



# Fixed Operations Needs Analysis

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# Current Process Summary

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**Service Department Layout:** The service department is clean, organized, and inviting for customers. The structure is set up well and allows for customers to pull their own vehicle into the service drive. Upon entry, the service desks are conveniently located next to the drive, preventing customer confusion and allowing immediate and direct access to service consultants. The service lane feeds directly into a tread depth gauge, followed by an alignment check tool. The customer lounge is convenient and comfortable and refreshments are easy to find.

**Service Process:** Each customer is promptly greeted and welcomed. The service consultants are quick to identify who is responsible for each customer. They work well as a team and do not allow customers to wait unnecessarily. The daily schedule is closely monitored and even while shorthanded the consultants do not appear to be overmatched or overwhelmed. Prior to arrival the consultants have prepared pre-writes for each customer to inform them of needed repairs and services. Each customer is given a concise description of their main concern as well as any additional services and repairs. Each customer is asked if they will be waiting, need a ride, or have a ride. After the customer leaves the service drive the tread depth and alignment are checked. At the time of pick-up the customer is cashed out and given their paperwork with the alignment check and tread depth report attached.

## Current Process Outline

- Pre -Write Prior to Arrival to identify opportunity
- Greet Customer upon arrival
- Cover the customers primary concern
- Present and explain any additional needed services and repairs
- Ask the customer if they are waiting, need a ride, or have a ride
- Check the tread depth
- Perform and alignment check

**Scheduling and Dispatching:** Each service consultant is responsible for scheduling their own appointments. Because of this they have a very strong grasp of the work mix and time constraints. They have good control of their day. One of the consultants also acts as the shop dispatcher. Having this position centralized to one person instead of allowing each consultant to dispatch their own work allows for easy workflow into the shop.

**Point of Sale Materials:** There is some literature and failed parts examples on the drive. These flyers and visual aids are not all centrally located. While I didn't see them in use, it would be unfair to conclude that they are never used, but safe to say that they aren't being used with every customer. This service department does not currently utilize a service menu.

**Employee Appearance:** All employees look, dress, and behave as professionals. The dealership is positively represented by the service staff.

# Strengths

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**Teamwork:** The group works well together. It was quite apparent that the customer was the focus of the department. On multiple occasions, a service consultant would greet and even begin the write up process for a customer that was assigned to another consultant.

**Customer Interaction:** The consultants have a strong rapport with their clientele and it shows. The customers' body language and vocal interactions showed that they were comfortable and content.

**Scheduling and Organization:** The service team has a strong understanding of their workload and next appointment. They are in control of their day. This creates a relaxed environment that is comforting to visit. Customers often reflect the "feel" of the store and it is apparent that they are comfortable in Profit Volkswagen

**Sales Ability:** All service consultants carry an above average "Hours Per Ro" statistic. Each of them presents services and repairs with confidence and concise explanations. They do not needlessly oversell or ramble when explaining. They appear to have a strong grasp of what they are offering. This statistic will be displayed clearly in the Fixed Operations Performance Report.

**Service Department Set Up:** The department is conducive for quick and effective service. The location of the drive, in relation to the road, is convenient and easy to see. The proximity of the service staff to the arrival point of the customer allows for an easy transition into the write up process. The service drive is clean and presentable.

**Summary of Strengths:** Overall the service department is strong. The organization is apparent and beneficial. Customers appear to feel welcome and comfortable. The service staff is professional in both appearance and interaction. They speak with knowledge and do so concisely. The financial reports reflect my opinion of their sales ability. The building itself offers no limitations to process.

# Fixed Operations Performance Report

Data reflects approximately one Quarter of Sales:

## Vorderman Volkswagen

### Service Consultant Goals

Service Consultant	HOUR/RO Goal	ACTUAL HOUR/RO	DIFF	ELR GOAL	Actual ELR	REVENUE GAINED/ LOST	CP R.O. count	Hrs gained	MP %	Total Hours	MTD Revenue
Jamie Squires	2.75	2.12	(0.63)	\$85.00	\$74.87	(\$21,307.27)	284	(178.92)	9.15%	602.1	\$45,077.73
Larry Carter	2.75	3.01	0.26	\$85.00	\$79.95	\$2,697.70	391	101.66	22.76%	1,176.9	\$94,093.95
Matthew Lettau	2.75	2.59	(0.16)	\$85.00	\$74.86	(\$11,320.98)	284	(45.44)	5.99%	735.6	\$55,064.02
Abbey Jetmore	2.75	3.02	0.27	\$85.00	\$75.72	(\$2,309.40)	455	122.85	15.82%	1,374.1	\$104,046.85
<b>Team Totals</b>	<b>2.75</b>	<b>2.75</b>	<b>0.00</b>	<b>\$85.00</b>	<b>\$76.55</b>	<b>(\$32,239.94)</b>	<b>1414</b>	<b>0.15</b>	<b>14.43%</b>	<b>3,889</b>	<b>\$298,282.56</b>

### MAINTENANCE REPORT

Svc	DeCarb	Brake	Coolant	DSG	GDI Fuel	Climate	Headlight	P/S	Batt Serv	Diff	Perf LOF	CP RO
Cost	\$149.95	\$99.95	\$159.95	\$255.30	\$189.95	\$59.95	\$59.95	\$99.95	\$29.95	\$99.95	\$99.95	1414
Hour	1.0	1.0	1.0	0.3	0.5	1.2	0.3	0.1	0.5	0.5	0.1	Totals
Jamie Squires	4	13	4	5	0	0	0	0	0	0	0	26
Larry Carter	33	48	1	7	0	0	0	0	0	0	0	89
Matt Lettau	0	17	0	0	0	0	0	0	0	0	0	17
Abbey Jetmore	15	44	1	12	0	0	0	0	0	0	0	72
<b>Team Totals</b>	<b>52</b>	<b>122</b>	<b>6</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>204</b>
Rev	\$7,797.40	\$12,193.90	\$959.70	\$6,127.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$27,078.20
<b>TPS SALES Hours</b>	<b>52.0</b>	<b>122.0</b>	<b>6.0</b>	<b>7.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>187.2</b>

	Wipers	Alignments	Rotate	Pollen Fil	Air Filter	Battery	Detail	Fuel Cond	Oil Cond	Dies Cond	ETH
Jamie Squires	31	75	24	39	24	14	1	0	0	0	0
Larry Carter	14	61	29	12	10	4	6	0	0	0	0
Matt Letau	0	43	4	0	0	0	101	0	0	0	0
Abbey Jetmore	38	70	33	28	13	10	26	0	0	0	0
<b>Team Totals</b>	<b>83</b>	<b>249</b>	<b>90</b>	<b>79</b>	<b>47</b>	<b>28</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Fixed Operations Performance Report Review

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**Hours Per Ro:** This group has strong individual and group average hours per RO of 2.75. Anything above 2.5 is considered high in this market and indicates a strong ability to present and sell. This number reflects my observation that the service advisors are quality sales people with knowledge of their products.

**Effective Labor Rate:** The ELR is lower than average at \$76.55 for the quarter. An average of \$85.00 is typical in their market. This statistic was not a surprise to upper management as they have made a conscious decision to have lower pricing on certain common services.

**Maintenance Penetration:** The overall MP% is low for an import brand at 14.43% for the quarter. In their market, an average import store sits around 30%. In this case, I believe the issue is in the amount of items available to offer and not due to poor salesmanship.

**Dollars Per RO:** This store carries an above average dollar per RO statistic. Even with carrying a lower than average effective labor rate, the hours per RO average still brings the average ticket over the standard mark.

**Additional Services:** This store does a fantastic job selling alignments. I can safely assume this is largely due to their write up process that includes an alignment check for each vehicle. In terms of additional services the alignment total is the only one that sticks out as being far above average.

## Current Fixed Operations Statistics Composite Score: 6.4/10

(The composite score assigns point values to each measurable Key Performance Indicator, i.e. Effective Labor Rate, Hours Per Ro, Maintenance Penetration Percentage)

# Growth Opportunities

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**Effective Labor Rate:** After reviewing all of the commonly used op codes it is safe to say that there are several opportunities for marginal price adjustments that will quickly bring the ELR closer to average. The data indicates that as much as \$6,000 monthly or \$72,000 annually could be added easily and without jeopardizing sales totals.

Services that would make an impact:

- 4WA (4 Wheel Alignment) 249 occurrences totaling \$24,895.64 labor for 420.80 hours = \$59.16 ELR
- AF (Replace Air Filter) 47 occurrences totaling \$1,017.60 labor for 20.50 hours = \$49.64 ELR
- DET (Detail) 203 occurrences totaling \$27,320.79 labor for 436.60 hours = \$62.58 ELR
- PF (Pollen Filter) 79 occurrences totaling \$1212.10 labor over 23.90 hours = \$50.72 ELR
- ROT (Tire Rotation) 87 occurrences totaling \$1438.00 labor over 35.90 hours = \$40.06 ELR

**Maintenance Penetration:** As mentioned in the Fixed Operations Report Review, the MP% is low due to a small amount of available services and not lack of salesmanship. In other similar sized and similar branded dealerships, we've seen great success due to a wider line of offerings. The data suggests that adding a more inclusive line should increase the MP% to an above average percentage and provide the dealership with between \$5,000 and \$8,000 monthly or \$60,000 to \$96,000 annually.

Services that would make an impact:

- Climate Control Maintenance (packaged with Pollen Filter and sold a la carte)
- Engine and Fuel Performance Service
- Synthetic Power Steering Fluid Exchange
- Battery Cleaning Service
- Performance Oil Change Service

**Unmeasurable Growth Opportunities:** Service process and walk around implementation training will increase customer engagement and further grow the service department. It is impossible to accurately assign a financial gain to a process implementation. In general, a sound process and consistent walk around approach will strengthen the reliability of any measurable growth.

**Conservative Growth Potential Estimation: \$100,000+ annually**

# Short Form Business Plan Summary

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Profit Volkswagen partners with Total Performance Solutions to help increase fixed operations performance and efficiency.

## Service Process Implementation and Training

- Customized Walk Around Outline and Training Specifically Designed for Profit Volkswagen
- Minimum of 3 days of On the Drive Training for the first quarter
- Creative Training Activities to Increase Customer Interaction

## Fixed Operations Reporting and Consultation

- Daily Fixed Operations Performance Reports Highlighting Key Performance Indicators
- Daily Inspirational and Educational Emails
- Monthly Service Consultant Performance Reviews
- On-going Service Consultant Training
- Quarterly Growth Consultations

## Op Code Analysis

- Review and edit current op codes with below average Key Performance Indicators output
- Create new and update current op codes
- Quarterly review to assess deviation above or below averages after price adjustments are made

## Protex by Bardahl Maintenance Program

- Replace Current Vendors products with TPS Products
- State of the art Machines Loaned with Program
- Industry Leading and Financially backed Products
- Complimentary Point of Sale Material
- Fully Customized Product Line
- Complimentary Service Menus designed for Profit Volkswagen