



Tough Time for Sales: Make Your Service Department the Leader

by Dr. Douglas Churchill Adams
 Leadership Resources, LLC
 Carmel Valley, CA 93924

The automobile business is not easy right now. One thing you can have impact on is optimizing your Service Department. The key is focusing on how to increase your profitability in Service (and Parts). How would you like to achieve the following in your automobile dealership?

- Increase Customer Pay ROs by 20%
- Increase your Customer Retention significantly above the National Average
- Change your CSI ranking to a top ranking in your Region
- Significantly decrease turnover and absenteeism

All of these improvements lead to a positive AND profitable long term customer relationship. Our efforts with your Service and Parts teams will help you right now and build a strong foundation for a dramatic increase in business as our economy turns around.

The purpose of this article is to let you know what we know works in making your Service Department a strong business leader. We are very clear on the measurements that will tell you the health of your Service Department. The keys to strengthening your business is addressing the underlying philosophies and processes that are impeding your progress.

1. Level of leadership and management expertise of the Service Manager
2. Cultural and business differences between the Sales end of the business and the Service end of the business
3. Establish a baseline of what and how the Service Advisors, Parts Department, Valets, Technicians and Cashiers work together (or not)
4. Each Service Advisor understands what he/she knows as a great retail service experience and overlay on your Service Department to establish the gaps between where you are and where you want to go
5. Develop a new Purpose that drives the Service business toward a new Vision for the future
6. Weekly team meetings that are focused on the key objectives that drive your business. Each Service Advisor observes his/her work and reports his/her observations to the team
7. Debrief each meeting to understand what each individual learned and what is enjoyable about learning; establish observable objectives for the next week; keep repeating this process

These seven steps complete the management and leadership circle. The first four points are all about establishing a baseline of where your business is today. Step number five is about establishing a new understanding of where you want to go (Vision) and how you are going to get there (Purpose driven objectives). Each one of these steps, when properly executed, will provide immediate financial benefits if properly led and managed.

Number One

The Service Manager must be a competent manager and leader. This means he must have a good sense of himself as a person. The more the Service Manager is excited by seeing his employees succeed the better he will be as a manager. His philosophy is important. A couple of basic tenants lead the way. Work effectively to establish developmental plans for all employees in your department that want to participate. Get clear with your Service Advisors that you are in the service advising business, not in the sales advising business. And lastly, provide an environment that allows all of your Service Advisors a way for each of them to personally understand what excellent retail service means to each of them, individually. If your Service Manager doesn't have this kind of mindset, start here and carry on no further until he achieves this benchmark. **Hint.** Effective General Managers who hire top Service Managers generally support the Service Manager rather than try to micro-manage the Service Department.

Number Two

Often automobile dealerships are owned by people who came from the front-end sales side of the business. Most of the general managers come from this part of the business, too. The culture of many dealerships is heavily influenced by the front-end sales philosophy. New car sales are king. The front-end sales business is completely driven by short-term expectations/results. Good customer service at the front-end means selling an automobile, financing, and other F&I products at top margins. The “deal” is a short-term transaction. The term “transparency” is used all the time today. There is not much transparency between front-end sales and the customer.

The Service Department is best run with a different philosophy. Service Advisors are truly advisors. Top performing Service Advisors will recommend what repairs need to be done now, what can possibly wait and what the customers may anticipate in the future. They sell services and products that the customer approves. **Hint.** Transparency is a good thing when dealing with a highly profitable Service Department, because it builds customer confidence/customer retention.

Number Three

This is about getting Senior Technicians, Parts employees, Service Advisors and Valets together to map what actually happens when a customer comes to the Service Drive until the customer picks up his car. This is a critical step in establishing your baseline for your current service. **Hint.** Most efforts to change the way you do business fail, because you never fully understand “Where you are.” It would be like being in a sailing ship in the Pacific Ocean; you have a grand vision of wanting to sail to Hawaii; the problem is you never understand your currently longitude and latitude. So, even you know where you want to go, you probably will die during the ocean voyage. Without a proper starting point you can’t accurately navigate. That is why so many management improvement efforts die, too.

Number Four

One of the difficulties of being in an organization is that it is hard to see what is really going on. Much like the “Boiled frog syndrome,” you are cooked before you know what is happening. It is extremely easy to be lulled into complacency and think that your business is the center of the universe. We see many managers and leaders in organization attributing what is going well to what they are doing inside the organization. When someone points out what is not going well, the same managers and leaders are apt to attribute it to outside forces, anything or anyone other than themselves. **Hint.** Get your Service Manager and Service Advisors to personally embrace a company that exhibits top retail service. This is an individual exercise, not one size fits all.

Number Five

This step may be the most challenging of them all. Up to this point the teams have been working on establishing a baseline regarding their performance. The data is all around them, with the appropriate management, facilitation and time “what is really going on” is something that is not overly difficult to establish. Now, with the baseline in place it is time to move toward the unknown. This means each person starting to think in terms that are out of their individual comfort zone. After 6-9 months of making steady progress with basic observations, now the teams are asked to think bigger. What really is the objective/purpose of being a Service Advisor of having a Service Department? The team members look at each other like you are asking a stupid question. They answer, “To take care of our customers and to make money.” While this is correct, they have not found the new vision and the objectives that are so attractive that they will pull them toward a work environment that is more enjoyable and filled with learning. **Hint.** Establishing these kinds of environments inspire continuous improvement. People who get better generate increased profits.

Number Six

During your work over the past 6-9 months you have established teams. These teams consisting of Service Advisors are enjoying what they are learning. They wonder when these meetings will stop, when will things revert to the way they used to be? The Service Manager is the leader and must exhibit persistence and consistency by managing these weekly meetings on a dependable basis. This is the time that the team reinforces its new purpose and objectives to move toward their new vision. One of the fantasies that plays-out with human beings is, “When I get such and such everything will be perfect.” Life is every

changing, work is ever changing. Teams either get stronger or weaker, they never stay the same. **Hint.** As the Service Manager, make sure you have someone who can help keep you fresh and stimulated. Without this person you too can be lulled into a sense of complacency.

Number Seven

It is scientifically proven that it is easier for the human mind to see what is going badly rather than what is going really well. Why do you think newspapers lead headlines are often about crimes, disasters, and scandals, rather than the positive aspect of what is going on in our world? The reason is that it is easier for our minds to see what is wrong and thus we are easily attracted...like bugs to a light. Well, why is this important? It is important because, as the leader and Service Manager, you are the person who needs to set the tempo of your workplace. This means starting every meeting by asking each person to talk about something, "What is going extremely well in their life today." It means have a written purpose and agenda that guides each meeting using the new objectives and vision for the future. It means clearly establishing a process where the Service Advisors observe their own behavior and the behavior of their customers. It means reporting these observations in the meetings; it means learning how to use the experimental method during the week by testing your new hypotheses. For example, "What is the impact of walking my customer to his car after the service?" This is all about getting clear on a new purpose, experimenting with new objectives and making continuous improvement based on what you learn. **Hint.** Work is no different than an athletic team, if you want to get better, meet, practice and debrief what you learned. If you repeat this cycle your team will get stronger; if you don't you will get weaker.

This short article is just the "Tip of the Iceberg." Leadership Resources, LLC has spent the last five years understanding and improving the way people hire and work in automobile dealerships. Call Dr. Doug Adams to talk about how you can join the ranks of dealers who can seize this downtime to strengthen your Service Department and make more money, now.

1 Smith, Robert Kinsel (2007). *Writing a Value Profile*. p. 28. Clear Direction, Inc., Dallas, TX.