



Dealer Solutions

Is Your Service Department Financially Fit?

Picture this....It is January 1, 2018, the start of the New Year and like all good boys and girls, we make our New Year's Resolutions: 1. Lose Weight 2. Get Fit 3. Eat Healthy — We've all been here right? How many times have you set these goals and resolutions, and been unable to follow through with them, even with the most deliberate intentions and effort? At certain times in our life, we all need a little motivation, someone to guide us with our exercise regime- regardless if we're just starting out or if we've been at it for a long time. Some of us want an individualized exercise program so we can lose weight or get in shape while others simply need to be held accountable for our workouts weekly. Wherever you are in your exercise journey, a personal trainer may be just what you need to take it to the next level.

Listed below are 5 reasons why most people hire a personal trainer:

1. You're Not Seeing Results – you've been exercising consistently for several weeks or months and aren't losing weight.
2. You Don't Know Where to Start – Just learning how to exercise
3. You Need to Be Challenged / Accountability / Motivation – You tend to slack off on your workouts sometimes, especially when things get tough. Trainers come with built in motivation.
4. You Have a Specific Illness, Injury or Condition – You have high blood pressure.
5. You're Training for a Specific Sport or Event – You are about to run your first marathon and need to be sure you are ready and able.

Still, with the specific conditions listed above, there are people who shy away from the expertise of personal training, unsure of what they'll get out of the experience or whether it's worth the money.

Now, you may be saying at this time, what does this have to do with my service department? Well, it has **EVERYTHING** to do with a service department. Dealer Principals and Service Managers continually feel the same doubt in hiring Fixed Operations Consultants as Professional Athletes do in hiring a personal trainer. What will the experience be like? Is it worth the money? I'm here to tell you **YES** it's worth the money! And the experience will be one in which, just like a personal trainer, your Fixed Operations Consultant becomes your trusted advisor, that person you rely on and turn to help push you to achieve your goals and reach the next level!!

Now let's take a look at the 5 reasons from above and apply those same concepts into the Service Department in regards to hiring a Fixed Operations Consultant:

1. You're Not Seeing Results – You've been trying consistently for several weeks or months and your CSI is still not better.
2. You Don't Know Where to Start – You've got a brand new service or parts manager who is just learning how to manage.

3. You Need to Be Challenged / Accountability / Motivation – You tend to slack off on your processes (like walk-arounds) sometimes, especially when it's busy. Service Consultants come with built-in motivation.
4. You Have a Specific Illness, Injury or Condition – You consistently lose money in the service department. (Yes, that's an illness!)
5. You're Training for a Specific Sport or Event – You're building a new facility or remodeling your existing one and need to offset that expense.

Just like a good personal trainer will want to know your personal goals before developing an improvement plan and beginning to train you, your Fixed Operations Consultant will do the same. They will guide you to define success...your idea of success...but it has to be clearly defined if it is to be achievable. This is where an evaluation comes in. Your trainer will have you show up early for your first work out and they will weigh you, take a ton of measurements, and then define (based on your desires) a series of measurable, realistic goals for their evaluation.

In your service department, this is where an evaluation comes in. Your fixed operations departments are not a whole lot different than a human body. They are comprised of many moving parts, most of which are dependent on one another. Just like, during a workout, your heart is dependent on your lungs, your gross profit percentage is dependent on your engineered pricing strategy. In the gym, your trainer might have you run on a treadmill to increase your heart rate and lung capacity. Similarly, your consultant might work with you to develop a pricing strategy that will increase your gross profit percentage.

If any of the specific areas above apply to you, then you could use a Service Department Evaluation to determine your fixed operations department's overall financial fitness level. A good evaluation should include some very specific financial data such as:

- What does it cost to produce a dollar of labor sales?
- What is your fixed operations- dependency on the variable departments as it pertains to the sale of labor?
- Is the structure of your service department the best fit for your staff?
- What is the overall productivity of each technician, as well as the entire shop?
- How well does the fixed operations department absorb the expense of the entire dealership and how much burden per car sale is there?
- How well do you utilize the calendar as it pertains to technicians in their stalls?
- Are your service consultants consistent in their customer handling process and what areas of opportunity exist in their process?
- What does each technician and advisor perceive to be the state of the department and what ideas do they have to improve it?
- And most importantly...what roadmap do you need to follow in order to improve these items?

Just like your personal trainer will want to take a periodic assessment of your measurements to determine the effectiveness of your workout regimen, it's a best practice for all Service Departments to have a complete evaluation performed annually to determine their financial fitness level and the effectiveness of their improvement regimen. Remember, you can only get somewhere if you have a roadmap to get there and you know where you are on the route.