

ZEN AND THE ART OF MAINTENANCE SERVICES

Presented by ABS, Inc.



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About the Author

Jim Metzger has over 22 years of wide-ranging experience in the automotive repair industry. He has worked in every conceivable capacity; from line technician to running multiple shop locations.

After attending an Automotive Institute, Jim started his automotive industry career as a mechanic and tow truck driver for a small gas station in California.

Through diligent study and experience, Jim has become ASE-certified in 26 different areas and has become a respected name in the automotive service world.

In his spare time, over the past 15 years, Jim has made numerous court appearances serving as an expert witness in automotive cases and has been on the winning side of each case.

Jim's training experience began many years ago as a technical trainer. After some time, he realized that more than technical training was required to make most shops flourish. So, he began to develop Business Management courses. Since then, he has helped to develop and provide hundreds of hours of

management training to shop owners and corporate groups.

Jim's unique presentation style blends wisdom, experience, real-world savvy, technical knowledge and humor. So pay attention, participate and enjoy.

Overview

The Name of this class may sound a bit odd. However, it is more than just a clever marketing ploy. The definition of Zen is “a peaceful or harmonious atmosphere.” Too much of your time (and your customers’ time) is spent on challenging repairs or crisis management. This creates turmoil, stress and discomfort on both sides of the service counter. Wouldn’t it be nice if you could create a calmer, more Zen environment for yourselves and your clientele?



It’s not only possible; through selling maintenance, it’s also highly profitable.

Automotive technology has not yet reached a point where vehicles are “maintenance free.” Given a certain period of time or mileage, a vehicle will require some level of maintenance or repair.

You need to educate your staff and your customers. There is a clear choice to be made. A vehicle can be maintained or it can be allowed to fail and then repaired at a greater cost. The adage “pay me now or pay me later” has never been more accurate.



It’s our hope that the information in this class helps you and your customers make the right choice. Your job doesn’t have to be about crisis repairs and challenging sales.

By partnering with your customers and establishing a comprehensive maintenance program, you can both reach Nirvana, a profitable, stress free workplace for you, and a reliable, predictable vehicle for your customer.

A Brief History

The 1980's were brutal on the automotive manufacturers. The energy crisis created a demand for more efficient vehicles, the EPA's requirements became increasingly difficult to meet, and the economy wasn't exactly favorable for major purchases like automobiles.

Imagine facing all those struggles in a relatively short period. Right about the time they got carburetors and electronic ignition figured out, they had to switch to fuel injection and eliminate distributors altogether. All this, while at the same time, fighting tooth and nail for the few customers that were actually considering purchasing a new vehicle. If the competition came out with an innovation the other manufacturers had to follow suit to survive, even if research and development schedules had to be drastically altered. Is this an exaggeration? Anyone remember the fact that Chrysler had filed for bankruptcy around this same time?



Eventually, these stopgap-engineering marvels actually made it to the showrooms, the customer, and to the repair shops. What was a difficult period for manufacturer's and customers was a windfall for the repair shops. These vehicles had problems that were as predictable (and practically as common) as a sunrise.

You almost could've planned your entire business around these pattern failures. Inventory, equipment, and advertising were all geared toward attracting and performing these repairs. Most were fairly easy and profitable and businesses flourished.

To avoid the obvious liability issues we won't name these vehicles, but let's just say the cars that used to be your bread and butter have fallen by the wayside. The innovations of the eighties and the windfall they created for the automotive repair shop is over. There have been vast improvements in the way vehicles are designed, engineered, and assembled.



Fuel injection and on-board computer systems have been refined to a point where they are largely self-diagnosing and nearly trouble-free. That may sound a bit optimistic, but for those that were actually repairing cars twenty years ago, the difference is like night and day.

These improvements have produced vehicles that are far more reliable with failures occurring at a fraction of their historical frequency. The average vehicle today can be driven more than two hundred thousand (200,000) miles with proper maintenance.

Let's face it; if you sit around and wait for a Toyota Camry or a Honda Accord to breakdown, you'll starve to death. It's time to rethink your purpose in the scheme of things. Waiting for newer vehicles to require major repair or counting on older cars for the majority of your business is a formula for failure.

Your salvation lies in maintenance work. There needs to be a change of focus to include an emphasis on maintenance services if you want your business to thrive, or potentially, just to survive.



NOTES:

Why Sell Maintenance?

Advances in the industry have created vehicles with technology surpassing that of the original Moon Lander. Some vehicle owners are finding this space age technology intimidating, and generally avoid having any work performed on their cars until it is obvious that something is wrong.

With all these refinements in engineering and manufacturing, the average price of automobiles has skyrocketed. NADA now tells us that the average price of a new car is over \$25,000 and the average used car is \$13,650. The last few years have also seen a sharp decrease in leasing. So people are seeing their new vehicle as a long-term investment rather than a temporary responsibility.



Because of the increased cost of newer vehicles and the tendency for people to hold on to their vehicles longer, your opportunity for maintenance sales is virtually unlimited. If you are not selling maintenance, you are missing a massive and profitable market. It would be like eating tofu everyday and refusing the offer of a prime rib dinner with all the fixings. You are missing the “meat” of what is available to you.

Regular maintenance is all about checking and/or replacing automotive components before they fail. Because of the obvious advantages to your customers, it is your duty and obligation to sell regular maintenance services to them (it just happens to also be highly profitable).

What do you think the customer satisfaction rate is on replacing components before they fail? The car came in without a problem and left without a problem (it should be 100%). What a huge opportunity to build long-term customer loyalty!

"Once they've purchased a new car, some people are led to believe that all they have to do is drive it, fill it with gas, and change the oil-- and then they expect it to last five or 10 years until they trade it in.

"Granted, the engines and transmissions being built for today's cars are far superior to those in older models, but only if you maintain them. And that's a big if," Kwapich said. "There's this perception that a car can be like a washing machine. That it will last for years without ever needing maintenance. But that's not how it works in the real world.

"Preventive maintenance today will help your car last until tomorrow," Kwapich said. "Lots of people overlook the need for maintenance because they still perceive their car as brand new," Kwapich explained. "For instance, people often buy new cars right before they leave on vacation, then forget that those accumulated miles may warrant an oil change or tire rotation when their vehicle is only a couple of months old.

"If car owners put a few dollars into maintenance, they are almost certain to get better overall performance and vehicle longevity."

-- Roger Kwapich, Manager of Technical Services, Champion Spark Plug Co.

Without a doubt, most of us strongly believe in the importance of preventive maintenance for our customers. Manufacturers know the importance. They know that a properly maintained vehicle will be more dependable, safer, last longer and increase the consumer's satisfaction with their product.

What Does Preventive Maintenance Do For the Consumer?

- ✓ **Saves money - fewer high-cost emergency repairs, better fuel economy**
- ✓ **Reduces stress, work not always done in a crisis mode**
- ✓ **Provides better overall vehicle performance**
- ✓ **Promotes vehicle longevity**
- ✓ **Increases safety**
- ✓ **Protects the environment**
- ✓ **Promotes dependability, fewer emergency roadside breakdowns**
- ✓ **Keeps manufacturers warranty or extended warranty effective**
- ✓ **Retains vehicle's resale or trade-in value**

So we know regular maintenance is critical. A recent Car Care Council study shows 92% of those consumers surveyed indicated that preventive maintenance is a good idea, yet check lane inspections conducted across the U.S. revealed that 77% of all vehicles needed repair or maintenance! Here's a quick overview of the failures: 22% had low or dirty engine oil; 13% had low tire pressure; 20% had inadequate cooling protection; 16% needed new belts; and 10% had dirty air filters.

Asked who are the top procrastinators in the country, Donna Wagner, vice president of the Car Care Council replies, "*That's easy - motorists.*"

"Many motorists simply never get around to maintaining or repairing their automobiles," says Wagner. "It spells trouble, not only for these drivers, but for other motorists on the road with them."

A good example of this tendency to delay needed maintenance is found in the results of a survey conducted by the Car Care Council Women's Board. When women motorists detected brake trouble, 21% waited up to three and a half weeks before having the car serviced.



According to Wagner, male drivers are also guilty of procrastinating. There are several reasons motorists delay maintenance and repairs, she says. Some dread the financial burden, while others are busy and simply choose not to schedule an appointment.

It's your opportunity, even duty, to help consumers overcome their natural tendency to delay or avoid regular maintenance. In the next section, we will discuss in detail how you accomplish this. You must take an organized approach to encouraging customers to have preventive and scheduled maintenance performed.

WHY SHOULD YOU SELL MAINTENANCE?

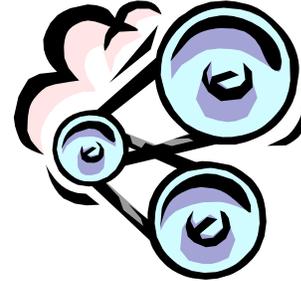
The benefits to your business are huge and important. Here are a few of them:

- ✓ **Builds your revenue, at lower incremental costs**
- ✓ **Drives new customer acquisition – customers may test your capabilities and integrity by having you perform simple maintenance services to start**
- ✓ **Decreases costs – maintenance services can be performed by level “B” or “C” Technicians**
- ✓ **Promotes bulk item (oil, antifreeze, transmission fluid) sales - at higher profit margins**
- ✓ **Decreases actual time and costs – no diagnostics involved**
- ✓ **Reduces stress – scheduled, not “crisis” repairs**
- ✓ **Increases hours flagged – labor functions can usually be performed in less time than flat rate allows**
- ✓ **Decreases time waiting for parts – parts can be stocked**
- ✓ **Provides an opportunity to build an accurate maintenance database – with email service reminders, recall notices, coupons, and specials**
- ✓ **Improves shop scheduling effectiveness – preventive and scheduled maintenance can be scheduled much more efficiently and further in advance**
- ✓ **Promotes long-term customer loyalty – you see your customers often and perform “low-risk” parts replacement**
- ✓ **Price becomes less important as you become your customer’s “vehicle caretaker”**

PROMOTES CUSTOMER ACQUISITION & RETENTION

One of the recommendations made by ASE on “How to Choose a Repair Shop” tells a customer to take their vehicle to a facility and have them perform a simple maintenance service. From this service a customer can gauge how well you’ll take care of them and their vehicle. A simple oil change will not generate much revenue by itself, but it may be the measuring stick used to determine whether or not that customer will spend several hundred, or thousands, of dollars with you over the years to come.

The best thing you can do to retain customers is to be completely honest and ethical. Once a customer has allowed you the opportunity to service their vehicle, make the most of it. Never compromise your integrity or that of the company in order to increase your sales.



If we partner with our customers to help them maintain their vehicles and protect their investment, they’ll keep coming back. Make sure they get an honest and complete appraisal of their vehicle’s maintenance needs. Don’t be pushy. It’s your job to educate and inform. The wise customer will make the right decision provided you’ve given them good information.

Once you’ve gained the customer’s trust, they will expect you to become the caretaker of their vehicle. If there is something on their vehicle that needs attention, they will want to know about it. If a component is worn or on the verge of failure, and you fail to let the customer know, the customer will feel you failed in your responsibility. Quite frankly, you may have.

Obviously, you cannot predict when a component is going to fail. But, you can point out a component that is weak or worn. This holds true primarily for the components that can be visually inspected. No one will expect you to be able to tell that a head gasket may fail in 6 months. But they will expect you to be able to identify a worn fan belt or swollen radiator hose.

Hypothetical Situation

A customer comes into your shop with a vehicle that is overheating. You find the thermostat has failed and is the cause of the overheating. You replace it and everything is fine. However, the serpentine belt on this vehicle is old, cracked, and worn. The technician fails to identify this and the vehicle leaves with the old belt in place. A week later the belt breaks while the customer is driving to work. Because the belt has broken, the water pump is no longer turning and the vehicle overheats again. What do you think is going through the customer’s mind?

Don’t allow a scenario such as this to tarnish the trust the customer has developed in your facility. Every vehicle that comes into your shop should be inspected to ensure that at least all the basic maintenance items are up to par. Even if the customer declines the recommended services, you’ve done your job. Any predicted failures are now viewed in a whole new light, “those guys told me this might happen, I should have listened”.

LOWER TECHNICIAN COSTS; HIGHER PROFITS

Lower Technician Costs – Maintenance service generally requires no diagnostics, few special tools and limited experience. For this reason, maintenance service work can be performed by a technician with a lower skill level than a technician that would perform more complicated repair work.



When speaking of repair work, you are typically presented with a vehicle that has an unknown problem. The customer describes the symptoms of the problem and you must diagnose the failure then call for permission to proceed with the repair. Some problems are easy to diagnose others can take hours. What's the average amount of time your technicians spend diagnosing a vehicle?

Maintenance service usually requires nothing more than a visual inspection of the vehicle and vehicle components. Unless, you're selling the maintenance service at the front counter, before the vehicle enters the shop. Then you don't even have to wait for an inspection to be completed.

The benefit of performing a higher percentage of maintenance service work is two fold:

- You could have a lower skilled technician performing the work, for which you are paying a lower compensation rate.
- Or, your higher skilled technicians can perform these services in conjunction with the other repair work and improve their overall efficiency.



Either way, your overall costs are reduced and your profits increased. It also results in a stabilization of the required labor pool and a subsequent reduction in overall operating costs.

HIGHER PROFITS ON PARTS

Another way to cut down on the amount of time the vehicle spends in the stall is to consider stocking more maintenance items at the shop. By doing so you will eliminate the wait time for parts to be delivered. Again, the overall shop efficiency will increase. In some instances you may be able to gain a lower acquisition cost by having higher volume purchases through your parts store. This will lead to higher profit margins on the parts used for these services. This may be especially true for bulk items like oil, antifreeze, or transmission fluid.



LESS STRESS FOR ALL INVOLVED

When relying upon repair work for the majority of your business, you are depending upon a distressed customer coming to your shop with a broken car and authorizing repair work that has caught them by surprise. They are not prepared



for the added expense of that repair or the inconvenience of being without their vehicle. The best you could accomplish is to make the vehicle roadworthy once again, but it's seldom a pleasant experience for you or your customer.

By performing a higher percentage of maintenance service work, you're working on a vehicle that is already roadworthy, requires less time to perform the work, less skill to perform the work, and less expensive personnel to complete. The work can be scheduled, payment costs can be planned, and the customer continues to drive a reliable vehicle. What a difference for all involved. This all holds true based upon one fact that merits repeating, that the vehicle is repaired right the first time!

Preventive maintenance provides routine scheduling of tasks so that a uniform workflow can be achieved. Fewer surprises for you and your customer means less stress for everyone.

