

Steps To A Profitable Service Department

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STEPS TO A PROFITABLE SERVICE DEPARTMENT

1. Set realistic goals (Labor Hours and Dollars)
2. Monitor repair order average and technician productivity daily.
3. Mandate daily and weekly meetings for the first 90 days, bi-monthly afterwards.
4. Make sure work is dispatched to proper technicians by skill level.
5. Monitor CSI and gross/net profit closely by labor hour and dollars.
6. Set up career track within the service department. (Technician forecast, Service Advisor RO average and menu selling)

STEP 1 - PREPARE YOUR EMPLOYEES

This is the most important and seldom recognized part of any cultural change within a business structure. Be completely honest with the reasons for a change within the department. Detail the plan before the interview process of placing personnel within the team structure. Ask for input, explain and answer any questions.

Prepare your people for the introduction of additional team members. The more effective you are at this stage will return large dividends when the process begins. As you know, any change is difficult. People are naturally reluctant to change. If you are a strong manager and you set the stage for your people to succeed, they will. Remember, there are 3 stages to change in a structure:

1. Forming
2. Storming
3. Performing

A decision must be made as to the number of personnel, and the people who will produce labor and profit for your team.

STEP 2 - TEAM STRUCTURE INTERVIEWS

The structure must be established as quickly as possible before implementation starts. Your team should be balanced in:

1. Quality Techs
2. Service Advisors
3. Work Volume
4. Facility Limitations

The transition will be smoother, and results realized more quickly when Managers put the right personnel in the right positions. The Technician “Self-Evaluation” form I have provided will certainly be an asset to technician skill level and proficiency.

STEP 3 - PAY PLANS FOR EMPLOYEES

This may seem difficult for some managers to deal with. It must be handled in a straightforward and professional manner. Plans must be set within the scope of the given market area. Plans should be reasonable and achievable. Goals must be set with measurable parameters.

Responsibilities must be outlined. Objectives must be determined in the area of closed ROs and completed paperwork. Multiple shops are being created within the same physical structure, with all the problems and difficulties inherent in any company. However, the responsibility for scheduling, flagging, CSI, and production remains the same.

STEP 4 - MONITOR AND MANDATE MEETINGS

Weekly meetings are of the ultimate importance. Personnel need support and monitoring through this change of culture. The Service Director must take control of his team in the first quarter. Company support must be unwavering. Lack of support will make or break the success of the team concept.

The company must believe and transmit this belief to personnel on a daily basis. Give personnel a chance to make errors and grow within the team structure. Team members must understand that the management team decisions are final, and that the company/owner will not overrule most decisions. Personnel must be prepared so that a return to “Business as Usual” does not occur.

STEP 5 - SETTING GOALS

This should be reviewed carefully; goals will be set based on one or all:

- | | |
|-------------------------------|-------------------------|
| 1. More profit - gross or net | 5. Cost reduction |
| 2. Hours per repair order | 6. Employee empowerment |
| 3. Better cycle time | 7. Better control |
| 4. Technician productivity | 8. Higher gross sales |

Set realistic goals. Goals will force strategy.

STEP 6 - MONITOR WORK FLOW

In any new structure, there will be a natural combination of competition and selfishness. Prepare for this in the beginning. Customers must not get involved in internal politics. The management team must monitor the balance of work dispatched to the technicians.

Repair orders to be dispatched one at a time to a technician. No technician should be working on more than one repair order at a time, unless approved by the management team. No technician may be permitted to hold repairs. This cannot be permitted or the goal of short cycle time and high CSI will not be achieved.

The best way for customers to see a change is not to see it at all. It should be invisible.

STEP 7 - MONITOR TEAM BALANCE

In the beginning, a balance may exist between the acting Service Manager, Service Consultants, and the technicians. However, be prepared to make adjustments in personalities, expectations, performance, etc., in the first quarter. You may have a technician turning 35 - 40 hrs./week. However, with the training provided, and technician incentives, more labor hours will be produced with higher CSI.

Some adjustments may be needed, but they should be limited to the initial 30 - 45 days. With control comes immense responsibility.

STEP 8 - MONITOR CSI/PROFIT GOALS

1. SIMPLE. Count the numbers.
2. Celebrate victories.
3. Build loyalties.
4. Encourage competition.
5. Improve at all levels.
6. Promote from within.

By six months to a year, expectations should be met, if not exceeded. Be prepared to raise the goal. Continually re-evaluate goals and follow the technician-staffing plan that has been implemented by Brown & Associates.

STEP 9 - CAREER TRACK STRUCTURE

In most cases, try to promote from within the team circle. All members of the team should be asking themselves, “Who is the next me?”

No one can be promoted without mentoring their own replacement.