

## CASE STUDY: Changing for the Better (and the **PROFIT!**)

### The Challenge

It was spring and Coast Counties Peterbilt received a wake-up call. Supposedly, the economy was rebounding, but the financial report card for Coast Counties, which has five retail branches and a leasing branch across a 350 mile stretch of northern California, did not reflect the national shift.

"We were complacent in the way we did business," Gary Syvertsen, Director of Services recalled. Their customers liked the people in the service department, but customer satisfaction was low. Services took too long, labor throughput needed to improve and work in progress times needed to be reduced. The dealership principal had met Keith Ely of KEA Advisors a few years earlier. He made the decision to have KEA Advisors conduct a week-long seminar for the dealership's service managers.

### The Solution

KEA Advisors requested the dealership to prepare some reports for both the service department and the dealership prior to the seminar. Mark Martincic was the professional who conducted the seminar. In one of the introductory reviews, the service managers discussed current procedures with Martincic, who asked specific questions and interpreted the reports that had been compiled.

"By the end of that segment, Mark had explained how we could significantly increase our profitability and improve our customer satisfaction by changing our service process without hiring more people or purchasing more equipment," said Syvertsen. "Our dealer principal was in front and when he turned around, his eyes were as big as saucers. We all gulped and thought, 'We're in trouble now!'"

The seminar convinced the service managers that change was not only possible, but desirable. "In the workshop we focused on enhancing management skills, such as the interpersonal skills for customer service, interpreting financial reports and discovering ways to improve processes," Martincic said. The group reviewed and re-engineered their process using a system known as Value Stream Mapping. "Value stream mapping is a lean-management method for analyzing the current state and designing a future state for the series of events that take truck service or repair from its beginning through to the customer putting the until back in service," Martincic explained.



It took the better part of the following year to prepare, but 12 months later Coast Counties Peterbilt began an intensive program with KEA Advisors to bring the dealership's Service Department to a higher level with improved proficiencies and increased efficiency.

"We had a fine group of service managers," said Syvertsen. He acknowledged that the organization had not done enough service management training. "What we had right were people in place who were energetic and willing to change. They made it easy to implement the new process," Syvertsen said.

Martincic, who was tracking weekly and monthly reports from Coast Counties, also made regular visits to the dealership, concentrating on the whole organization, but also reviewing a specific branch during each visit. "Service consultations are divided between examining ways to improve and measure processes, systems and use of technology, and reviewing the day-to-day applications of earlier concepts," Martincic explained.

Syvertsen noted that the funding for the process was provided through the changes implemented after the seminar. "We experienced immediate returns on the initial changes. The profit from those first steps was more more than the price tag," he said. the increased income was a convincing demonstration to the service managers that they were on the right path. Bonuses at the end of the first full year cemented their buy in.

## The Results:

Syvertsen recognizes that the dealership hasn't achieved all of its goals. "realistically, we're maybe a third of the way into the plan." he said. But he is confident that Coast Counties Peterbilt is making significant strides. "KEA Advisors taught us how to diagnose problems, change the process and measure the results," Syvertsen explained.

The numbers support this view. The year over year results included an increase in labor sales over all locations. "Increasing labor sales and GP dollars and increasing GP retention over 2% points are positive signs, no question," said Martincic, "but Coast Counties Peterbilt is well on the way to even higher profits."

There have been many intangible benefits to the company and the service managers, too. "Stress levels are down," Syvertsen noted, "while there have been significant gains in profit and growth. As processes change and are honed, customer satisfaction has improved. It's a better way to do business!"

