same time.

speak to the parts department and generate a lost sales report and see if there can be improvement in this to increase productivity and eliminate vehicles entering the shop multiple times.

The third question had a mixed response of technicians thinking that we were losing customers for price and some of FFV and quality concerns.

Current marketing practices

Currently we send out roughly 80 letters by post per working day for regular scheduled maintenance appointments. The letter has set aside a time and date for the customer and shows some urgency to confirm the date as limited time is available.

Service BDC is actively contacting customers by email, phone and text. campaigns are carried out on all levels of business including lost customers, previously recommended service and upcoming regular scheduled maintenance. Recall parts are pre ordered and customers booked in.

Quarterly promotions emailed to active customer database with service and parts promotions and coupons.

Cost of labor and related.

Currently the service department gross as a percentage of sales falls short of industry standards of 76%. With a shortage of licensed journeymen technicians, we have needed to increase the base rates for technicians to keep quality employees thus driving the cost of labor and lowering service gross profit. To keep competitive in the market we will continue to monitor the door rate and menu priced services. We

currently have a healthy pool of lower paid straight time apprentices that are coming up thru the system. As they progress thru their apprentice program this should create a more hours at a lesser paid time brining up the service gross up as they become more productive. The service technician longevity program is currently in review and may be revoked and added as an hourly raise. Removing this yearly bonus and adding it to the base rate allows me to apply for a warranty rate increase which should help the overall warranty sales and gross profit at the same time. This will also allow me to advertise one of the highest pay rates in the city and attract more technicians.

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$ 121,728	\$ 87,306	71.72%	55.79%
Customer	\$ 20,647	\$ 11,961	57.93%	9.46%
Customer Other	\$ 13,777	\$ 9,192	66.72%	6.31%
Warranty	\$ 26,154	\$ 16,813	64.28%	11.99%
Warranty Other	\$ 3,807	\$ 1,968	51.69%	1.74%
Internal	\$ 27,334	\$ 18,915	69.20%	12.53%
NVI / Road Ready/ PDI	\$ 4,729	\$ 3,494	73.88%	2.17%
Adj. Cost Of Labor			0%	0.00%
Total	\$ 218,176	\$ 149,649	68.59%	100.00%

Productivity

technician productivity and proficiency are a large concern. Technician proficiency is 75-90% per month on average. With industry standard of 120% there is a massive opportunity to increase productivity with current staff. To determine some of the reasons for the lack in proficiency I surveyed the technicians and asked them 3 questions.

- 1.what is holding them back from being more productive at their jobs?
2. what do they think their proficiency is? and what do they need to improve it?
3. why do they think customers differ from the service department?

Most technicians thought that they were more proficient than they were, and it was very surprising to see how much time was wasted between jobs. Some technicians indicated that they were the own worst enemy and were struggling with motivation. They knew they could be much better and gave me their word they would work on it.

There were several comments that common brake, tires and regular maintenance parts were not stocked, and techs were wasting time putting vehicles back together to do the repairs until the parts arrived. Most complained of the wait times at the back counter were too long and if one counterman looked up the parts, they had to wait for that person to get them the parts if somebody was on lunch etc. some struggled with certain advisors and felt the workload wasn't fair. I have met with the parts manager and discussed these concerns. We must make every attempt to use every second of every day.

We cannot regain lost time from the day before. This consists of picking up parts in town when available and ordering parts within the proper channels thru the manufacturer. I have met with the service advisors and removed any computer access that would allow them to move their workload thru the shop. currently we use an automated dispatch which is fair. Dispatching is being reviewed to make sure proper technicians are working skillsets that they are proficient in. Apprentices with lower costs of labor should be dispatched jobs that are competitive pricing to improve labor gross. I will post a technician proficiency table in the shop to create some positive competition and give a small monthly reward to the top few. We will add tech proficiency as open discussion item in our toolbox meetings and keep the technicians motivated.

With the third question was interesting, a lot of technicians knew that there were too many comebacks and repeat visits. they also believed we were more expensive.

Currently repeat visits are not tracked or recorded. I have developed an operation code to be added to every work order that is a repeat visit or no fault found. This line will have to be signed off by the shop foremen or myself to confirm the complaint and or determine the reason for comeback. We have built our business on reputation and quality of work, and this is of utmost priority.

SERVICE INVENTORY ANALYSIS

<i>Labor Sales / Month</i>		<i>Effective Labor Rates</i>		<i>Hours Billed</i>
\$ 121,728	÷	128.81	=	945.0
\$ 20,647	÷	128.81	=	160.3
\$ 13,777	÷	70.00	=	196.8
\$ 29,961	÷	101.16	=	296.2
\$ 27,334	÷	88.19	=	309.9
\$ 4,729	÷		=	0.00
\$ 218,176				1908.2

\$ 218,176	÷	1908.24	=	\$ 114.33
Total labor sales for month		Total hours billed		Effective Labor Rate

13.00	x	8	x	20.0	=	2,080.0
# Service mechanical technicians		# Hours/Day		Working Days/Month		Hours Available to Sell

2,080.0	x	\$ 114.33	=	\$ 237,814	\$ 297,266.92
Hours Available to Sell		Effective Labor Rate		Labor sales potential @100%	Labor sales potential 125%

1,908.2	÷	2,080.00	=	91.74%
Total Hours Billed		Hours Available to Sell		Tech Proficiency

Facility

Currently the facility is extremely under-utilized. With only 65% percent of the bays occupied there is great potential. As workload steadily increases service bays can be filled accordingly. With extreme highs and lows there is a fine line between having too many technicians or not enough. We will be focusing on technician proficiency and productivity. Shop equipment and hoists are being evaluated and upgraded to keep current and safe. tool organization cabinets have also been looked at to help with technician proficiency.

FACILITY POTENTIAL	
Number of Bays	25
	x
Number of Days	20
	x
Number of Hours	8
	x
Effective Labor Rate	\$ 114.33
	<i>equals</i>
FACILITY POTENTIAL	\$ 457,334

FACILITY UTILIZATION	
Total Labor Sales	\$ 218,176
	÷
Facility Potential	\$ 457,334
	<i>equals</i>
FACILITY UTILIZATION	47.71%

Expenses.

Expenses are reviewed with ownership monthly. All contracts for uniforms, garbage collections special tools and others are currently reviewed and negotiated appropriately. All receivables are current and there are no outstanding bad debts. Non productive support staff are evaluated on monthly basis. Building is owned and operated by the dealer.

In conclusion.

In reviewing staff in their current roles, I have been able to make some changes in the service drive thru that have brought an immediate progression in sales and service gross. With moving the bottom service advisor to the cash office, we have gained valuable tenure and experience in a new role. I will continue to evaluate the staff in their current roles and responsibilities and staffing levels will be adjusted accordingly.

Technician productivity and proficiency needs to improve by and will be my focus moving forward. I will work with all aspects of this including parts and lost sales, service special tools and equipment, personnel mentoring, performance tracking and dispatching.

FFV and repeat visits will be monitored, and quality control will be met with the highest standards. This should improve customer satisfaction and increase loyalty with our customers.

I will work the parts manger on stocking to make sure we have the minimum number of lost sales possible. We will work together to develop a plan to speed up the process at the back counter. I will have parts staff attend the weekly service meetings to help with communication between departments.

Crowfoot Dodge Service and Parts department are underutilized and underperforming. While business is very inconsistent, I will make these improvements immediately, among others that will ultimately raise sales and profitability of the dealership.

I look forward to a bright and profitable future with Crowfoot Dodge.

Chris Jordan.

