



10 Service Department Best Practices: Part 1

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Are you looking for highly executable ways to improve your Service department performance? Do you wish your Service department could be more profitable? In this two-part series we will explore ten best practices that KEA Advisors commonly recommends during our Service Department Discoveries. The inspiration for these articles comes from Jim Ussery, Executive Vice President of Operations at Nextran Corporation, who, after implementing these practices with his Service Department team, realized dramatic departmental profit improvement within one month of his KEA Advisors Service Department Discovery. Very impressive! The following are practices 1-5 on our top ten list:

1. The Six Minute Challenge

Identify and fix anything that is unnecessarily keeping the technician out of the bay.

Six minutes may not sound like a lot of time, but it adds up, and this calculation can show you where your monetary opportunity lies:

Rate per minute = Average labor rate/60 minutes

Value of 6 minutes = Rate per minute x 6 minutes

Value of 6 minutes x 8 hours = Dollars per day per tech

Dollars per tech per day x total number of technicians = Opportunity lost per day

Opportunity lost per day x 260 work days per year = Per year opportunity

As an example, let's say your average labor rate is \$100 and you have 10 technicians in your department.

Rate per minute = $100/60$, or \$1.67

Value of 6 minutes = $\$1.67 \times 6$, or \$10.02

Value of 6 minutes x 8 hours = $\$10.02 \times 8$, or \$801.60

Opportunity lost per year = $\$801.60 \times 260$, or \$208,416

That's a staggering number, wouldn't you say? And even if you can recover only a fraction of it, you are definitely winning the game. What would keep technicians out of their bay?

- Search for tools
- Missing parts
- Other departmental inefficiencies

2. Stop negotiating without a hostage

Prepare an estimate for every job and manage the estimate

Implement an upfront pricing menu and execute a meaningful estimate for the customer on every job. Give every customer an estimate every time at write up. Every business must provide its customers with prices for its products or services. There are several ways you can do this. Many businesses, such as a barbershop, use a standardized price list that remains the same for every customer. Other businesses, like KEA Advisors, provide prices tailored to the specific products or services a customer wants to buy. This is usually done with an estimate or a quote.

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To prepare an estimate, complete the customer information section, vehicle information section and repairs estimated within your estimating system (Decisiv, Asist, On Command). The Service Writer fills out the estimate while talking with the customer and discusses features and benefits of each line item. You may find it useful to build your own “package” SRT’s operations in your estimating system aligned to how you sell repairs in your shop. Always obtain an agreement for repair pricing before the diagnosis or job starts.

3. Charge for diagnostics

Prior to performing any repair work the Service Advisor should inform the customer of your customary diagnostics charges and obtain customer approval before beginning the diagnostic work. An example of customary charges might be a standard price per two-hour minimum. If the problem is diagnosed in considerably less time than the two-hour minimum, say ten minutes, simply charge the customer accordingly. What if the diagnostics process begins to approach the two-hour minimum mark? Contact the customer for approval before moving ahead.

4. Use consistent SRT times

Charge for what we’re doing and stop selling the job to ourselves

Always be consistent with SRT times. Many dealerships ask a lead technician or estimate the time based upon experience. Take the time and give it some thought. The SRT time should reflect the time it takes to complete the work with an average technician who possesses the skill. Don’t base pricing on anything other than your upfront pricing from your estimating system.

5. Communicate expected repair time

Inform the technician and insure that they take ownership of the time

This important dialogue between advisor and technician must take place with every repair job. The Service Advisor should speak with the technician about expected repair time and both should agree upon the technician’s responsibility for performing the repairs within the allotted time frame. The technician is to supply the Advisor regular progress updates. If the technician finds himself off-schedule he is to inform the Service Advisor right away so that the customer can be contacted regarding the delay. This communication permits the Service Advisor to problem-solve ways of getting the tech back on schedule