

# Warranty Compliance – Part 3

## *Let's Take a Closer Look at the Warranty Advisor*

In the first installment of this series, my goal was to shed light on the “Advisor,” to highlight that the warranty repair order needs a proper beginning. In the next installment, on the “Technician,” the purpose was to bring attention to the one person who is totally responsible for the content of the warranty repair order. In this final installment, I offer a different view of the warranty administrator.

### **What this position is NOT (or at least should not be):**

- It should not be a quasi-managerial position where the Service Manager has turned over total responsibility for warranty to this person.
- It should not be overlooked as a strictly clerical function.
- It should not be solely an office function under the purview of the Office Manager.

### **This position should be:**

- Viewed and acted upon as a position requiring the highest form of training, second only to the Service Technician in the Service Department.
- It should be a position that has, as their supervisor, the General Manager, not the Service Manager.
- An extension of the Service Manager. The auditor portion of the department, reporting to the Service Manager variances in manufacturer policy and procedures.

**Let's take these points individually, even though they are going to be controversial.**

### **“It should not be a quasi-managerial position where the service manager has turned over total responsibility for warranty to this person.”**

In so many dealerships, the position of Warranty Administrator is elevated to a position of monarchy. The person rules with absolute power. They will go to the tech and belittle for not having a proper story. They will authorize goodwill. They will do battle with the Service Advisors. In some extreme cases, the Service Manager himself will be hesitant to take on this formidable opponent. They will even work with the manufacturer's field service rep, in place of the Service Manager, for authorizations. What we have seen here is low morale within the Service Department, especially with technicians. If this person should ever quit, the entire Service Department is crippled. The most interesting thing is that, once investigated, this person is not nearly as “good” as is the perception.

### **“It should not be overlooked as a strictly clerical function.”**

For too long this position has been viewed as a data input function. Therefore, it has been paid and treated as a data input function. Consequently, it has had a sky-high rate of turnover. This position is not only responsible for the collection of hundreds of thousands of your warranty dollars but the ability to keep that money in an audit.

### **“It should not be solely an office function under the purview of the Office Manager.”**

There is a situation in far too many dealerships where this position is delegated to the office. While a portion of the Warranty Administration position is accounting, the larger overview is that of warranty compliance. To achieve warranty compliance, the Administrator needs to be within communication proximity of the Service Manager. In this way, the administrator can communicate deviations of policy and procedure more effectively. While on the subject of accounting, the only accounting function that the administrator should perform is the preparation of the adjust sheet (JV, adjustment voucher, etc.) to account for differences. These need to go to the Service and Parts Managers for approval. The administrator should never be allowed to post unapproved adjustments.

**“It should be viewed and acted upon as a position requiring the highest form of training, second only to the Service Technician in the Service Department.”**

Ten years ago, the Warranty Auditors for various manufacturers viewed themselves as being the “velvet hammer”. They would go into stores that had trend report problems and would counsel the Service Departments as to how to lower warranty expense. Thanks to technology, manufacturers can tell what repair groups are high, what technician is performing high cost repairs and what Advisors are not checking vehicle histories, resulting in repeat repairs. Warranty Administrators, since they are the last line of defense prior to claim submission, need to be skilled in every aspect of policy and procedures. Which means that, of all the staff in the dealership, they need to know policy and procedures of the manufacturer they are administering better than anyone. Not only do they need to know this information but also they need to visit the manufacturer’s web site daily for updates. My understanding is that at least one manufacturer is updating their P&P manual every 90 days. You would not want to employ a technician that would not keep on the cutting edge of repair techniques as they change. You should expect nothing less from your administrator as they process your hundreds of thousands of dollars.

**“It should be a position that has as their supervisor the General Manager, not the Service Manager.”**

This point will probably be disagreed with more than any other in this article, but hear me out. Let’s say that the dealership has a habit of non-compliance that could affect the ability of that dealership to keep warranty money in an audit. If the administrator knows of these concerns and has expressed these concerns to the Service Manager, who does this person go to if there is no resolution? He/she works for the Service Manager. Also, he/she knows that in an audit they will receive a portion of the blame. I have seen situations where the manufacturer has informed a General Manager of a looming warranty audit. The GM called in the Warranty Administrator to get information as to their view of warranty irregularities. There was no substantive information given for fear of retribution from her boss, the Service Manager. The admitted downside to this is that, depending on the maturity level of the Administrator, the GM could get unsolicited information that is unrelated to warranty. Each case needs to evaluate independently. I am just voicing the need for compliance accountability.

**“It should be an extension of the Service Manager. They should be the auditor portion of the department, reporting to the Service Manager variances in manufacturer policy and procedures.”**

In our warranty world, we train Administrators to be auditors first and submission specialists second. By auditing claims prior to submission, you fix the trend cost reports and train in-dealership in real time. Sure, at first the repair is already done and gone. But by training in as close to real time as possible, your staff of Technicians and Advisors know that they are being scrutinized regularly. Let’s face it; they all know how to do their jobs at some level. If they know that no one is paying attention, most will get lazy when faced with pressure situations. If everyone knows that someone is paying attention regularly, most are forced to do what is correct all the time. The few that do not do what is correct will show themselves and you can then manage that situation.

**The bottom line in this and the two preceding messages:** assign specific job functions to all the players. Train within these job functions thoroughly. Establish accountability between these job functions. And keep more of your warranty dollars. In this way, a Service Manager can actually manage the Warranty Department and not delegate that function to someone else.

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