

Dealer FIXED Operations

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A man with short brown hair, smiling, wearing a dark pinstriped suit, a light blue shirt, and a red patterned tie. He is standing in front of a car lot with palm trees in the background.

**BEN
ALEXANDER**

**Service Director
Crevier BMW**

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Ben Alexander

Service Director Crevier BMW

Ben Alexander is the service director at Crevier BMW, a leading BMW-MINI dealer in Santa Ana, CA. He and his team are working hard to build a renewed customer-pay culture in an environment where OEM's warranty programs work to keep staff busy at different times. We talked to him recently to learn more.

BEN, why is customer-pay a new focus for Crevier BMW?

Historically, warranty and factory paid maintenance work made up 75-80 percent of our service-work mix. Some of this was driven by BMW, as they continue to push the technology envelope, which new platforms have now minimized, and it's ongoing with BMW and MINI's advertised "zero cost maintenance" programs.

Because of the high amount of warranty work, we really couldn't increase customer-pay work for quite some time. We simply didn't have production capability – the bays were always filled with warranty work. In fact, it kept our fleet of BMW loaners booked out two weeks plus, causing CSI issues. We were almost exclusively focused in those days on getting the vehicle repaired and making the customer happy. It was all we could do to keep up with warranty demand. However, by increasing our technical capacity in conjunc-



tion with BMW's improvements in product quality, we eventually found equilibrium in our CP/WAR work mix and production capabilities.

The zero-cost maintenance program also helped to create a unique environment. It builds owner relationships with the dealership, while at the same time limiting the customer-pay services we have to offer. Our culture at Crevier also presents us with customer-pay challenges, in that it's very important that customers not perceive us as merely salesmen. Beginning last January, BMW reduced how they compensate us for warranty work by 20 percent, a six-figure hit to our monthly service revenue.

How are you replacing that?

Well, first of all we have to ensure we meet the needs of every customer/car that comes through our service drive in order to develop our customer pay business. We now consider factory

paid maintenance as an opportunity to educate our customers. BMW pays for maintenance under the zero-cost program, but this only covers basic services that keep the car in warranty – brake fluid exchange, air filters, oil services and sparkplugs – so we focus on what is not covered. This includes alignments, tire rotations, fuel injection services, paintless dent repair and similar work.

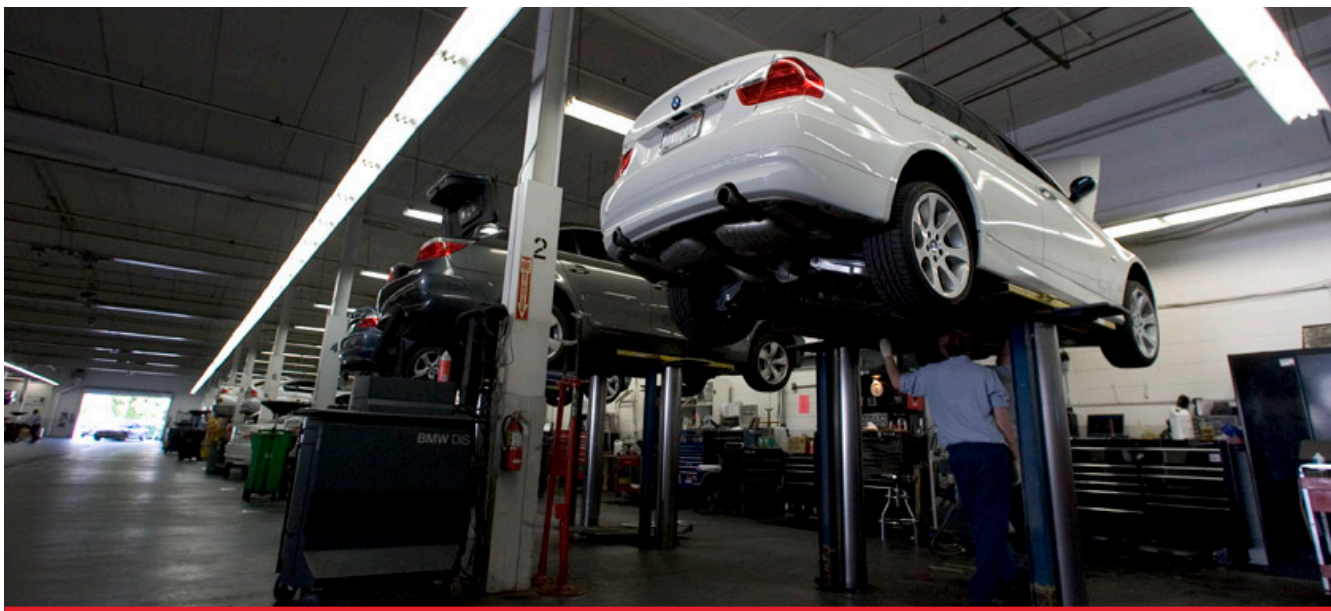
With the help of Don Mook from Service Net Consulting we have seen year over year of double digit increases in our customer pay revenue by focusing on what we call the "conversion rate," which looks at the ratio of warranty-to-customer pay ROs. For example, for every three warranty ROs, we have one customer pay, which equals a conversion rate of 3.0. Our goal is to drop that number...two customer pays for every three warranty ROs. This means maintaining a sharp focus on meeting the needs of every vehicle that comes through the service drive. In order to

facilitate this we cannot focus only on hours per/RO. Instead we focus on each opportunity no matter how big or small. It's a matter of choosing to have less of more, than more of less. If we do our job right, our conversion rate will drop. Just a few additional customer pay dollars on each warranty vehicle adds up to big numbers at the end of the month. So, we're making more out of our opportunities. We're maximizing them. In the first quarter of 2009 our customer pay revenue is up YTD 27 percent for an increase of \$315,000 in customer pay labor sales over Q1 2008.

Does this result from more thorough walkarounds or inspections?

Yes. That is definitely a factor anytime you have the advisor, customer, and car in the same place at the same time. It is an opportunity to educate the customer. For example, take the need for additional services such as alignment, flushes, windshield repairs etc... we work directly with a flush manufacturer to provide product training so that we can present these services more successfully to our customers. An advisor with expert knowledge about these products and their value is a potent advocate. We're embracing a culture that promotes these services and motivates our people to present those; whether financial incentives, contests, recognition or simple accolades. This is also a culture of education with our customers; we haven't traditionally asked our customers to make some of the service purchases we're presenting to them these days, and our advisors need to be able to present the services in the appropriate manner.

Another service opportunity we're developing is a side-slip tester that measures front tire toe-in or toe-out. This tester points out alignment information the customer didn't have before. The tester picks up alignment issues that show up even before tire wear is revealed. It is a preventive service, but it helps our customers understand that incorrect toe can result in all sorts of alignment and front-end suspension problems.



Service Director Ben Alexander says, "In the first quarter of 2009 our customer pay revenue is up YTD 27 percent for an increase of \$315,000 in customer pay labor sales over Q1 2008."

Our 30-point inspections are also more meaningful now. In the past, advisors were not prone to offer all the items an inspection might have uncovered because CSI has always been of utmost importance to us at Crevier. Balancing the need for a great customer review with potential lost sales opportunity can make some advisors hesitant to help customers understand all their vehicle needs. Thus they were reluctant to offer these other services; sometimes they didn't present these options out of concern for how that presentation might affect their CSI ranking.

We're working today, as I mentioned, to help our staff and customers understand that presenting this information is not selling but truly advising ... providing an education service. After all, would you want your doctor to withhold information from you that you might need to make informed decisions about your health, despite the additional cost? Customers understand that.

Do you retrieve Declined Service opportunities?

Yes, through reminder mailers. We send these reminders out 30 days after every RO is closed. It lists all of the recommended services, along with a discount up to 10 percent. We typically see a 40-50 percent return on this effort.

To do this we use BMW's pre-

ferred vendor, Dealer Product Services and MINI's preferred vendor Peak Performance. They offer branded corporate mailers that have a strong BMW/MINI feel. We use them for all of our service reminders, declined services, and a number of other pieces. Because the creative material is already put together it makes our job much simpler; rather than focusing on what we want the pieces to look like we can focus on selecting the mailers and offers that will mean the most to our business.

Our biggest marketing success has been our 'Conquest' mailer. We saw an opportunity to earn the business of BMW and MINI owners who had bought elsewhere. We knew that if we could treat them right while providing a competitive advantage, we could earn their business now and potentially for future service and sales. In order to adequately meet the needs of our customers we invested in the largest BMW loaner fleet in the country – and we needed to get the word out. We mail to the larger BMW market around us within our PMA and invited them to be part of our family where we guarantee a BMW loaner while their vehicle is being serviced. Typically these appointments are available as soon as the next day. This mailer helped us realize a substantial increase of new service customers to our dealership. Not only did

the promotion result in earning their service business, but allowed us to introduce them to our stores dynamic culture so when they have any needs they will reach out to us to fill them.

We believe in the power of good marketing. It seems that so many dealers today are cutting back on marketing because the current climate is slower than it has been in the past. It is important to ensure our marketing always remains fresh and impactful. Currently we're marketing our fixed operations even more aggressively to ensure that we stay ahead of the curve...

In the current economic climate we believe that people are still looking for someone to do business with, they just are looking for businesses that are unique, excel in customer service and at the same time offer the most value. These elements remain the focus of our marketing effort.

Could you elaborate on the culture you're developing?

Sure. Our culture is what makes us go; to us it means really making service much more customer focused. For a time in our center that honor belonged solely to the sales department; and they're still great at it, but we're really working on taking our customer's experience in service to a whole new level. You could say we're customer-obsessed

in our service department. Realizing that service is what drives repeat business into the store, the current vehicle sales climate demands that we do our part better than ever. I believe we were missing good solid process and consistency in the past. We often struggled to get work out the door in a timely fashion, due to coordination and communications miscues. Unlike programs processes never end; that being said it all begins and end with good people. The best process in the world can fail if put into the wrong hands.

At this point we have managed not only to substantially increase our customer pay revenue but the same processes have yielded a 10-point increase in our CSI. In 2008 Crevier earned BMW Center of Excellence. This is a prestigious award given to only 31 out of 338 BMW Centers in the country that achieve operational excellence.

How do you foster this culture?

We really believe in inspecting what you expect, which means walking around and looking. We first look for where we can give recognition and accolades - before we look for areas of opportunity. Managing people is a balance: No more negative than positive, and you've got to proactively look to find the positives. This is key in working with and growing people.

We have 200-plus employees in our

fixed operations, including technicians, service and parts, managers, administrators, customer service, appointment setters, lot attendants, greeters, cashiers and receptionists and their supervisors. With a department of this size, we do not believe in micro-managing, but in collaboration. My job is to help people identify their skill sets and then develop them so they can paint their own picture. As long as the picture gets results for the store, it doesn't matter to me whether it's painted my way or their way. I believe this approach gives people artistic freedom...to be part of the creative process. Management by control or authority is myth; what matters is what people give back to you in terms of respect, willingness and loyalty. We never let good enough be good enough....


How did you get involved with Crevier BMW?

I've been here four years. Previously I was parts manager and then service and parts director at a BMW store in San Diego, and before that I was in Washington State as a service writer and parts counterman. Out of school I had worked in merchandising for the CSK Auto parts chain.

What challenges you?

I struggle when I see a person's upside potential and talents before

they are ready to see it for themselves. It's frustrating to see someone holding themselves to a lower standard than either their position or the expectation of the business/culture may demand. When your attitude is self-centered and not about serving others, nobody wins. The right thing at the wrong time is still the wrong thing.

Overall though, I love this business. I love to be a part of others' growth. I believe in tenure and people who have been loyal and committed, but having a job is about results too...it's about what each of us brings to the table every single day. 

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"We believe in the power of good marketing. It seems that so many dealers today are cutting back on marketing because the current climate is slower than it has been in the past," says Alexander.

DEALERSHIP PARTNERS IN PROFIT

Parts/Tools:
Snap-On

Parts washers:
Safely Kleen

Flushes/Additives:

 **BG Products, Inc.**

Storage Systems:
Remstar Int'l

Lifts/work stations:

HUNTER
Engineering Company

Oils and lubricants:

 **BG Products, Inc.**

Waste Management:
Safety-Kleen