

# NADA Service Homework



Jason Bickford - Bickford Ford

# Marketing

## Current Practices

**Ford Co-Op Mailers:** We currently send Ford Co-Op mailers at key times to our customers in database form for both sales and service. These mailers allow us to promote Ford vehicles and services to our existing customer base. The mailers are a cost-effective way to reach out to customers and keep them informed about our latest offers and promotions.

**Email Campaigns:** We also utilize email campaigns to promote our services. These campaigns are a no-cost method of communication, allowing us to reach a large number of customers quickly and efficiently. By leveraging email, we can inform customers about upcoming sales, service discounts, and new vehicle releases. This practice helps us maintain a strong relationship with our customers and ensures they stay engaged with our dealership.



# Marketing

## Goals for Improvement

**Increase Customer Engagement:** Our primary goal is to further enhance customer engagement. We aim to improve the response rates of our mailers and email campaigns, ensuring that our customers are actively interested in our offerings. By increasing customer engagement, we can strengthen customer loyalty and increase repeat business.

**Streamline Communication:** We want to streamline our communication processes to ensure that the right message reaches the right customers at the right time. By improving our targeting and segmentation strategies, we can personalize our communications and make them more relevant to each customer's preferences and needs.



# Marketing

## Plans to Achieve Your Goals

**Data Analysis and Customer Segmentation:** To increase customer engagement, we plan to analyze our customer data to identify patterns and preferences. By segmenting our customer base, we can tailor our communications to specific groups, ensuring that the content resonates with their interests and needs.

**Personalized Content and Offers:** We intend to create personalized content and offers based on the data analysis and segmentation results. This approach will help us deliver more targeted and relevant messages to our customers, increasing their likelihood of responding positively.

**Improved Timing and Frequency:** We will optimize the timing and frequency of our mailers and email campaigns. By identifying the most effective times to reach our customers, we can maximize their engagement and response rates. Additionally, we will ensure that the frequency of our communications strikes the right balance, avoiding overwhelming customers with excessive messaging.



# Marketing

## Plans to Evaluate Changes

**Response Rate Analysis:** We will measure the response rates of our mailers and email campaigns after implementing the improvements. This analysis will help us gauge the effectiveness of our changes and identify any areas that require further refinement.

**Customer Feedback:** We will actively seek feedback from our customers to understand their experiences with our communications. This feedback will provide valuable insights into how our efforts are perceived and where we can make adjustments to better meet customer expectations.

**Sales and Service Metrics:** We will closely monitor sales and service metrics to evaluate the impact of our improved practices. By tracking key performance indicators such as customer retention, service appointments, and service sales, we can assess the overall success of our communication strategies.



# Analyze Cost of Labor

- ▶ Current practices
  - Heavy on customer pay.
  - Expanding warranty sales with mobile vans especially with gross % higher than customer even
  - Very low internal sales, gross % is below target of 75%.
  - Service is essentially breaking even on PDI's for Sales Dept.
  - Overall gross % of sales at 63.85% is far too low. Gross at \$335k low for size of our team and shop.
  
- ▶ Goals for improvement
  - Increase warranty work to \$200k with huge demand and gross %.
  - Increase internal work to \$100k and rate charged.

Service Department Sales And Gross (Labor Only)

Category	Sales	Gross	Gross as % of Sales	%Sales Contribution
Customer Pay	\$319,962	\$244,352	76.37%	57.44%
Customer			0%	0.00%
Customer Other	\$23,378	\$7,364	31.50%	4.20%
Warranty	\$130,740	\$104,144	79.66%	23.47%
Warranty Other	\$28,650	\$22,055	76.98%	5.14%
Internal	\$34,805	\$22,142	63.62%	6.25%
NVI / Road Ready/ PDI	\$19,519	\$1,181	6.05%	3.50%
Adj. Cost Of Labor		\$(45,561)	0%	0.00%
<b>Total</b>	<b>\$557,054</b>	<b>\$355,677</b>	<b>63.85%</b>	<b>100.00%</b>

# Analyze Cost of Labor Cont'd

- Plans to achieve your goals
  - Meet with schedulers advisors and team leaders to set goals for desired work mix and hours sold.
  - Avoid unexpected cancellations with texting confirmation and phone call backup.
  - Used car manager knows service will take on more internal work and meeting weekly to make sure handled quickly.
- Plans to evaluate your changes
  - Weekly team huddle on this goal with roadblocks and current values presented.
  - Monthly meeting with dealer, GM and service manager to ensure trending toward target with goal measurement and brainstorming for more changes needed.
  - Incentivizing all team members involved or showing how it benefits them, our customers and whole store.



# Changes in Expense Structure

- ▶ Current practices
  - Fixed expenses are reasonable, but several will be trimmed. In line with a team and shop our size.
  - Our selling expense which is largely personnel (we need to start breaking this expense out separately) is relatively far too close to our department gross. Improving tech proficiency is the most important thing we can do to fix this. We have seen the spread between dept gross and sell expense improve greatly in the past 3 months also.
- ▶ Goals for improvement
  - Overall department monthly gross above \$550k each month (we have been coming close already)
  - Selling 160 hours per advisor and 40 hours per tech each week
  - Double our maintenance work as we are very heavy on repair and often run into back orders and lose hours.
- ▶ Plans to achieve your goals
  - Continue to focus on tech proficiency and finding every way to help them become more efficient and always having work in their bay.
  - Adjust pay plans to encourage tech proficiency and overall department hours sold. Remove some guarantees and non-incentivizing pay.
- ▶ Plans to evaluate your changes
  - Weekly and monthly meetings evaluating department changes and results.

## Service Department Profit Centering

Expense Category	Dollar Amount	% of Gross
Department Gross	\$355,677	
Variable Expense		0.00%
Selling Expense	\$203,371	57.18%
Personnel Expense		0.00%
Semi-Fixed Expense		0.00%
Fixed Expense	\$128,880	36.24%
Unallocated Expense		0.00%
Dealer's Salary	\$2,293	0.64%
Total Expenses	\$334,544	94.06%
Net Profit	\$21,133	5.94%

# Productivity

- ▶ Current practices
  - We have achieved a high ELR of \$187.
  - Our techs are monthly only in the 68%-77% proficiency level.
  - Inefficient scheduling, non-incentivizing pay plans, narrow stalls and certain older equipment/lifts have been identified as concerns.
  - Techs waiting for parts or hanging out at counter.
- ▶ Goals for improvement
  - 100% tech proficiency is our number one goal
  - We want the best equipped and trained techs in the industry and will heavily ramp up training advisors to support them also. Goal of a completely safe, clean, organized shop.
- ▶ Plans to achieve your goals
  - Reduce guarantees and improve advisor pay plans to focus on selling more hours.
  - Replace old equipment, replace main shop door, hire porter focused on pulling cars effectively for techs.
  - Hire parts runner and improved special order parts process and communications to improve proficiency.
- ▶ Plans to evaluate your changes
  - Each tech, advisor and our manager has weekly and monthly goals we measure. We will have short meetings weekly and a longer monthly one to understand if any roadblocks exist or what else we can do to improve tech proficiency.

## SERVICE INVENTORY ANALYSIS

	Labor Sales / Month	Effective Labor Rates	Hours Billed
Customer Pay	\$319,962	÷ 199.00 =	1607.8
Customer	\$-	÷ =	0.00
Customer Other	\$23,378	÷ 182.00 =	128.5
Warranty	\$159,390	÷ 192.50 =	828.0
Internal	\$34,805	÷ 135.00 =	257.8
New Vehicle Prep	\$19,519	÷ 135.00 =	144.6
<b>Total</b>	<b>\$557,054</b>		<b>2966.7</b>

### POTENTIAL

$$\begin{aligned}
 & \$557,054 \div 2966.70 = \$187.77 \\
 & \text{Total labor sales for month} \qquad \text{Total hours billed} \qquad \text{Effective Labor Rate} \\
 & 24.00 \times 8 \times 22.0 = 4,224.0 \qquad \text{23 days open in march, re} \\
 & \text{Including 8 lube/mobile} \quad \# \text{ Service mechanical technicians} \quad \# \text{ Hours/Day} \quad \text{Working Days/Month} \quad \text{Hours Available to Sell} \\
 & 4,224.0 \times \$187.77 = \$793,136 \qquad \$991,419.87 \\
 & \text{Hours Available to Sell} \qquad \text{Effective Labor Rate} \qquad \text{Labor sales potential @100\%} \quad \text{Labor sales potential @ 125\%}
 \end{aligned}$$

How proficient are your technicians ?

$$\begin{aligned}
 & 2,966.7 \div 4,224.0 = 70.23\% \\
 & \text{Total Hours Billed} \qquad \text{Hours Available to Sell} \qquad \text{Tech Proficiency}
 \end{aligned}$$



# Facility

- ▶ Current practices
  - We are at a 1:1 tech to stall ratio
  - Narrow bays, shop built in 1969.
  - 3 lube bays added 8-9 years ago.
  - 3 are from former body shop on site converted.
  - 5 bays are offsite 2.5 miles adding to parts waiting times.
  - We are under utilizing our space due to downtime from cancellations, customer approval delays and parts back orders or wait times.
- ▶ Goals for improvement
  - Similar to productivity we want the most well cleaned, updated, organized and supported by parts/porters shop for our techs.
  - Total labor sales of \$829k/month is our goal and due to sick and vacation time we will make up the difference with our mobile vans.
- ▶ Plans to achieve your goals
  - Replace old lifts, replace or repair old equipment, replace main shop door to high speed, add 5 new workbenches.
  - Relocate some large equipment, fluids, tires and specialty tools to more centralized locations.
  - Finish and opening entirely new shop is biggest plan to achieve.
- ▶ Plans to evaluate your changes
  - Weekly and monthly service team meetings and meeting with SM, GM and Dealer.

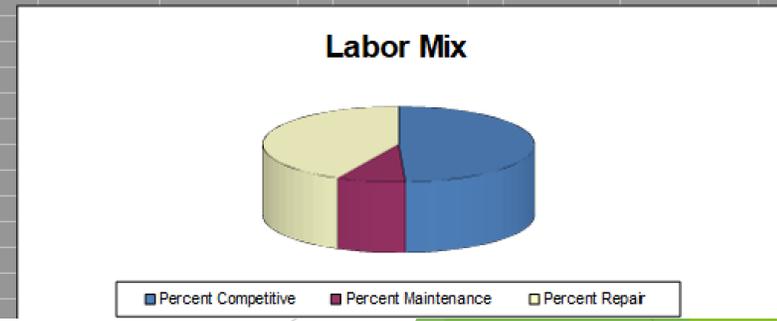
FACILITY POTENTIAL	
Number of Bays	24
	x
Number of Days	23
	x
Number of Hours	8
	x
Effective Labor Rate	\$187.77
	equals
FACILITY POTENTIAL	\$829,188

FACILITY UTILIZATION	
Total Labor Sales	\$557,054
	÷
Facility Potential	\$829,188
	equals
FACILITY UTILIZATION	67.18%

# Repair order analysis

- ▶ We are very heavy on one line oil changes and one line oil change/filter packages 62.24% of RO's! We aren't even experiencing a high amount of 1-2 year old vehicles in for oil changes so this isn't acceptable!
- ▶ Heavy on significant repair work especially F-150's and Super Duties (especially diesel).
- ▶ We are performing very little maintenance work and clearly missing to competitors and our customers are probably missing intervals also exacerbating repair work back log also which ties the techs and shop up.
- ▶ Advisor's are occasionally discounting and we need to tighten this up and require manager approval along with GM and dealer weekly review.
- ▶ Hours per RO are 2.37. By increasing maintenance among our oil change guests and promoting more maintenance and placing goals on it we plan to increase this to 2.7 by month of October 2023.
- ▶ We are \$17.26 below our target labor rate largely due to one line RO's and lightly due to discounting along with missing out on great maintenance work.

Repair Order Analysis Summary Report							
	Sales in Dollars	FRH's on RO's	Averages	Analysis			
Competitive	\$18,598	114.40	162.57	FRH Average			
Maintenance	\$2,840	19.10	148.67	FRH Average			
Repair	\$19,655	99.00	198.54	FRH Average			
Totals	\$41,092	232.50	176.74	Customer ELR			
		Target Labor Rate	194.00	Per FRH			
Total Ro's in Sample	98	Difference	-17.26	Per FRH			
Cost of Labor							
Total Cost of Labor	7132.90	Total Sales	17.36%	Percent Cost of Sales			
Total Cost of Labor	7132.90	Total FRHs	30.68	Cost per FRH			
Repair Order Measurements							
Total Labor Sales	41,092.42	Total ROs	419.31	Avg Labor per RO			
Total FRHs	232.50	Total ROs	2.37	Avg FRH's per RO			
Menu Sales		Total ROs		Percent Menu Sales			
Competitive FRHs	114.40	Total FRHs	49.20%	Percent Competitive			
Maintenance FRHs	19.10	Total FRHs	8.22%	Percent Maintenance			
Repair FRH	99.00	Total FRHs	42.58%	Percent Repair			
One item ROs	61	Total ROs	62.24%	Percent One Item RO			
Model Year Analysis							
2024	2023	2022	2021	2020	2019	Older	Total
0	0	2	6	7	3	79	97
0.00%	0.00%	2.06%	6.19%	7.22%	3.09%	81.44%	



# SWOT Analysis

## ► Strengths

10 Master technicians, 17 B, C lube and mobile techs – we are fully staffed with a good team.

Experienced service advisor team with 10 years of experience on average.

Convenient location with high population in our market for truck ownership.

16 acres of developed land for the dealership.

Very high name recognition and loyal following with 89 years in business.

We don't advertise and have more than enough demand to fill the shop and more.

Won 2022 President's Award from Ford based on CSI, Service Dept ranked in top 5% of Ford stores.

3 mobile vans succeeding in have provided almost all perfect CSI scores and hundreds of 5 star google ratings. 2 More vans on the way.

Sales dept. has maintained top 3 volume sales in the 5 state area for the past 10 years funneling a high volume of maintenance and repair work.

This year we raised to \$199 main shop labor rate and \$183 warranty rate and lost no business. Increase in rate and new pricing matrix has helped increase profits which we are reinvesting in improvements. We are targeting and tracking towards warranty labor rate of \$191 this December



# SWOT Analysis

## ► Weaknesses

Shop built in 1969 – narrow stalls and tight spacing. Takes 2 min extra per RO to pull into and out of most stalls.

Service write up area is in a narrow portable building that is only 700 square feet for 9 staff. Advisor desks are about 2.5 feet from the doorway and it is above ground level so guests must take 6 steps up or a ramp around the side of the building. Very little privacy and everyone hears everything.

Inefficiencies and duplicate entry required between our DMS CDK and our write up tool AutoPoint. Wasting 2-3 min per RO for advisor and also back counter parts.

1:1 tech to stall ratio combined with parts delays, back orders and inaccurate orders causing time wasted pulling vehicle off stall and bringing back later or having it tie up stall. Also 4 techs are offsite for commercial shop with no dedicated parts delivery person.

20% of the lifts are over 25 years old and very slow along with going down for maintenance too often.

Approximately half of our customers calling in to talk to a service advisor get put to voicemail. Our advisors are not providing enough updates and promised time check ins as is shown on our surveys and verbally voiced.

Close to half of our advisors often have defensive attitude and would rather fire a customer or blame them when a situation goes bad or that guest is unhappy.



# SWOT Analysis

## ► Opportunities

We have averaged 78-83% tech proficiency for the past 12 months and have identified changes we can make to get to 100%.

Permits in to build 32 bay commercial service building (90% level). Building ETA to open November 2024. We will completely renovate our current shop and write up area for smaller vehicles.

We are in the process of hiring a dedicated parts runner to support the back counter and deliver parts to the main shop and our local offsite shops. Interviews are happening now.

Our appointment confirmation process is being improved to avoid unexpected cancellations and downtime in the shop.

Upgrading main shop door to a high speed door that is more reliable and saves 1 min per RO, saves on heating and cooling costs. Replace old lifts and shop equipment.

Closest Ford dealer closed permanently in April of 2022. We throttled how many customers we take on, but could open a large pipeline of business with advertising into the new PMA territory.

Dozens of fleets and government organizations have reached out asking for us to service their fleets but need more capacity to handle demand.

Growing amount of recall work that can be done by mobile service techs and is available to us daily.



# SWOT Analysis

## ► Threats

Government fleet shops hiring away our technicians and support staff.

Heavy concentration of master techs in their late 30's and we have seen many change paths in their early 40's.

Losing technicians to other dealerships or shops who can offer 1.5-2 stalls especially.

Ford could remove significant funding support on mobile vans and technician support. Currently paying a high amount per RO completed offsite.

If one of our neighboring two Ford dealers builds a large commercial Ford Pro shop we could lose the some of the very high demand we have currently.

Long term a potential break through EV technology for full size trucks to move away from diesel.

Ford brand could lose market share to current and new players especially Chinese brands.

Government could impose heavier regulations on gas and diesel vehicles.



# SWOT Analysis

## ► Objectives

- 100% tech proficiency monthly by October 2023.
- \$130,000 monthly department net profit by October 2023.
- 4.7 CSI and 80% Net Promoter Score for Service by October 2023.
- 2 more mobile vans in operation. First of two by August 2023 and second by March 2024 due to back order on van.

# SWOT Analysis

## Strategy 1: Enhance Customer Experience

### Tactics:

Implement a customer feedback system to gather insights and improve satisfaction.

Train staff to deliver exceptional customer service, including effective communication and problem-solving skills.

Offer more personalized recommendations and tailored services based on customer preferences and vehicle history.

Encourage our Ford loyalty programs or incentives to encourage repeat business and referrals.

Establish a more user-friendly online booking system for service appointments.

Develop a digital menu on a tablet to present to guests during walkarounds.



# SWOT Analysis

## Strategy 2: Improve Operational Efficiency

### Tactics:

Invest in infrastructure upgrades, such as expanding and renovating the shop to address space constraints.

Streamline processes and eliminate duplicate entry requirements between the DMS CDK and AutoPoint write-up tool.

Hire a dedicated parts runner to support the back counter and improve parts delivery efficiency.

Upgrade the main shop door to a high-speed door for faster vehicle movements.

Implement a more efficient appointment confirmation process to minimize unexpected cancellations and shop downtime.

Implement digital tools and software to enhance technician proficiency and reduce inefficiencies.



# SWOT Analysis

## Strategy 3: Expand Capacity and Capture New Markets

### Tactics:

Focus on obtaining permits and completing the construction of the planned 32-bay commercial service building.

Increase advertising efforts to attract customers from the new PMA territory resulting from the closure of a nearby Ford dealer.

Develop strategies to effectively handle the growing demand from fleets and government organizations.

Leverage the expertise of mobile service techs to capture more recall work.

Stay updated on EV technology developments and explore potential partnerships or investments in EV servicing capabilities.



# SWOT Analysis

## Strategy 4: Retain and Attract Skilled Workforce

### Tactics:

Implement initiatives to improve technician retention, such as providing additional stalls or other incentives.

Develop training and development programs to upskill technicians and support staff.

Offer competitive compensation packages and benefits to attract and retain skilled technicians.

Foster a positive work environment with opportunities for career growth and advancement.

Monitor industry trends and adapt to changes in Ford's funding support for mobile vans and technician assistance.



# SWOT Analysis

## ► Action Plan

TASK	Position responsible	Check in/completion schedule
Hire Parts Runner	Parts Manager	Hired by July 12
Install High Speed Shop Door	Service Manager	Installed By Sept. 15
New Appointment Confirmation Tool	Service Manager & Schedulers	In place by June 25, continue improve/monitor
Order additional mobile vans and install equipment	GM, Service Manager, Mobile Service Advisor	Ordered July 12, 1st in service August, 2nd by March 24
Order and install new lifts	Service Manager	Installed by August 30
Service Advisor Coaching/Training	Service Manager, GM, Dynatron, Service Advisors	Training starts August 1, continues for 12 months
New Commercial Building	Dealer, Ownership, GM	Break ground November 2023, open November 2024

# Homework Synopsis

- ▶ Moving Forward with Care, Professionalism, and a Heart to Serve:
- ▶ Current Situation: Our Ford service shop boasts a fully staffed team of master technicians, experienced service advisors, and skilled mobile techs. With a convenient location and 16 acres of developed land, we have established strong name recognition and a loyal following. Our sales department consistently ranks in the top 3 for volume sales, generating a high volume of maintenance and repair work.
- ▶ Improving the Customer Experience: We will enhance customer satisfaction by implementing digital menus, personalized recommendations, and loyalty programs. We'll also optimize appointment confirmations and invest in technology for efficient communication and updates.
- ▶ Valuing Our Team: To retain and attract skilled employees, we'll invest in facility upgrades, offer training programs, competitive compensation, and foster a positive work environment.
- ▶ Seizing Opportunities: We are pursuing a new commercial service building, leveraging our reputation and capturing new markets. We'll also stay informed about EV technology advancements and explore potential partnerships.
- ▶ Continuous Improvement: By streamlining processes, eliminating inefficiencies, and investing in infrastructure, we aim to enhance the overall experience, drive growth, and solidify our position as a trusted service provider.
- ▶ We are committed to transforming our Ford service shop with care, professionalism, and a heartfelt dedication to serving our team and guests.
- ▶ Keywords we will focus on: accountability, goal-setting, training, right tools, guest experience, roadblock clearing, team building, and developing a culture to serve and win together.

