

SERVICE ADVISOR



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EXCERPT

Excerpt includes 16 pages taken from Chapter Three and Chapter Five: *Introduction to Repair Orders, Preparing Estimates, Effective Write-Up, The Three C's* and *Calculating the Cost of Comeback Repairs*.

INTRODUCTION TO REPAIR ORDERS

A repair order should be written clearly in a language your customer will understand. The repair order is the single most important document you share with your customer. It should serve as a written record of everything that has transpired between the dealership and the customer. Remember to document and explain everything that was performed and, if possible, why it was done. This will help justify the costs. It is extremely important to word the repair order as simply and concisely as possible, yet using as many diagnostic word tools as possible to identify the concern. The repair order is perhaps the only tangible piece of your company that customers take with them when they leave. Everything considered it is the most important document produced by the Service Department.

One of the first items of business for a Service Advisor is to check for any outstanding (non-performed) recalls. It is vital to verify that all recalls have been performed. Recall notices are mailed to the last registered owner of the vehicle. The customer is then prompted to make a service appointment to have the issue taken care of. As negative as recalls are for manufacturers, they provide the dealership with the opportunity to excel in service and make a positive impact on customers. Technicians have the recall bulletins to assist them in making the repair and the parts department usually has the recalled parts in inventory. Once a technician has performed the recall a few times, they become more proficient in the work and are able to get the customer in and out as quickly as possible. This is the time to get a good CSI report from the customer.

The Service Advisor must utilize their communication skills to collect the information needed to create a repair order. Correct vehicle information is crucial throughout the repair process. Updates and recalls are VIN specific. Obtaining the correct part is VIN specific. Making sure that the correct vehicle gets repaired is RO specific. It is important to document numbers as precisely as possible and to double check them. It is the Service Advisor's job to obtain the correct vehicle information such as the VIN and mileage because some customers have

multiple vehicles and/or similar vehicles, especially in fleets. This will save time in the long run by not confusing look-alike vehicles! Also, it is always best to verify the actual miles on the vehicle for yourself and not merely take the customer's word for it. There are times when a vehicle must be driven to determine and or verify the concern or to test-drive after repairing it. Some customers will voice a concern about miles being put on a car while in the possession of the service department, especially if left overnight. The Service Advisor will need to be able to explain to the customer why driving the vehicle was necessary.

If additional work is to be done in excess of the work listed on the repair order the customer must first authorize any additional work and cost. Specify on the repair order the additional work and cost of repair. If the authorization is oral then the following needs to be documented on the repair order: which customer, date, time, phone number called, and the additional work and cost. The more information that is gathered and documented, the better chance there is of eliminating any confusion.

Besides the obvious, what should be on the repair order? A clear description of all the services performed including the 3 C's (complaint, cause and cure); a labor and parts itemization, even if the work was done at no charge.

Hours-Per-Repair-Order- The desired goal is 3.0 hours per repair order. Currently, the repair industry as a whole is significantly below 2.0 hours per repair order (HPRO). This is partly due to the fact that most service departments are activity-based. This means they take in more vehicles than they can handle. For example, if the technicians are capable of producing 60 hours in a day and 60 cars are taken in, the technicians will be very busy, but the average HPRO achieved will only be 1.0. If the labor inventory and shop capacity are properly managed by the Service Advisor or the service scheduler, only 20 vehicles should be taken in, achieving an average of 3.0 HPRO, which the desired target. Other common reasons for low HPRO are the lack of: an effective menu presentation, walk around, proper sales skills or product knowledge. Hours per repair order is the most important number in the service department for generating bottom-line dollars.

Here is the impact of increasing average hours per work order by 0.2 hours:

- Assuming the service department writes 50 customer-pay repair orders per day.
- Working 21 days a month equals 1,050 repair orders per month.
- Or 12,600 repair orders per year.
- 12,600 work orders times 0.2 hours equals 2,520 additional hours per year.
- 2,520 hours times a \$65 effective labor rate equals \$163,800 increased labor sales.
- If the percentage of parts sales to labor sales is 80 percent, an additional \$131,040 in parts sales is generated.
- Total additional parts and labor revenue is now \$294,840.
- If you gross around 55 percent that translates to \$162,162 gross profit.

Effective Labor Rates- The effective labor rate is the amount of labor discounting. Here are some factors that will decrease your effective labor rate:

- Technicians who work longer on a job than the hours quoted to the customer and not being charged for all the time invested by the technician. This occurs regularly in shops for a few reasons:
 - 1) First, the advisor may have inaccurately quoted the proper amount of time for the job.
 - 2) Second, the technician may have run into some non-routine tasks, such as rusted or broken bolts.
 - 3) Third, the technician may have lost track of the actual time. These issues are fairly easy to correct once everyone in the shop agrees they exist and proper steps are taken to change them.
- Labor discounts such as dollars or a percentage off the regular price, when the same numbers of hours are allocated to the sold time. For instance, a job that normally prices out for two hours of labor at the shop's labor rate, but then is discounted when a customer presents a coupon, with no adjustment being made to the sold hours. The technician is paid on the two hours labor but the shop still has to discount the price. The price that the customer paid may only reflect 1.5 hours worth of paid labor.
- Service Advisors underselling the labor times so that the technicians can not meet or beat those times.
- Menu-priced items where the technician will put in more time than the menu price allows. For example, the labor charge on LOF service may be \$10, but if the time required for the technician was 0.5 hour, the job would generate a \$20 per hour effective labor rate.

- Freebies when they consume a significant amount of a technician's time.
- Lack of work due either to insufficient car count or insufficient hours-per-repair-order.
- Technician inefficiency by not performing jobs in the most efficient order.
- Having the technician doing other things like ordering parts, shuttling customers and filling in for the Service Advisor, etc., instead of performing only vehicle repair and maintenance work.
- Waiting for customer authorization, parts delivery or an answer to a question from a Service Advisor.
- Over-flagging technicians.
- A high number of LOF's with no up-selling.
- Changes in the price of parts and having to adjust the labor to meet the estimate price.

Repair Order example:

| | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------|--|
| Customer Information | | JACK'S SHOP | | REPAIR ORDER 12345 | |
| Company _____ Name _____ Address _____ City _____ State _____ Zip code _____ Home: (____) _____ Work: (____) _____ Cell: (____) _____ Other: (____) _____ | | 1 _____ Soft _____ (456)123-7890 | | TODAY'S DATE _____ DATE __/__/__ | |
| Description of Service | | Vehicle Information | | | |
| _____ _____ _____ _____ _____ _____ _____ _____ _____ | | Year: _____ Make: _____ Model: _____ Color: _____ VIN: _____ Engine: _____ License Number: _____ ST _____ Odometer reading: _____ | | | |
| Repair Estimate | | Description of Service | | | |
| Total parts: _____ Total Lab _____ Other charge _____ Initial estimate _____ Estimate given by _____ <input type="checkbox"/> Phone: <input type="checkbox"/> In person Additional authorized _____ Revised estimate: _____ Authorization given by: _____ Date _____ Time _____ <input type="checkbox"/> Phone: _____ | | THIS IS ONE OF THE MOST IMPORTANT SPACES YOU NEED TO FILL IN! EXPLAIN WHAT THE CUSTOMER WANTS AND/OR WHY THE VEHICLE HAS BEEN BROUGHT INTO THE SHOP. | | | |
| IN MOST STATES, YOUR ESTIMATE MUST BE WITHIN 10% OF THE FINAL BILL. TAKE YOUR TIME AND GIVE AS ACCURATE OF AN ESTIMATE AS YOU CAN! | | THIS INFORMATION NEEDS TO BE COMPLETE FOR ACCURATE BILLING AND FOR INVENTORY MAINTENANCE. | | | |
| EACH SERVICE PERFORMED | | STANDARD TIME FOR EACH SERVICE | | HOURLY LABOR RATE MULTIPLIED BY TIME | |
| THIS INFORMATION NEEDS TO BE COMPLETE FOR ACCURATE BILLING AND FOR INVENTORY MAINTENANCE. | | WHAT THE CUSTOMER PAYS | | | |
| _____ _____ _____ _____ _____ _____ _____ _____ _____ | | _____ _____ _____ _____ _____ _____ _____ _____ _____ | | | |
| Services | | Time | | Price | |
| R&R Right Front Strut | | 2.3 | | 138.00 | |
| R&R Air Filter | | 0.1 | | 6.00 | |
| _____ _____ _____ _____ _____ _____ _____ _____ | | _____ _____ _____ _____ _____ _____ _____ _____ | | _____ _____ _____ _____ _____ _____ _____ _____ | |
| Part # | | Description | | Qty. Price Ext.Price | |
| JE8... | | Strut assembly | | 1 73.47 73.47 | |
| RE49... | | Air filter | | 1 6.95 6.95 | |
| XX33... | | Shop supplies | | 1 10.00 10.00 | |
| _____ _____ _____ _____ _____ _____ _____ _____ | | _____ _____ _____ _____ _____ _____ _____ _____ | | _____ _____ _____ _____ _____ _____ _____ _____ | |
| Date completed ____/____/____ | | Tech _____ | | | |
| Services | | | | 144.00 | |
| Parts | | | | 80.42 | |
| Shop supplies | | | | 10.00 | |
| Sub total | | | | 234.42 | |
| _____ | | | | 14.07 | |
| Total | | \$ | | 248.49 | |

PREPARING ESTIMATES

There really are two types of estimates that a Service Advisor will be providing the customer. One is the *time* estimate and the other is the *price* estimate. The time estimate is crucial, but many times it is out of the hands of the Service Advisors. A part may not have arrived or a technician may be having more difficulty with the repair than was originally planned for. But even though the Service Advisor may not be responsible for a job taking longer than anticipated, they will be the ones responsible for having to notify the customer of a delay in the repairing of a vehicle.

The price estimate is critical for numerous reasons. One is the fact the customer will sign it before leaving the shop which indicates that they agree with what services or repairs will be performed. It also shows that the customer understands and accepts the estimated cost of inspection, testing, diagnosis, and repair. In a state requiring signed, written estimates, you cannot begin this process without an estimate, and the estimate should reflect realistic charges for at least the preliminary round of inspection, testing and diagnosing. There should be no surprises, and the customer leaves the service department with a good idea of what is going to be done to their vehicle. The Service Advisor should include the price of the parts, labor, shop supplies (if your state allows this charge), sublet charges (if applicable) and tax. These amounts should be documented on the repair order. Many repair order software programs have estimate forms integrated into their systems.

A teardown estimate is written when it is necessary to disassemble a component to properly diagnose the problem. (e.g. engine, transmission). A teardown estimate should include the cost of the teardown including reassembly in case the customer declines to repair the vehicle. Some items such as gaskets, seals and o-rings can be destroyed during disassembly and those prices should be included in the teardown estimate also. Authorizations for repairs are documented in the same way as a regular estimate, by including all charges with proper notations on the repair order (i.e. date, time, person's name). If the customer decides not to have the repairs done, then the vehicle must be reassembled. You may not charge more than the

original amount of the teardown either.

The pricing of auto repairs can be confusing to some. The use of a flat-rate manual is common. A flat-rate manual provides the average time it should take to perform a specific operation. By using the flat-rate manual, every customer is charged equally for the same repair. A flat-rate manual allows Service Advisors to provide customers accurate estimates. Without the manual, estimates would be less accurate. Flat rates are based on averages. Theoretically, they are the average amount of the time it would take a top technician and an apprentice technician to complete the same job.

The flat rate time assumes:

- A reasonable supply of parts are on hand
- All necessary tools are available to the technician
- The physical facilities are adequate
- The use of reasonably experienced technicians

Besides completing the repair, flat rate time factors the following:

- Pulling the vehicle into the shop
- Diagnosing the concern (under certain circumstances)
- Looking up the required parts
- Pulling parts
- Completing the repair order with detailed notes of what the technician did
- Pulling the vehicle out of the service bay
- Cleaning up

When providing an estimate, the Service Advisor should include a slight margin of error. By adding 10%-15% to the estimate the Service Advisor ensures that the repair will be less than the estimate. It can cover unexpected expenses such as a higher price for a part, miscalculation or unexpected complications such as the time it takes to remove rusted bolts. The customer will be pleasantly surprised when the bill comes in less than originally quoted. When preparing an estimate for an insurance company, the estimate will need to be as precise as possible. In these cases, any differences from the original estimate will need to be adjusted by the Service Advisor and the insurance company.

It is suggested to quote the highest price when quoting prices within a certain range. For example, if the cost for a specific service or repair is going to be between \$325 to \$350, quote the job backwards. Tell the customer the job should be between \$350-\$325. Why? Because, the customer will only hear the first number. When the repair comes in at \$325 or less, then the customer will be pleasantly surprised because they were prepared to pay the higher dollar amount.

Sometimes the customer is shocked by the price of the estimate and/or diagnostic charges. But today many computer technicians charge \$80-\$100 per labor hour to work on a \$1000 laptop. If they can charge that much to work on a laptop, why shouldn't dealerships be able to charge that much to work on a \$20,000 car.

EFFECTIVE WRITE-UP

A friendly meet and greet-

A friendly salutation (good morning or good afternoon) and a handshake, if appropriate, show the customer our willingness to assist. “How may I help you today?” Not, “can I help you?” Observe the body language of your customer. Once the customer’s mood is determined you will be able to respond properly (e.g. defensive body posture or open posture). It is advantageous to be able to have an instant rapport when you are greeting a customer. If you happen to notice that the customer keeps his vehicle especially clean you may want to remark about this. People like it when their efforts are noticed. You are complimenting the customer when you show that you appreciate a well-detailed vehicle, and you have broken the ice by complimenting them. The same goes for people with special cars or unique features. For example, a person with a Corvette likes others to notice it. The astute Service Advisor might say to the customer, “nice Corvette” or “nice wheels.” People like hearing compliments and it can help the Service Advisor start out on the right foot with the customer.

When greeting a customer, the Service Advisor needs to learn if the customer has ever been to our service department and if they are in our customer database. This question should be asked in a way that doesn’t offend someone who has been to the service department previously, but is not recognized by the Service Advisor. The advisor should not ask, “Have you ever been here before?” Customers tend to be offended especially if they did buy the vehicle there. The question should be asked in a way that assumes they are a loyal and valued customer. “You’ve been here before, correct?” At this point the Service Advisor has determined whether or not the customer is in the computer system and now should get all pertinent information about the customer and the vehicle. If possible, write a repair order while the customer is still present in case there are any other questions that the Service Advisor might still have. Sometimes this may not be possible as in the case of an early bird drop-off or when a vehicle is towed and left overnight. It is best to speak with the person who regularly drives the vehicle because second-hand information may have

poor or incorrect information which can lead to an improper diagnosis and customer dissatisfaction.

During the meet and greet a work authorization (also called a “hand-write” or “pre-write”) is used to document customer information and work to be performed. Although it is not the actual repair order, the data gathered on the work authorization will be used to generate the actual repair order. Therefore accuracy is vital for proper repair order write-up.

Work Authorization Example:

Desert Chevrolet
203 West Main St.
Phoenix, AZ 85250
480-998-7200

Date: _____

Writer: _____

WORK AUTHORIZATION

Customer Information

Vehicle Information

Name: _____ Mileage # _____

Address: _____ VIN# _____

City: _____ Year _____ Make _____

State: _____ Zip Code _____ Model _____ Color _____

Home Phone# _____ Work# _____ Cell# _____

Customer Pay _____ Warranty _____ Internal _____

Concern #1: _____

Concern #2: _____

Concern #3: _____

Concern #4: _____

Special Notes: _____

TERMS: Strictly Cash (unless other arrangements made)

I hereby authorize the above work to be done along with necessary materials. You and your employees may operate the vehicle for testing, inspection, or delivery at my risk. An express mechanic's lien is acknowledged on vehicle to secure the amount of repairs thereto. You will not be held responsible for loss or damage to vehicle or articles left in case of fire, accident or any other cause beyond your control. The factor warranty constitutes all the warranties with respect to the sale of this vehicle. The seller hereby expressly disclaims all warranties, either express or implied, including any implied warranty or merchantability or fitness for a particular purpose, and the seller neither assumes nor authorizes any other persons to assume for it any liability in connection with the sale of the item/items.

Interviewing the customer to determine their concern is an important skill in service writing. Properly documenting the conditions and descriptions of each problem will give the technician a head start in diagnosing the concern. Merely writing down what the customer states may not be enough. The Service Advisor must be able to help the customer remember seemingly unrelated details that may make the difference between successfully diagnosing the concern and having a come-back. This is accomplished by asking questions that will encourage the customer to verbalize the symptoms of the concern. Asking questions that start with when, how often, where, etc. will help the technician with the diagnosis.

The key to a Service Advisor's effectiveness is his ability to put them self in the customer's shoes. One of the simplest ways to do this is by careful listening or "active listening". Listening involves a more sophisticated mental process than hearing. It demands energy and discipline. Listening is more of a learned skill than hearing. The first step is to realize that effective listening is an active process, not passive. A good listener works at the skill. Effective listening is a skill that can be cultivated, and is an important part of the write-up. It is best to let the customer purge all their concerns and all the details regarding the concerns before asking any questions.

Take careful notes. Understand that customers have been thinking about what they are going to say to the Service Advisor on the drive over to the dealership and you must let them express themselves completely. Only then should you reply or ask a question. The main reason that some people are not good listeners is that the average listener can think at the rate of 400 words a minute. People don't speak that fast. Therefore listeners have time on their hands, so they tune out the speaker and go off on a tangent of their own even for a couple of seconds. When the listener does tune back in they may find that they may have missed something and may have to ask the customer a redundant question. They may have only missed a few words or so, but those may have been crucial points. Having to ask redundant questions will only antagonize the customers.

Listening is one of the most valuable skills you can develop as a Service Advisor. It is all about the passive acquisition of necessary information, the ultimate purpose of which is to improve the quality of service. It is passive because it requires nothing more than paying attention on your part. But, it also means allowing your customers to talk about what is important to them, even when it may have little or nothing to do with selling your service. It also means developing a genuine interest in your customers, their families and their lives. This is a service business, and service is a full contact sport. It is interactive, and that means dealing with others. Maintaining good eye contact also helps focus in on what the customer is saying.

Rewards to good listening are-

- Learning. We learn by listening. As Service Advisors we learn the facts about the customer issues by listening. We also learn about the customer. Customers "telegraph" us all kinds of information. If we listen carefully, we can use that information to serve them better. For example, are they upset or frustrated? Sometimes the body language will indicate this. If so, we can tailor our behavior to work with them. Empathize with the customer about his situation, or apologize if a previous repair was not completed properly or on time. Remember:

First you must fix the customer then you can fix their vehicle.

- Tension reduction. We have all heard the phrase "let him blow off steam." But when we listen to customers we let them reduce their tension. We have directly helped those customers. Also, it is very hard to argue with somebody if only one person is doing the arguing. While it is no fun to take a tongue lashing from an irate customer, especially if you had nothing to do with the issue, it presents an opportunity to turn that customer into a valued customer. Many times customers feel as though they just haven't been heard. Since you were the one

to listen to them and solve their problem, you became their hero.

- Cooperation. Listening will gain the cooperation of the customer. Attentive listening obligates the customer to listen to you when you have the "microphone." And you will want to be heard loud and clear when you are asking for the sale. Customers are more inclined to buy a recommended service when they are listening to you. This same approach goes to all the people you interact with during the day: technicians, parts clerks, detail people, office staff, managers, etc. Attentive listening leads to cooperation which makes our jobs more pleasant and easier.
- Improved judgment. By listening attentively, the Service Advisor is able to get all the facts which allow them to determine the proper course of action to take.

The ability to listen is the most important skill a Service Advisor possesses. By attentively listening to the customer's concerns they avoid possible confusion with the customer and the technician. If a repair order is written incorrectly or they fail to get all the pertinent information, the technician may fail to properly diagnose a customer's concern.

Do your detective work by asking intelligent questions such as:

- What exactly happens?
- What does it sound like?
- Where does it happen?
- Where on the vehicle is the concern?
- When does it happen?
- How long has the problem been occurring?
- Does it happen at certain speeds?
- Does it happen when it's cold or hot?

Confirm customer concerns-

Sometimes a test drive is necessary to gather information. Depending on the concern, you may request that the customer demonstrate it to you. Having the customer in the passenger seat is a good way to verify a customer's concern and determine any other required service also. Keep in mind that a customer may get used to certain characteristics of their vehicle. When test-driving the vehicle with the customer, the Service Advisor may notice other items that require the customer's attention. Once the concern is verified, the technician can ask the Service Advisor to relay any other pertinent information regarding the test drive.

Occasionally concerns are intermittent. This can make diagnosis even more difficult, but the more information given to a technician; the better able they are to determine a failure. Remember that Service Advisors are not technicians. The Service Advisor will not be making the repairs, the technician will be. If a Service Advisor diagnoses the concern and "tells" the technician or the customer what the failure is, then who should be responsible for the comeback? Usually the technician is the one responsible for their own comebacks. But if the Service Advisor performs this duty, then the technician can't be held responsible for an incorrect diagnosis. Therefore it is best to let the technician diagnose the problem; after all, it is their part of their job. By not diagnosing the issue in the service drive, the Service Advisor also "buys" himself time to prepare a proper estimate instead of ball-parking a price for a repair that may or may not be needed. When documenting the customer concerns, it is advised to repeat the concern to the customer using their words. This helps eliminate confusion when trying to interpret what the customer is saying.

Offer a resolution-

- What services shall be performed?

"What services shall be performed?"... "I will have my transmission tech do a complete diagnosis to accurately find out the concern with your transmission."

- How much will it cost?

"How much will it cost?"... This is when you can make an accurate estimate to repair the vehicle. "Mr. Jones, your transmission requires a new transmission control module. The total to repair will be \$XXX.OO."

- When will it be done?

"When" is the important question. "I have one in stock (or I can have one available the first thing tomorrow, etc.) and I can have it done by 3 p.m. this afternoon. I can arrange for a rental car or shuttle service for your convenience. Shall I go ahead with those repairs?"

Determine additionally needed services-

Review items noted during the walk-around such as streaking wiper blades, worn tires, and low fluid levels. Review vehicle history to determine which maintenance items are due at this time.

Offer a no-charge courtesy visual inspection with LOF service

Sometimes customers want you to look their vehicle over for any potential concerns especially if they have just purchased the vehicle. By offering a courtesy visual inspection three things will be accomplished:

- 1) The customer will be alerted that the Service Advisor will be calling later to review the results of the inspection and discuss any needed repairs or service.
- 2) You will avoid blindsiding the customer with unexpected service or repair work.

- 3) You will know if the customer is interested in preventive maintenance.

It is important to offer an inspection in a way that inspires confidence to the customer, so they don't feel as though the Service Advisor is merely looking for items to repair. An inspection should only be performed with your customer's permission. For example, a customer brings in their car for a routine maintenance such as a lube, oil and filter change; it would be a good idea to offer a courtesy visual inspection while this service is being performed. This will give the service advisor an opportunity to up-sell any recommended repairs and additional maintenance items. This practice will also help to build value into the cost of the LOF. Be cautious not to over-sell. In the long run it can destroy the customer's trust in the Service Advisor and the dealership.

By offering the courtesy inspection to as many customers as possible, the ARO (average dollar amount of the repair order) will be maximized. A used car from the Sales Department is an example of when a vehicle should be thoroughly inspected from top to bottom. Every single fault should be noted and presented for approval to repair. The wording of the inspection is important also. It is best not to call it a safety inspection. Unfortunately, it leaves the dealership open to a lawsuit in the event that a technician "table checks" the inspection and overlooks a critical concern. The technician should complete the courtesy inspection and include what is right with the vehicle along with what should be repaired. The Service Advisor should also advise the customer what is right with the vehicle along with what needs attention.

It is very easy to think that we are just too busy to perform a courtesy inspection. Too often it only gets done when the service department is slow. What that says is, “to heck with the customer. We only care about the customer when it is convenient for us to perform the multi-point inspection.” If there isn’t time for the repairs immediately then the Service Advisor should schedule the customer for an appointment. “Mr. Jones, we checked out your vehicle and found a problem. We don’t have time to do the repair today, but can I schedule you to bring it back next week. What works better for you, Tuesday or Wednesday?” By giving the customer the option of which days to bring the car in, we are asking for the sale and providing quality service simultaneously.

Administration Break-

This comes after doing the hand-write in the service drive, the walk-around and listening to the customer concerns. "Step over to my desk, Mr. Jones, so I can write your repair order for you." This may or may not always be possible, so use it whenever you can. At this time you can check the customer’s history file in the computer. This allows you to ask your customer if they would like to do previously recommended repairs that were not completed for one reason or another. Remember that when a service is offered to a customer and they decline the repair, this should be documented in the repair order. The customer may be ready for the service on a subsequent visit. The administration break is when the Service Advisor should also check for any outstanding recalls. This is also a good time to verify that the customer’s personal information is current, especially phone numbers. At the time of write-up the Service Advisor tags the vehicle keys and may put a “hat tag” on the vehicle to help the technician or support person to identify it.

Each dealership has its own system of dealing with the repair order paperwork. Generally, repair orders have three or four copies. One copy may go to the parts department. Another may stay with the Service Advisor. One copy may be for the archives. The hard copy is generally the technician’s copy. On the back of the technician’s copy is a spot where he can punch the time clock when the job is started and completed. When finished, the technician writes the technical comments on the back of the repair order. The Service Advisor will then document in the computer what the technician writes on the repair order.

THE THREE C'S

By properly documenting a repair order you can reduce the risk of having a warranty claim rejected. Warranty time or parts that were billed out but can't be justified because of incomplete explanations can be very costly. Remember the 3 C's when writing a repair order.

- **COMPLAINT or CONCERN-**

These are the customer's own words. The complaint on the repair order should be written as "customer/client states clunking noise coming from rear."

- **CAUSE-**

This is what the technician found to be the cause of the complaint. The cause should be written as "found worn u-joint."

- **CURE or CORRECTION-**

These are the necessary actions to repair the vehicle as outlined by the technician. The cure should be written as "necessary to replace u-joint."

Enough improperly documented warranty repair orders can trigger a warranty audit by the manufacturer. Be careful of the language that is used. Don't use words such as "bent", "damaged" and "broken". This can attract the attention of an auditor. These types of words imply abuse or damage by the customer and since these are not defects in the factory workmanship or a parts failure, they won't be covered under factory warranty. Most times it is not the customer's abuse that caused the failure. Therefore the way the Service Advisor/Technician document it is crucial. For example, the Service Advisor writes "Seat torn" (*Complaint*). It should have been documented "Customer states front passenger seat seam split around bolster". "Found stitching improperly sewn at ends of fabric". (*Cause*) "Necessary to replace seat cover". (*Cure*)

Ways to reduce warranty charge backs-

- 1) Document repair orders using the 3 C's.
- 2) Make sure that add-on repairs (those repairs for problems that are not on the customer's list of complaints) are authorized by the Service Manager in writing.
- 3) When dealing with warranty comebacks, if the customer says the vehicle was okay when they left the shop, and the problem has reoccurred, then it should be treated as a new concern and not as a comeback
- 4) Make sure technicians punch on and off all repair orders. If they fail to do so, they may exceed the warranty time allowed and raise a "red flag" to an auditor.
- 5) Make sure to document reasons for any goodwill adjustments beyond the standard warranty time period. Ensure also that the reasons will be acceptable to the manufacturer. Beware of making it sound like your Service Advisors or Managers are offering some sort of "secret warranty".
- 6) Parts that were replaced during a warranty repair should be kept in the dealership's parts department until the warranty claim is paid. Although not necessarily a duty of the Service Advisor, keeping track of parts is everyone's responsibility.

7) Whenever the factory provides technical advice on a repair, it is critical that the technician or Service Advisor note the following:

- The name of the person they spoke with
- When the conversation took place
- Specific recommendations made by technical assistance
- The case number

A technical assistance worksheet should be attached to the repair order also. It is important to document all pertinent information to help reduce warranty charge backs.

CALCULATING THE COST OF COMEBACK REPAIRS

Many service managers consider comeback repairs as a part of doing business. But many times they are not able to actually see how this is affecting the bottom line of the profit and loss statement. If the service department is profitable, then they may not realize that thousands of dollars are being lost every year to the dreaded comeback.

Employee costs per comeback repair:

Apply these figures to each comeback repair order.

| EMPLOYEE | TIME SPENT ON COMEBACK | HOURLY WAGES | COST |
|-----------------|------------------------|--------------|---------|
| Service Advisor | 20 min | \$15.00 | \$5.00 |
| Cashier | 5 min | \$9.60 | \$0.80 |
| Dispatcher | 5 min | \$15.00 | \$1.25 |
| Shop Forman | 20 min | \$19.50 | \$6.50 |
| Service Manger | 10 min | \$25.00 | \$4.17 |
| Parts Person | 10 min | \$8.00 | \$1.33 |
| Warranty Clerk | 10 min | \$10.00 | \$1.67 |
| Total Cost | N/A | N/A | \$20.72 |

* The "cost" amounts have been rounded off.
 ** Not all service departments will have each of these employees

Employee Costs per Week

| # OF COMEBACK REPAIRS | COST PER COMEBACK | TOTAL COST |
|-----------------------|-------------------|------------|
| | | |

Example using 10 Comeback Repairs per week:

| # OF COMEBACKS | COST PER COMEBACK | TOTAL COST |
|----------------|-------------------|------------|
| 10 | \$20.72 | \$207.20 |

Technician Labor Income Lost from Comeback Repairs per Week

| # OF LABOR HOURS FOR COMEBACKS FOR ONE WEEK | LABOR RATE/HR | TOTAL |
|---------------------------------------------|---------------|-------|
| | | |

Example: If the average labor hours to do a comeback repair is 1.5:

| # OF LABOR HOURS FOR COMEBACK FOR ONE WEEK | LABOR RATE/HR | TOTAL |
|--------------------------------------------|---------------|------------|
| 15 | \$75.00 | \$1,125.00 |

Customer Compensation Costs for Their Inconvenience per Week. (These include rental or loaner cars, free services, monetary compensation, discounts on service, etc.)

| # OF COMEBACKS | AVERAGE SPENT PER COMEBACK ON CUSTOMER COMPENSATION | TOTAL |
|----------------|-----------------------------------------------------|-------|
| | | |

Example: If average weekly number of Comeback Repairs is 10.

| # OF COMEBACKS | AVERAGE SPENT PER COMEBACK ON CUSTOMER COMPENSATION | TOTAL |
|----------------|-----------------------------------------------------|-----------------|
| 10 | \$35.00 | \$350.00 |

Total Cost of Comeback Repairs per Week

| ITEM | TOTALS |
|----------------------------------------------------------|--------|
| Employee costs | \$ |
| Technician Labor Income Lost from Comeback Repairs | \$ |
| Customer Compensation costs | \$ |
| Total cost per week for Comeback Repairs | |

Example:

| ITEM | TOTALS |
|----------------------------------------------------------|-------------------|
| Employee costs | \$207.20 |
| Technician Labor Income Lost from Comeback Repairs | \$1,125.00 |
| Customer Compensation Costs | \$350.00 |
| Total cost per week for Comeback Repairs | \$1,682.20 |

Total yearly cost of Comeback Repairs:

| WEEKS OPEN A YEAR | WEEKLY COSTS | TOTAL |
|-------------------|-------------------|--------------------|
| 52 | \$1,682.20 | \$87,474.40 |

This is almost pure profit. Any service manager would want to see this kind of improvement on their bottom line while being able to simultaneously decrease the number of comebacks.

This does not include the lost income from unsatisfied customers who never return and the people the customer tells about that will never step foot into the service department or purchase a vehicle from that dealership.

COMEBACK REPAIR EXERCISE

Calculate the yearly cost of comeback repairs using the following information:

- Service Advisor-\$20.00 HR
- Cashier-\$10.00
- Dispatcher-\$20.00
- Shop foreman-\$25.00
- Service manager-\$40.00
- Parts person-\$20.00
- Warranty administrator/clerk-\$15.00
- Shop labor rate-\$80.00
- Comebacks per week-10
- Average Labor Hours to do Comeback Repair-1.5 hours
- Average spent per incident on Customer Compensation-\$42.00
- Round up to the nearest penny
- *Calculate total lost hours by all employees

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