

How Do You Turn Your Service Waste into Service Revenue?



Rooting Out Inefficiency and Retaining Top Talent

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Simply put, it means investing in a combination of best practices, refined processes, and powerful solutions that root out inefficiency and help you retain your top service talent.

Much has been written about the state of the modern dealership service department's market share and profitability. Service departments lost an eight to nine percent share of the market in the wake of the recession. While there has been a modest rebound since 2015, significant challenges remain.¹

Those challenges revolve around the difficulty dealers have faced in shaking off the old to make way for the new. Inefficiencies that drain profitability are rampant in service departments – holdovers from the pre-recession, non-digitized era of isolated, manual processes.

Meanwhile, a growing shortage of service technicians has dealers concerned about their ability to hold onto the small market share they've managed to claw back from independent competition.²

As an automotive retailer, you're already on the lookout for fresh methods of enhancing processes, speeding up the customer experience, and ultimately driving profit per customer. How does that translate to your service department, the financial backbone of your dealership?

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These are your service department revenue drivers.

The Empowered Customer

There's no mystery in what today's customer is looking for in a retail experience: transparency, customization, and most of all, the feeling of being in control.

These factors apply to your service department as well – perhaps even more so. The majority of customers your dealership will serve on any given day lack the knowledge and expertise of your trained technicians. This means customers already feel like they're at a disadvantage when they walk in (or, they have a veneer of false self-confidence thanks to some last-minute Google searches, with no real know-how to back that information up).

Consumers' distrust of advisors and technicians comes from the feeling that they're at the mercy of the guy who knows more than them, a situation prime for being ripped off. Human nature dictates this sort of relationship breeds skepticism and suspicion.

When you consider the customer experience from this perspective, it's no wonder taking steps to empower them can transform an average experience in your service department to a highly positive one.

But, what does an empowered customer in the service department look like? Obviously it's not your job to teach everyone who wanders in your

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door the ins and outs of the work your technicians perform. How do you provide customers that feeling of control over the process, while still maintaining the control yourself?

The answer is more intuitive than you may think, and it boils down to one simple phrase: ease of service.

Consider the following list of questions, each pertaining to a different facet of customer convenience in your service department:

1. Can your customers book appointments online?
2. Have you eliminated double-bookings and duplicate errors by integrating your appointment tools with your dealership management system (DMS)?
3. When interacting with a customer, can your employees view the customer's full history (including vehicle purchases, previous service visits, etc.)?
4. Are customers greeted by name and shown service specials the moment they pull in to your service drive?
5. Does your system notify advisors when customers arrive and allow them to begin the repair order with a single click?
6. Are your customers consistently updated on the status of their vehicle while waiting in the lounge?

If your answer to more than one of these questions is "no," your service department can leverage digital processes to provide customers a sense of convenience and control, while tackling inefficiencies.

What exactly does that digital process look like? Here are some specific actions you can take right now:

1. **Offer online appointment reservations.** Everyone offers online reservations – your dentist, your favorite restaurant, and your independent and aftermarket competition. If your customers can't book appointments online, you're missing out on a simple but effective opportunity to demonstrate ease of service.

As an added note: Dealership website content is overly focused on vehicle sales, especially when you consider the fixed operations industry is worth upwards of \$350 billion.³ Make sure your service department receives an appropriate share of your overall digital marketing investment.

2. **Eliminate duplicate entries and double-bookings.** If your appointment system is separate from your CRM and your CRM is separate from your DMS, your business development center or

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call center staff must make sure phone and web appointments don't overlap. This can be a tedious, troublesome, and incredibly inefficient manual process.

To avoid the headaches of redundancy and overbooking, utilize online scheduling software that's built into the CRM and DMS to make scheduling easier on your customers and your staff. Once again, eliminating this inefficiency has the added benefit of showing your customers a convenient experience is your first priority.

3. **Access one view of customer history.** If your employees can't easily glance at customer history (including past purchases, previous service repairs, etc.), you're devaluing each individual customer's role in your overall success as well as the customer relationship your staff has developed. If a customer who has purchased three vehicles from your dealership enters the service lane, it should go without saying they expect, and deserve, to be treated differently than John Doe who just wandered in; otherwise, he or she is going to go elsewhere for repairs.

Plus, your staff benefits from knowing what repairs and services were previously offered to the customer so they have a better idea of what to sell or assist with this time.

4. **Greet customers immediately.** Satisfaction scores jump 44 points when customers are greeted by name within the first two minutes of arrival in your service department.⁴ Who doesn't want both a better chance at a sale and better CSI scores?

This may seem like an obvious best practice tip, but it's one that bears constant repeating (and even retraining) as your employees busy themselves with demanding daily schedules.

5. **Alert advisors of customer arrival.** Making it easier for your employees to engage with a customer allows for both a better relationship and a better experience. Giving your advisors the ability to start a repair order directly from an arrival notification makes them much more efficient. Your cycle times will be more accurate, and your service process will move faster.
6. **Keep customers in the loop.** Finally, providing a way for your customers to track their vehicle's progress while waiting in the lounge with a digital display, or on their phone throughout the day, reaffirms that their time and convenience are your first priority.

Empowered service department customers believe your dealership truly values their business, their time, their convenience, and their overall experience – because that's what you've shown them.

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By committing to the simple steps listed above, you'll eliminate process inefficiencies that hurt your profits and your reputation. You'll also instill in customers a sense of control and trust that your competitors will be hard-pressed to replicate.

The Talented Technician (Who Stays)

It's impossible to overstate how important your technicians are to your service department's success. It's nearly as impossible to overvalue retaining your top talent for longer than the couple of years it takes for them to become proficient at identifying and recommending additional work.

In a 2016 survey, participating dealers said if they had as many technicians as they wanted in their service departments, they would be able to increase fixed operations revenue by 17 percent.⁵ Instead, the trend seems to be headed in the opposite direction.

The automotive service industry is facing a real crisis in the form of a shortage of willing and able technicians. The U.S. Bureau of Labor and Statistics projects a need for 46,000 more automotive technicians by 2026, in addition to the 750,000 already working (about half of which work for franchised dealerships).⁶

The problem with that 46,000 number is growth for this critical service role is currently sluggish, if not completely stagnant. Annual turnover is approaching 30 percent⁷, and enrollment is down in auto tech programs offered by for-profit trade schools. Not to mention, baby boomers continue to age out of the workplace and the growing prevalence of electric vehicles demands more knowledge and expertise in your service department.

All of that means you not only have to figure out new methods of recruiting top service talent, but you must also focus on retaining that talent.

So, what issues are causing your technicians to leave in the first place? As it turns out, there is not just one cause, but rather a countless number of causes that turn younger demographics away from the automotive service industry.

Certainly, the long hours, physical demands of the job, and a growing dissatisfaction with outdated compensation structures all play a role in turnover. But, deeper and more systemic problems include archaic shop cultures dominated by men, a lack of clearly defined paths for career advancement, and less interest in mechanical knowledge in the digital era.

There are no quick or easy fixes to these issues. Taken together, they suggest that a radical overhaul of your service department's culture may eventually be in order, especially if the bottom line is in peril. In the interim, you can take some more incremental, practical steps to make a difference:

A sense of upward mobility, or at least a real possibility of it, keeps your employees invested in your operation and not the competition's.

The common thread to each of these technician retention approaches is investment.

1. Invest in and aggressively recruit from local trade and vocational programs that are likely to produce your highest quality candidates for hire.
2. Consider a switch from the flat-rate, paid-by-the-job system to a competitive hourly wage. Study after study has shown that millennials are more interested in stability than the elusive lure of earning more by working harder.
3. Re-examine the quality and consistency of on-the-job training you offer new recruits, and consider how you might lighten the financial burden on technicians who are often expected to foot the bill for their own tools and equipment.
4. Examine what discredited stereotypes might be lingering in your service department that discourage women from working there. The industry has made great strides in eliminating the old “grease monkey” stereotype of your technicians; now, there’s no reason sexist attitudes can’t also be tackled to lessen the gender gap among your service employees. Fewer than 2 percent of auto industry techs are women.⁹ If even incremental progress were made in this area, it could go a long way toward solving the impending technician shortage.
5. Be proactive in laying out for your service employees what their career advancement will look like at two, five, or 10 years from their hire date. A sense of upward mobility, or at least a real possibility of it, keeps your employees invested in your operation and not the competition's.

While these steps have more to do with culture and value decisions for your individual operation, you can also increase technicians' satisfaction by investing in tools that make their jobs flow more smoothly and accurately on a daily basis.

Consider digitizing the repair order to streamline communication between your technicians and advisors – with the opportunity to add time-stamped comments that are saved in history. Or, utilize an embedded pricing tool to cut out misquoting and eliminate time wasted jumping from screen to screen. Leveraging these solutions empowers your technicians, which they'll appreciate just as much as the empowered customer will.

The common thread to each of these technician retention approaches is investment. Investing without a clear plan to offset the additional cost is a pipe dream for most dealers, but the value of solutions that eliminate waste and inefficiency is that they tend to pay for themselves and then some.

Your customer base has come to expect modern technology and convenience in every retail experience.

With a more satisfied service staff ready to defy the widespread turnover problem, you'll turn what used to be a significant drain on your service department into a new and reliable revenue driver.

The Digitized Process

We've talked a bit about different ways you can streamline outdated manual processes in your service department – and the reasons for doing so.

In truth, we've barely scratched the surface. The deeper you delve into costly inefficiencies in the service department, the more opportunities for improvement you'll find.

Let's review one more list of questions and see how your service department stacks up:

1. Are your advisors using a mobile tablet for a walk-around inspection and write-up?
2. Are jobs digitally dispatched to technicians based on skill level, availability, and other performance metrics?
3. Can technicians and advisors digitally check parts availability before recommending a repair?
4. Are your technicians able to take pictures of repairs and add them directly to the repair order within the same system, as well as send those images to the customer for increased transparency?
5. Does your system allow the customer to approve jobs digitally and check the status of their vehicle, either on a digital display in the waiting room or online?
6. Are customers able to pay for services digitally?

The common theme of this set of queries isn't hard to spot: going digital. Your customer base has come to expect modern technology and convenience in every retail experience. When you provide such an experience – cutting out costly process inefficiencies at the same time – you create an elite environment.

Take these steps today to digitize your processes and turn the efficient workflow itself into a service department revenue driver:

1. **Greet customers with a tablet.** When your advisors greet customers with a tablet, that action instantly differentiates your operation from those that follow the status quo of paper and clipboard. Also, the best providers offer a unified system so their advisors don't need to re-enter write-up information in separate software.
2. **Keep technicians in their bays.** If your dealership is not dispatching work electronically and selecting the appropriate

technician based on preset skills, you're making life harder than necessary on your employees. Digitally dispatching jobs helps get the wrenches turning faster, allows advisors to stay on the drive to accept inbound opportunities, and stops all the walking and talking that eats away at profitable labor time.

3. **Give service employees access to parts information.** Wasted time equals lost profit. Every time your technicians find repair opportunities, they should know whether or not the relevant parts are on hand to complete the job. Let your revenue drivers see availability, request the part, confirm the repair, and keep working.
4. **Be transparent with your customers.** When describing the empowered customer, we mentioned how customers value transparency and the feeling of being in control. With the ability to take pictures of actual repairs, your dealership can show customers exactly what maintenance you're recommending.

Simply saying, "You need a new filter" versus actually showing the customer his or her own clogged, dirty filter are two very different methods of persuasion. The images of the recommended repairs provide proof that reassures those customers on the fence. Plus, linking actual repair images to a digital repair order provides your dealership with some future insurance when referring back to recommended and declined services.

5. **Let customers approve work on the go.** Your customers are busy, always on the move, and, more often than not, ready to decline inbound calls from numbers they don't recognize. When trying to get additional work approved, it's best to communicate with your customers fast, not only to inform them of vehicle status but also to gain their approval to move forward. Instead of calling a customer and leaving a message – while the car is on hold in the bay – your advisor should be able to text a customer and get right back to the technician with a quick electronic approval.

In the same vein, consider what additional steps you could take to keep your customers informed of their vehicle's status at every point of the service process. It may not take much to provide a digital display in the waiting room or monitoring option on your website to keep customers in the loop, but the rewards for doing so are significant: cashiers no longer have to constantly check vehicle statuses and you increase your CSI scores.

6. **Offer electronic payments.** Another retail development that's here to stay is the ability to pay online. If you're not offering digital payment options, you're leaving room for a hiccup in your service

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experience that could ultimately cost you in customer satisfaction. Remember customers' expectations when it comes to retail in general: the ability to avoid long lines and the 5 o'clock rush. Your service experience should mirror those expectations.

Turning Service Waste into Service Revenue

Like so many industries rocked in the last decade by economic and technological factors, the automotive service industry is in flux.

Between inefficiencies that drain profitability and a looming shortage of service technicians, the landscape facing dealership service departments has perhaps never looked more hostile.

Yet, within every challenge lie the seeds of new opportunity. The dealer who will not only overcome but flourish is the dealer prepared to invest in best practices, refined processes, and powerful solutions that root out inefficiency and retain top service talent.

Take the time to reassess your own service department, begin taking the steps to separate yourself from the competition, and meet tomorrow's challenges before they arrive.

Visit www.reyrey.com/whitepapers to read more about how the automotive industry is changing.

¹ Ratchet + Wrench

² Fixed Ops Journal

³ Dealer Marketing Magazine

⁴ JD Power

⁵ Automotive News

⁶ See citation 2

⁷ NADA 2017 Dealership Workforce Study

⁸ The Washington Post



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