

Bringing in Customer Pay Work with Recall Notices

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Going way back to my days as a warranty administrator, I got to see first hand how seeking out the recall customer can bring those customers banging down a service department's door looking to get work done on their vehicle.

When I was at my first job as a warranty administrator, I got a bit of an interest in seeing that recalls were being taken care of in our shop. Having a report from Nissan show up on my desk every month with a list of all the customers in our area with outstanding recalls certainly helped.

It's fairly common in many service departments for vehicles with recalls on them to go through the shop without anyone having a clue the vehicle is in need of a recall repair. Unless the service advisors, shop foreman or technicians are running the vehicle report from the manufacturers (like GMVIS or OASIS), it's likely dozens if not hundreds of recall opportunities will pass through your shop each and every year.

So in an effort to make things a bit easier for the service advisors and still somewhat wet behind the ears, I thought if the recall information hit them in the face (or printed at the bottom of the repair order), they'd take care of it and all would be well.

Well, it wasn't. I spent hours on putting the campaign VIN ranges in the computer so they'd pop up on the repair order. I even went so far when I had the time to run a campaign report and check to see if those vehicles really did or didn't need the campaign. An in-house computer didn't know at the time whether or not the vehicle had the equipment involved or if the repair was done at another dealership. So I found a way to block specific recalls popping up on those vehicles that didn't need the recall. In essence, the recall information printing on the bottom of the repair order was pretty accurate.

Even with that the service advisors were still ignoring it.

You can imagine I was pretty PO'd with them. So to take it out of their hands and put it in mine, I started putting the effort into using the bright orange recall cards you may have seen that Reynolds & Reynolds sells and started sending them out.

Running a list of vehicles that had been in to the service department in the last year (so the customer information was likely very good) and that were showing up in our system as needing a recall, I check Nissan's system (called Datanet at the time) to see which ones really needed a recall repair.

I took the first one hundred that met all the requirements and filled out a recall postcard to send to the customer. When I had the postcards ready, I took them up to the office to have them mailed. That was on a Thursday night. When Monday came, the phones at the Nissan service desk were ringing off the wall.

The two lines that had were tied up much of the time and the excess was being rolled over to the service secretary. While I don't know the numbers, just during that Monday and Tuesday, there was an overwhelming number of customers responding to the postcards. We had never seen this volume of phone calls for appointments.

While that was a first and last for me, it showed me there is a way to get those customers in, especially during slow periods.

Now I'm sure there are some that are shaking their head and rolling their eyes at the idea of sending out recall postcards to get recalls in. It's just warranty work right? Who wants to do that? When you've got technicians going home early or standing around, it's better to have something than nothing.

The best part, and something I never even thought of at the time I did the recall postcard mailing, was that it can bring those customers in that would in any other instance drive by the dealership and give you an opportunity to look for retail work.

I've seen some manufacturers say the lists they send dealerships of customers that are being sent recall notices can't be used to contact them for anything other than recall follow up. Fair enough. Whether that's law or not, I don't know but that can be easily avoided by using those lists only for recall follow up. If you develop lists from your own in-house system, they can be used for whatever purpose you choose.

Once they're in the service department, there's nothing wrong with upselling on the service drive or advising a customer about a problem they may not know about when they come in for that recall. As I've said in a previous article, it's a service advisor's duty to tell customers when they're in need of work. They come to service departments for their expertise and it's important customers are made aware of any problems they have. No customer would be happy to find out you knew they had a leaking transmission like and didn't tell them and now they have a blown transmission or a huge oil spot covering their driveway.

The number of vehicles that still have recalls outstanding is fairly large. It's doubtful that you'd have the time, energy and manpower to go after everyone one of them that never visits your shop but with some selective choosing, you can use a recall postcard campaign to bring in the customers most likely to need customer pay work done on their vehicle.

If you give the recall approach a try, even if it's something as small as a 25 or 50 postcard mailing, the key to it is picking the right recalls to market.

The first item to consider when picking a recall to market is the year of the vehicles involved. If you're looking to potentially bring in retail customers to, you

should look at recalls that would have a fairly high number of vehicles that are out of warranty by time.

The chance a recall that's been put out on one year old vehicles is going to bring in retail work is less likely than a recall on four year old vehicles. The potential to do a postcard campaign on one year old vehicles is pretty low because it's likely the recall notices have been sent out somewhat recently and possibly followed up on by the manufacturer at least one additional time. The newer the vehicles involved in a recall, the higher the completion rate tends to be.

If a vehicle is only a year old, it's very likely that the manufacturer will have right contact information for the customer and the customer will be more likely to get a recall repair taken care of on their new vehicle.

Older vehicles are a different issue. Sometimes you'll run across a new recall on older vehicles but it doesn't happen with any consistency. Older vehicles have recalls that have been out there for a while and likely the manufacturer has given up getting those customers in for the needed repairs. That's the first criteria you want to use.

Second, you want to pick a recall with just one fix. There are many recalls out there that say "inspect this one thing then based on your findings either send it out the door or do one of three other procedures." You don't want the recalls with that kind of messiness with them - at least when you're taking your first shot at doing this. If it can be a repair only repair with no parts needed, even better. If it's going to be one with parts, involved, the fewer parts you need to complete makes it that much simpler.

You want simplicity. It makes ordering and stocking parts easier and everyone will know instantly when a customer comes in or calls what has to be done to the vehicle so you can quote estimated times and know if you have to order in more parts.

Third, the repair should be easy. You'll get a run of customers needing the recall and you don't want a shop full of technicians ready to strangle you because the recall is a tough one to do. When you've narrowed down your choices, get some input from the technicians on which recalls they can do relatively easily and within the labor time allowance.

Fourth, it wouldn't hurt to make sure there is a profit for the parts department in it. If parts are going to be needed to complete the recall, you're going to need the help of the parts department and making sure they come out winners too. They're going to have to order and stock parts before the customers come in and if you hit the jackpot with a high percentage of customers coming in, they'll need to restock a few times a week and monitor their inventory closely, so pick a recall that has a high profit margin for the parts department. You're not going to curry

favor with them if they're going to be making a 12 cent profit on a recall to replace one bolt. Going for a recall with high dollar parts helps the whole back end of the dealership, not just the service department.

Now that you've narrowed down your choice, being prepared is of the utmost importance. You don't want customers showing up for the recall repair and find out you don't have the parts in stock. That'll hurt your reputation and likely kill any chance of upselling if you find customers in need of other repairs.

When a project like this is going to be undertaken, it's important everyone invests some of their time into doing the leg work. One person shouldn't be shouldering the burden because it's not going to be just one person benefiting from it - everyone will. Customers will be coming in and so will more sales. Even if a number of them are warranty claim sales only, it's still money no matter what way you slice it.

To get ready for the inflow, give the parts department a copy of the recall you've targeted and the number of vehicles you've sent out notices for. Ask them to stock an initial supply of parts and most important of all, tell them you'll do your best to pass along the number of incoming appointments so they can keep the inventory on par with demand.

Have the service advisors, warranty administrator and cashier put their heads together to come up with the list of vehicles/customers targeted, run them through the manufacturers computer system to verify the recalls are still uncompleted and then to fill out the postcards.

You could also ask your field rep to see if he/she can get their hands on a list of outstanding recalls for customers in your area for specific recalls or all recalls. If you can get a list from them, I would take the list with a grain of salt. While it's likely the VIN/outstanding recall list is up to date, you should see if you can verify customer addresses in your computer system. I know the updated contact information for customers that the manufacturers get can be slow going. You have a far better chance of looking at the information stored in your computer system for the most up to date contact information, especially if the customer has been a regular or semi-regular customer.

If you really want to measure how effective this is, you should track the amount of retail work the postcards bring in. It can be as simple as making a copy of each repair order from the target group, write on it the dollar amount of the retail work upsold and then put it into a file for analysis a few weeks later.

Before I get an email or two from someone saying this approach is selling warranty, I want to address that point now. This is not selling warranty. Selling warranty involves soliciting customers for repairs that are within the parameters of the warranty period and usually involve common repairs or repairs involved in

a technical service bulletin. Recalls are repairs that need to be done. Repairs that the manufacturer and the National Highway Traffic Safety Administration (NHTSA) want done. Don't let anyone tell you doing this kind of marketing is selling warranty - it isn't.

If you're really having problems with getting work into the shop, give this strategy a try. It may not be exactly what everyone in the service department is looking or hoping for to get work in but it should give you some pretty interesting results. Even if you only do a test with 50 postcards, what will it cost you? Reynolds and Reynolds at one time sold bright orange recall postcards by the pack for minimal amount of money and may still do. You can also call a printing company to print your own.

About The Author

Gregg Tompkins

Gregg brings years of experience as a dealership professional along with a wealth of knowledge. Gregg is a Warranty Expert, President of Dealer Insight and Editor of the "Dealer Insight" Newsletter. Gregg has also been named Editor of The "Wizard\$ of Warranty™" Newsletter, a newsletter published by the Randy Shepard & Associates. Gregg's experience includes a strong background in Domestic and Import Warranty Administration and audit proceedings. His formal factory training in Warranty Administration includes General Motors as well as several import manufacturers.

Gregg has a stellar reputation for his knowledge of warranty and is well respected by his peers in the industry. With Gregg's considerable talents, interest and insight into warranty, he will be able to assist your dealership with any of your questions, concerns or needs related to warranty.

Before opening Dealer Insight, Gregg spent 10 years working in dealerships as a warranty administrator. He's not a johnny come lately to warranty administration. He's spent his career in the trenches and knows what it's like to deal with the day to day operations of warranty administration. Over the years he's submitted millions of dollars in warranty claims and has that hands on experience that can bring real world knowledge to your dealership

DEALER INSIGHT

Dealer Insight is your warranty administration expert. With 20 years of warranty administration experience, we can help you with many of the warranty administration issues you deal with on a daily basis.

We offer these services with our own people or through our network of experienced warranty experts.

Compliance Review (All manufacturers)

If you are unsure of your dealership's compliance level, you need a compliance review. A compliance review will give you an understanding of what position you'll be in for when you are selected for a warranty audit. Letting a warranty auditor tell you what your level of compliance is can be expensive, very expensive. It can also lead to additional warranty audits. By reviewing your paperwork before you are under the pressure of a potential audit can keep you out of an audit.

Warranty Administration Review (All manufacturers)

A warranty administration review is more comprehensive review of how well your dealership is performing. Everything from your warranty schedule to your parts scrapping will be reviewed. This will give you a heads up on deficiencies in your system so they can be fixed and you don't get caught short finding out when it's too late.

Warranty Administration / Claims Processing Training General Motors dealers Buick Cadillac Chevrolet GMC Hummer Pontiac

With more and more money being put under the control of your warranty administrator, you need a well trained person keeping an eye on your money and collecting all they can. A warranty administrator that isn't trained properly can cost you money and you may never know it. Don't assume that when your claims pay they are paying for all you are entitled to. Lack of experience can cause a warranty administrator to miss out on claiming opportunities. If your warranty administrator is new, inexperienced or is having problems getting the job done, this kind of training can pay for itself inside of a few months and pay dividends to you for years to come.

Warranty Expense Issues / Audit Avoidance (All manufacturers)

The factory is getting tougher on warranty expense and they're looking to cut it everywhere. Dealerships that they see have higher warranty expense to their peers will quickly find themselves being scrutinized by their rep and the factory. Before things go into a tailspin and you find yourself at the business end of a warranty audit you need a thorough review of claims by an unbiased eye. We can help you find the problems that are making you stand out. Would you rather take your chances with a warranty auditor who can charge you back tens of thousands of dollars or have us review your claims to find the root cause and help you to fix the problem at a cost that is far cheaper than an audit chargeback?

Warranty Auditing Services (All manufacturers - All industries)

Manufacturers are often caught in a situation with fewer auditors than needed or need some occasional help to keep up on their audits. Dealer Insight can fill those gaps for you. With the understanding we have of warranty administration, we can work to help you see the biggest benefit from your auditing initiatives and show your dealers how to control their costs so they don't grow out of control.