

## Understanding the Times...

by : Charlie Polston

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What is your fixed operations goal in 2009?

### **In order to succeed, you must:**

1. Know where you are going
2. Have a strategy and a road map to get there

But first, you must have a clear understanding of where you are now, and how you got there.

The past two years have been rough in our industry and most automotive gurus predict 2009 won't be any better. There is light at the end of the tunnel, though, as most market-watchers expect a resurgence of new car sales in 2010. I've heard my experts say, "As goes new car sales, so goes service." Personally, I disagree. I believe the service department can grow and thrive and flourish, regardless of what happens with new car sales.

When folks aren't buying cars, it means they are holding on to what they have; and those cars need to be maintained. If you've been following my articles in *Dealer Fixed Operations* magazine or attending my NADA workshops over the last several years, then you know that I have only one message: Sell preventive maintenance services to your customers. It is the only strategy I've ever seen that will work no matter what the economic climate or how strong the winds of uncertainty are blowing.

In the Old Testament, as King Saul's reign was coming to an end, David was destined for the throne. In preparation, David began to assemble his advisors and his army. In *1 Chronicles 12*, the Bible lists the various tribes that came to support David. These were valiant men, skilled in military strategy, smart and efficient. Among them were "the sons of Issachar, men who understood the times with knowledge of what Israel should do!"

Like the sons of Issachar, you must also "understand the times" and "know what to do." The following is a current snapshot of our industry:

The times: There are 249 million cars on the road, compared to 201 million just 10 years ago. There are 1,204,000 service bays today compared to 1,248,000 in 1998. That's 48 million more cars and 44,000 less service bays.

- **What to do:** We need to keep our service bays full of work that is 100-200 percent efficient. Many maintenance services, like power steering fluid exchanges and nitrogen, can be performed in half the time flagged. If you want to increase efficiency, sell maintenance.

**The times:** The Motor Equipment Manufacturers Association estimates \$55 billion in maintenance and light repair went unperformed last year. It happened because customers weren't educated on their vehicles' needs and because service centers didn't ask them to buy.

- **What to do:** Educate your customers on the cost-benefit of preventive maintenance and ask them to

buy. Technicians must do a thorough multi-point inspection on every car, every time. The advisors must call the customer, explain what additional service is needed, and ask the customer's permission to proceed. I know you've heard this before. Are you doing it?

**The times:** According to a survey done by Lang Marketing, over 50 percent of the customers that choose dealerships for their maintenance work do so because of quality. Only 1 percent are concerned with price. They are not coming to you because you are cheap, but because you are good.

- **What to do:** Teach your advisors how to promote features, benefits, and advantages. Teach them to explain the consequences of not performing maintenance services. If the only sales technique your advisors have is to discount the price, then your process is broken. Fix it.

**The times:** Customers are slipping away. Dealerships currently get only 16 percent of the overall service pie. Dealerships sell 100 percent of the vehicles and capture 100 percent of the warranty. Yet when Americans have to spend their hard-earned money, 84 percent go to the competition.

- **What to do:** Give a service menu to every service customer. Display banners and run ads that scream the importance of preventive maintenance. Maintenance saves time, money, and gasoline. I firmly believe if we push maintenance services, it will greatly increase customer loyalty. I've seen it happen hundreds of times. What is the best way to increase customer retention? Sell maintenance services.

Maybe you're saying "Okay, fine Charlie, I get it. I know what to do; I just don't have the time (or ability) to teach my advisors and techs how to get it done." If that's your situation, here are some tips:

- Provide copies of *Dealer Fixed Operations* magazines to your staff. It's packed with sales techniques and profitability ideas.
- Take an online or in-person class on selling skills. The automotive industry is blessed to have a plethora of great teachers and mentors.
- Contact me and I'll connect you with a member of our nationwide team of fixed ops professionals. They can help.

As long as you understand the times, know what needs to be done, and do it. Then, I can assure you 2009 will be a great year for your service department.

On behalf of my wonderful wife Angela and my beautiful daughters Beth and Hannah, I want to wish you a Merry Christmas from the Polston family to yours!

**Charlie Polston** is a fixed operations profitability and customer retention consultant with BG Products, Inc. He has trained over 2,500 fixed operations personnel nationwide. He has been with BG Products, Inc. for over 25 years.