Warranty Compliance -- Getting a Good Start: The Service Advisor

Manufacturer's warranty has generally been viewed as an annoying necessity within most dealerships. It tends to be the least understood part of any dealership's Service Department. Year by year, manufacturers warranty is going down more and more, but it still accounts for a good-sized portion of all Service Department revenue. Don't start warranty training in your store *after* the audit. Be aware of proper warranty processes and keep the money you get.

Take a moment to look at your warranty process

This process should begin, starting from the moment the customer arrives. If you are using a pre-write or appointment system:

a. It must identify the vehicle and the customer (name and VIN)
b. Mileage must match the ticket you are going to create (no scribbling out the miles)
c. It must have all the customer complaints listed (it cannot be blank or have a giant "X" on it)
d. It must be signed by the customer

This problem is present in many dealerships all across the U.S. The pre-write is not being used as designed and auditors are all over it using invalid pre-writes that do not match the printed RO to initiate chargeback's. The pre-write or appointment sheet is your first contact with the customer to address their complaints. This is a legal document. But some have no signatures, giant Xs across the customer complaint and totally blank with just a customer signature. Some even have doodles.

Take a moment and look at your process.

Are you compliant in this area? Print and distribute this to your advisors and cashiers. Let them know to notify you (the Service Manager) for deviations in this process. Customer complaints added to the printed hard copy are considered add-on repairs.

e. Add-ons should be restricted to safety, campaigns, or items that could cause further damage if not repaired
f. Anything added to a stock vehicle is considered an add-on
g. Reprinting a hard copy will not hide the fact you added on; it prints as a duplicate
h. If not using a pre-write, the hard copy must be signed by the customer
i. Do not use the phrase "customer states" on an add-on repair. Use a correct phrase such as "technician found on inspection" or "customer called in at ___ time."

There are instances where the customer will say "oh wait" and add another item. Or they may call in. In these occurrences, ask the customer to please initial on each add on the hard copy then sign on the bottom line. This is no different than any contract we sign in our everyday life. Service managers take a look at this process in your dealership to make sure you are compliant.

Be the information gatherer for the technician

As you can see, the beginning of a warranty repair order is as important as the technician's comments and proper submission. Let's examine other areas in the repair order start up that can save warranty money.

Sometimes a Service Advisor forgets that the customer is usually not mechanically inclined. So to a customer, an oil leak is any fluid on the floor of their garage. The Advisor needs to ask a lot of questions. What color is the fluid? (Green fluid could be coolant and not oil at all.) Where, in relation to your car, did the fluid accumulate? (Front, rear, left side, right side, under the transmission?) You are doing this for two reasons.

First, and most important, is that you are guiding your technician to limit needless diagnosis time. Just stating “an oil leak” is like telling your doctor you have a sore muscle; it’s too general. If you force your technician to go into excessive diagnosis because of the Advisor’s non-specific write-up, they are going to want to get paid for that work. This drives up warranty labor costs and can trigger an audit if it’s excessive. The second reason to ask questions is that it makes you look, to the customer, like you really care about them and their vehicle. This helps create the relationship that will endure even after the warranty runs out.

Be the authority on how the repair will be paid

Every repair is going to be paid for by someone. Either it’s warranty, customer pay or internal (the dealer pays for the repair). The Service Advisor is the point person. They need to know, prior to the customer leaving, how that repair is going to be paid. Here is where research kicks in. Paying attention to vehicle histories not only makes the Advisor appear smart and knowledgeable to your customers, but it eliminates out-of-warranty repairs and repeat repairs. Both can cost the dealership money. The Advisor needs to pull a vehicle history and read it. This will tell a lot:

- Is there warranty coverage? Don’t look at the miles and judge; look at the history. If it’s out of warranty by time or miles, when was it out?
- Is it a candidate for manufacturer’s goodwill assistance? The history will tell how many times the customer came to you for work. For most manufacturers these days, goodwill assistance needs to be addressed prior to the repair. Here you can be a CSI hero.
- Is there a service contract? Even if the vehicle is in warranty, many times you can offer a loaner car and get it paid by the extended service contract. Again, be a hero to your customer.
- Was the vehicle in within the last year for the same concern? Could it be a parts warranty issue?
- Even recalls get into the picture. Let’s say you pull and print a vehicle history and find an open recall. Let’s further say that upon submission the warranty administrator finds that in the space between pulling the history and doing the work, some other dealer did the same recall but it had not been submitted yet and now had. With most manufacturers, you can get that recall reopened and get paid even though it was previously done. But only if you pulled and printed the vehicle history. Some recalls are eligible for loaners, a car wash and even fuel. Most dealers miss this easy money.

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