

Warranty Compliance – Part 2

Keeping More Money in an Audit Involves the Technicians

In [Part 1](#) of this series, we established that there are the famous “Three C’s” -- complaint, cause and correction. The Service Advisor is responsible for information gathering regarding the “complaint” from the customer. So let’s move on to cause and correction, the domain of the Technician.

What can go wrong?

What’s happening in most dealerships is that the manufacturer is “loaning” warranty dollars until an audit is performed where the loans are then paid back. Now you need to be sure your dealership takes the steps necessary to claim the warranty money you’re entitled to and -- more importantly – to keep it in an audit.

In service warranty training, so much emphasis is placed on the administrator and so little is placed on the most major player in the process -- the Service Technician. However, it’s these fine folks that determine if a repair is going to be paid and stay paid under warranty. Without the knowledgeable documentation of diagnosis and steps in the repair, you have just borrowed money from the manufacturer instead of earning and keeping it.

Show written proof

We all know that, generally speaking, Technicians do the same repair over and over again. The tendency is to give a shortened version on the hard copy because you have done the repair so many times. In an audit, each repair order stands on its own merit. So resist the temptation to generalize. If someone else repaired *your* car, you would want to know these things, and maybe more about the repair -- before you paid the money:

- What caused the complaint? How did you arrive at that decision that what you fixed was the problem? Was there electronic diagnosis? If so, what codes were pulled? If you drove the vehicle, what conditions did you put it through to arrive at your conclusion? And if you drove it, how many elapsed miles were there? The number one reason for driving diagnosis chargebacks is that the in and out miles on the repair order are the same. They need to go in the body of the tech comments.
- If a part was defective, what part was defective and what made it defective? So many times Technicians will oversimplify. Manufacturers need to know what made parts defective so that if the problems persists, the manufacturer can go back to the provider of the part for compensation for faulty workmanship.
- Replace only the part that is defective. When repairing rear differentials, some technicians replace all bolts. If there was no fault of the rear bolts, don’t replace them
- Repair the vehicle according to established methods. It’s very tempting to “pad” the labor cost with excessive or poorly documented straight time or non-time. We run into this all the time now that warranty has been on the decline for most manufacturers. Would you want to pay two hours of time for a diagnosis and the replacement of a fuse?
- Reserve additional (add-on) repairs for three categories only: Recalls, Safety items and Items that, if left unrepaired, would cause further damage to another

component. And as always have that add-on inspected and approved by management prior to repair.

The Technician carries the ball

These are the classic points that a Technician is responsible for that cause potential audit concerns. In these days of sophisticated data manipulation, most all manufacturers have warranty cost/trend reports. With these reports, a person trained in deciphering the information can pinpoint what type of repair is driving cost, whether it is excessive parts or labor, and even what tech is in need of training. It's very important that these key players in the warranty process be knowledgeable in what the manufacturer is looking for as it pertains to warranty.

It is important to document what procedures were used in the diagnosis because the *manufacturer* is the paying customer. Each manufacturer reserves the right to review documentation of each repair they pay for at any time they choose. Usually a non-technical person is reviewing the repair procedures. If, in reading the notes, the repair doesn't make sense or improper procedures were used, they may feel they did not get their money's worth and will take some or all of the money back. Technicians need to write their comments as if an 11-year-old was going to read them: clear, simple and complete.

Points to ponder at your next Technician meeting:

- In the diagnosis process, document every step of the process as if someone who fixed your car was justifying the bill he was going to charge you for a repair.
 - What type of diagnosis was performed?
 - If electronic, what codes were pulled? (Codes need to be in the written comments)
 - If not electronic, what specific steps were used to determine the fault?
 - If a test drive was done, what were miles out and in? (Again put in written comments)
- After determining the cause of the customer's concern, what steps were taken for the repair?
 - Did you have to remove parts to gain access to the fault?
- Was there a part replaced? If so what was the fault of the part?
 - There has to be an indicated fault to every part replaced (exceptions are seals and gaskets)
 - "Broken" as a fault indicates to the manufacturer there was customer abuse.
 - "Worn or worn out" is not a manufacturer's defect.
- Time punch (on and off) each repair accurately. Excessively short time punched indicates to the manufacturer that established repair procedures were not followed. Excessively long time punch indicates that the Technician is improperly trained and you are using warranty to pay for training. Most manufacturers require that non-time or straight time has its own separate time punch.

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