

Service Department

On-Site Analysis

**PURPLE
IS THE NEW
BLACK!**



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SUMMARY

The Service Department On-Site analysis is a comprehensive four (4) day in-dealership visit performed by the CARSTM, Inc. Consultant/Coach. The Analysis is targeted at improving overall Fixed Operations performance with a focus of increased net profit. The improvement of net is an often-misunderstood concept and without a definitive plan and a “big picture” overview, it can be hard to achieve. Your CARSTM, Inc. Consultant/Coach will perform all the needed analysis to gain a clear vision of your “big picture” and formulate a detailed plan to achieve your financial goals. The focus will be on three (3) principal areas: (1) sales and gross profit, (2) modify and/or change existing processes, and (3) improve customer retention.

There are four (4) main areas of responsibility in every service department which contribute to its overall performance: sales, customer relations, production management, and quality control. Our approach is to perform a “deep dive” into each of these areas to determine what opportunities for improvement exist. Using that information, we develop a fully customized improvement plan that is designed to maximize the dealership’s performance. On the final day of this visit, your CARSTM, Inc. Consultant/Coach will conduct a wrap-up meeting and review all observations and recommendations for each area of opportunity and review the financial projection of the anticipated results of the improvement plan. Your CARSTM, Inc. Consultant/Coach does not have a “cookie cutter” method of completing this assessment. Each dealership is different and requires a vast understanding of what makes it unique and you can rest assured that we have this experience. The typical activities of this visit are as follows:

PREVISIT

Your CARSTM, Inc. Consultant/Coach will request some information prior to the actual in-store visit and will spend some time prior to getting to the store in performing a portion of the analysis. This is designed to allow for a minimum of “laptop time” while in-store and allows the consultant/coach to spend more time with your staff getting to know their process and what they perceive as their roadblocks.

- Departmental Pay Plan Summary
- Effective Cost-of-Sale Worksheet
- Employee Benefit Summary
- Service Department Skill Proficiency
- Dealer Market Survey
- Equipment Survey
- Service Department Advertising Review
- Service Advisor “Phone Shop”
- CSI Report
- Warranty Trend Analysis

IN-STORE ACTIVITIES

Your CARST™, Inc. Consultant/Coach will typically spend the time in store following the process document listed below. The main goal will be to perform a full and thorough analysis, but it should never happen at the expense of reducing your business capacity. We will always work around your staff's schedule and alter our approach as needed to ensure there is a continuity of business. If any of the activities require the CARST™, Inc. Consultant/Coach to be at your store earlier or stay later, we are beyond happy to do so. With that in mind, here is the anticipated daily process:

DAY ONE

- Initial management briefing
 - Short meeting with dealership executive management team
 - Determine goals and objectives for analysis
 - Set time and place for wrap-up meeting
- Facility tour and introduction to personnel
- Service manager interview
- Confirm all labor rates and effective dates
- Collect appropriate financial statements
 - Typically, 3 years of financial statements are used to develop trend summary
- Determine warranty sublet sales for warranty claims days' supply
- Perform Repair Order Survey and Summary analysis
- Complete Financial Trend Summary analysis
 - Both year over year and average month over month
- Perform Departmental Profit Structure analysis
 - Determine cost to produce \$1 in labor sales
- Perform Effective Service Sales Rate analysis
- Determine Effective Cost of Service Sales
 - Determine causes for unapplied time and develop processes to reduce expense
- Determine Service Department Technician Proficiency
 - 10 weeks of flat rate performance for all technicians sorted by technician and total shop
- Complete Daily Sales Summary (if completed as part of pre-visit)
- Determine calendar utilization
- Back into production, effective rate and effective cost of service sales
- Develop current situation PROFORMA
- End of day wrap-up with Dealer / General Manager
 - Short 15 minute or so check in just to keep dealer "in-the-loop" as to the daily activities accomplished.

DAY TWO

- Analyze service department merchandising/marketing tools
- Analyze Advertising Budget and/or expenses
 - Perform analysis of each category of expenses against benchmark
- Analyze Employee Benefit Summary
 - Do pay plans “fit the mission” of the department
- Complete Dealer Market Survey
- Evaluate Equipment Survey
- Finalize Service Department Skill Proficiency worksheet
- Review Service Department Pay Plan Summary
- Analyze parts pricing review
- Review service lane and service write-up, phones, etc.
- Review appointments, carryovers, and method of service scheduling
- Conduct individual interviews
 - One-on-one interviews with each of the technicians, service advisors, parts personnel and support personnel.
 - These are confidential interviews to encourage the employees to be open and honest about their frustrations
 - The comments will be shared during the wrap-up meeting, but never who made the comments.
- Complete facility diagram
- Determine overall work mix
- Determine warranty claims days’ supply
- Traffic count (repair order) analysis
- CSI performance review
- Manufacturer’s training requirement performance review
- Warranty processing review and analysis
- Complete fixed absorption and new car burden worksheet
- End of day wrap-up with Dealer / General Manager

DAY THREE

- Complete individual interviews
- Asset management review
- Calculate maintenance (menu) effective rate
- Determine Staffing requirements
- Complete organizational chart
- Complete projected organizational chart
- Develop service department Phase I and Phase II PROFORMAS
- Complete observations, recommendations and plan of improvement
- Develop investment portfolio
- Review observations and recommendations with service manager
- End of day wrap-up with Dealer / General Manager

DAY FOUR

- Wrap-up meeting with executive management team
 - Review observations and recommendations
 - Discussion of PROFORMAS and investment summary
 - Presentation of potential calendar of improvement weeks