

# On the Line

## Establishing Labor Charges And Making Legitimate Service Recommendations

**N**ever let a customer feel as if they have been overcharged or taken advantage of. A courtesy service/inspection can make you money and generate a lot of goodwill and referrals.

Independents and new car dealer service departments share a common interest, and that is how to maximize billable labor hours and how to be more profitable by selling additional services. If you are not careful, you can lose a customer in the process, especially when a customer is convinced they have been overcharged or sold something they didn't need. Often, this results from incentive programs or established sales goals. While these methods of marketing are good for sales growth, if not managed, they can cost you a good customer. Always give an accurate assessment of any recommended services, as the customer may get a second opinion.

Service seminars often focus on maximizing billable labor hours. We appreciate the direction, but in the real world some simple services must be performed out of courtesy. It is a cost of doing business and it makes good business sense. This courtesy can generate more billable labor hours, plus authorization for additional services. Showing a little goodwill to a loyal customer is a good investment that will keep them returning for more services, and they will tell their friends.

### LOYAL CUSTOMER VOWS TO NEVER RETURN

The couple had long frequented the repair shop for their automotive needs. Unfortunately, a new service manager, following a new service program, cost the shop a loyal customer. The customer paid the charges and vowed to never return.

Case in point: While on a business trip, the husband received a frantic call from his wife. She could hear water sloshing in the floorboard of her vehicle. Assuming that she hadn't driven the car into a lake or stream, he assured his wife that the condition was most likely the result of a defective air conditioner (A/C) drain hose. This would allow water to pool in the floor pan instead of being expelled beneath the vehicle. He recommended that she visit the repair shop and have one of the technicians inspect the A/C drain hose.

When she arrived, the technician opened the passenger

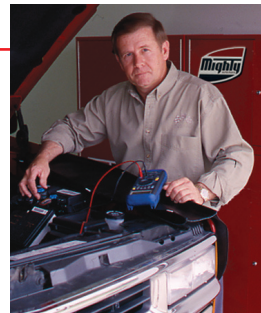
door, lifted the corner of the carpet and confirmed that the drain hose was damaged, allowing the water to drain into the floor pan. It was a molded hose and would have to be special ordered. The service writer assured her that he would have the hose within three days and there would not be any charges for the inspection. Before she could leave, the same service writer approached her and in an apologetic tone, told her that his service manager advised him there would be a \$96 labor charge for one hour's labor. Startled at the charges, she challenged him with the fact that it took three minutes for the technician to open the door, pull a corner of the carpet back and look at the drain hose. He apologized and explained that they

had a one hour minimum labor charge policy for all services. She paid the bill, but she was convinced that she had been taken advantage of. Her husband was also shocked at the charges, both vowing that would be the last the repair facility would see of them.

The service manager made good money for those three minutes of diagnostic time, but lost a good, established customer in the process. In addition to losing a minimum of a six hour labor job to remove the seats, carpet and felt to evacuate the water and dry the components, there would be no more services purchased by this customer from that facility. And I wonder how many times this experience will be told to neighbors, friends and strangers, and what impact it may have on their automotive needs. If this occurred at a new car dealership, it could cost them future new car purchases.

### MAKING SERVICE RECOMMENDATIONS

Always be honest in your evaluation and in making service recommendations. There are more than enough legitimate services that need attention without making questionable recommendations. Anything less can damage the credibility of the shop. Treat every inspection as if you are certain that the customer will be getting a second opinion. Performing a simple service as a goodwill gesture just makes good business sense. It establishes customer loyalty and will generate sales and service for the shop. The customer will give testimony to how fairly they were treated and recommend others to the facility. Word travels fast in today's connected world.



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