

Service Lane Profitability

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The Road To A Sale Selling More Service...Selling More Cars

Customer satisfaction or customer loyalty; which one has the greatest impact on the bottom line? Every automotive magazine, book, workshop, and 20 group meeting has covered this subject in some fashion over the past year. The answer is obvious...they both are necessary for maximum long term and short term profitability (and survival for that matter!)

But that answer is too simplistic, so let's really look at the hard facts and draw some useful conclusions. The automotive industry has been tracking customer satisfaction for the past hundred years or so; rewarding the strong and punishing the weak. Let's look at the results of all this effort.

Car dealers sell roughly 100% of all new vehicles purchased in the United States. We retain 100% of the warranty dollars, because we have a captive audience. If the customer wants the warranty to cover it, they must come to us. Yet, according to recent statistics, dealers only retain 18% of the customer-pay maintenance and repair market. Let me say this another way: As long as we are giving parts and service away for free we have a 100% retention. But when folks have a choice on where to spend their hard earned money, 82% go somewhere else. Ouch!

So what has customer satisfaction gotten us? 82% customer attrition! Satisfied customers who are spending their money with the competition! Hear me on this; I'm not saying customer satisfaction monitoring has been of no value. I'm not saying it isn't important. What I'm saying is customer satisfaction is the beginning point. So many dealers see it as the objective, the goal. It isn't. The objective is customer retention, resulting in high grossing labor dollars now and repeat vehicle sales on down the road.

Tomorrows new car buyers are in our service department, on the service drive, right now. The more services we sell, the more customers we will retain. The more customers we retain, the more cars we will sell. Therefore, selling service results in selling cars! Follow my logic here:

- Customers who buy cars from us will probably have their warranty work done by us.
- If we are doing all their warranty work, we should also be doing all their scheduled maintenance.
- If we do their scheduled maintenance, we will have the opportunity to do their major repair work.
- If we are doing all their warranty work, scheduled maintenance, and major repairs, when it is time for them to buy another car, they will most likely buy from us!

However, if we drop the ball anywhere along the way we will lose the customers loyalty. And let's be candid...our industry drops the ball a lot (about 82% of the time) according to the previously stated statistics! In football it's called a fumble and usually results in the other team (our competitors) taking possession (of our precious customers.)

Ok, enough about the problem; how do we fix it? We follow the "Road To A Sale" ...a powerful, proven four-step process that works!

The Team For A Sale

It's time to upgrade the job description of dealership service managers and service advisors. Although I wrote about this in an article last year, I have upgraded the job descriptions for 2006. Rather than thinking of ourselves as the "service department", it's time we assumed our true identity; the "other sales department."

Therefore, we need a Service "Sales" Advisor and a Service "Sales" Manager.

I have posted a one page, printer-friendly complete job description for each position at www.bgprod.com/jd2; but let's look at some highlights right now.

The Service Sales Advisor must:

- 1) Present a service menu of recommended maintenance services to every service customer.
- 2) Gather fluid samples from every vehicle (engine oil, transmission fluid, power steering fluid, antifreeze and brake fluid).
- 3) Conduct a vehicle walk-around using a walk-around form or a wireless Tablet PC.
- 4) Make a genuine effort to sell the maintenance services due to every service customer.
- 5) Follow up on all quotes and estimates within 24 hours.
- 6) Provide "active delivery" of all customer vehicles when service is completed.

- 7) Use the recommendations from the technicians (e.g. 27-point inspections) to proactively solicit service appointments for future sales.
- 8) Maintain a system for following up with past customers for the purpose of setting future appointments to have work done which was recommended by technicians.

The Service Sales Manager must:

- 1) Increase sales and gross profit by generating new business with mailings, coupons and customer contact strategies.
- 2) Conduct a weekly Service “Sales” Meeting with all service personnel (Advisors & Technicians).
- 3) Spend two hours every morning on the service drive mentoring and coaching the service advisors and interfacing with customers.
- 4) Create a “culture of accountability” and track sales production of each service consultant.
- 5) Collect Scoreboard of Success data daily and provide copy to General Manager each week.
- 6) Set sales goals for the Service Department, with the General Manager’s approval, and develop an action plan for attaining those goals.
- 7) Communicate Service Department sales goals with Service Consultants, Technicians, etc. and coordinate efforts toward successfully reaching department goals.

The Opportunity For A Sale

Variable operations personnel have mastered the art of selling cars. Let’s put that expertise to work in fixed operations. From now on let’s treat the repair order like a car deal.

- Deskings The Repair Order: The key here is to put on our “sales hat” and move beyond order taking to proactive service selling. The goal is to maximize the gross and ask for the order.
- Maximizing The Repair Order: In this process we simply have another set of eyes look at the Repair Order. Our purpose is to look for additional maintenance needs that one person might have missed.
- Saving The Repair Order: This is a continual refining of our sales processes. We look back at missed opportunities and we look forward to how we can do better next time. For example, we look at coupons, campaigns, and recalls to determine how well we did turning one line RO’s into upselling opportunities.
- Turning Over The Repair Order: Maybe we have a difficult customer or possibly a personality conflict with them...either way the advisor is

getting nowhere. Let someone else give it a try. Maybe another advisor can better explain the reason for the vehicle owner to purchase a service. How about getting the customer together with a technician or the service manager?

Deskings, Maximizing, Saving and Turning are proven strategies for success. Here's an idea: Invite your general manager or sales manager to teach these skills to your service team at your next Service "Sales" meeting.

The Technique For A Sale

The primary job of a professional service advisor is to sell service! I have stressed this point in every article I have written and will continue to do so from now on. I have been teaching a three step technique for over a decade and the results have been very consistent. Here it is:

- **Educate the Customer**
 - Current odometer reading
 - Interval since last service
 - Condition of fluids
- **Offer Maintenance Solutions**
 - Recommend service(s) needed
- **Ask the Customer to Buy**
 - "May we perform this service for you today?"

Educate, Offer, and Ask! It's simple, easy to remember, and it works!

The most important step is to Ask. Jesus said "Ask and it shall be given unto you, seek and you shall find, knock and the door shall be opened." Asking is persistent, deliberate, intentional, progressive ACTION! If we ask, seek and knock, then the door of upsale opportunity will open and revenue will increase.

The Urgency For A Sale

Spend some time observing your advisors tomorrow morning on the service lane. Are they eager and ready or lethargic and flat footed? How bad do they want the extra labor hours and parts dollars that are "left on the table" everyday? Do they earnestly covet the maintenance business? Do they have that "fire in the belly" to ask?

Remember the African Proverb:

Every morning in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed.

Every morning a lion wakes up.

It knows it must outrun the slowest gazelle or it will starve to death.

It doesn't matter whether you are a lion or a gazelle...

When the sun comes up, you had better start running!

In today's business environment, no longer will the bigger overcome the smaller; no longer will the stronger overpower the weaker...but rather, in today's business environment, it will be the FASTER that will outperform the slower.

There is a battle raging for maintenance dollars. Sometimes the battle is between the dealership and other service providers. Sometimes it's a battle between management and subordinates. And sometimes the battle is inside of us as we struggle with all the aspects of fixed operations management. Whatever the conflict, one thing is certain; if we are going to succeed we must run swiftly to the battle!

On a personal note, I'll be leading a workshop for the NADA Convention in Orlando, Florida again this year and I would love to meet you. The workshop, entitled "The Road To A Sale: Selling More Service...Selling More Cars," will be presented Sunday at 11:00 a.m., Monday at 8:30 a.m. and Tuesday at 11:00 a.m. in room 308 CD. See you there!

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