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Fixed Ops in Times of Opportunity

By Bob Stewart

In today's economic climate, dealerships are looking for ways to operate profitably and stay in business. Cutting unnecessary expenses and focusing on generating immediate revenue is one of the most widely employed strategies. Currently, the service and parts departments present the fastest and cheapest opportunities to do so.

It's important to conduct a **comprehensive examination of your fixed ops** to make sure your dealership is getting the most out of every service opportunity. Start by considering the following:

- Are current expenses in line with NADA standards of 89% on domestics and 80% on imports and luxury lines?*
- Are customer pay gross percentages for labor meeting NADA standards of 71% on domestics, 73% on imports, and 77% on luxury lines?*
- Are customer pay parts sales to repair orders greater than or equal to 38% on domestics, 40% on imports, and 43% on luxury lines?*
- What is your effective labor rate, and how does it compare to your posted door rate? This rate decreases by discounting labor. If this is common, evaluate why.
- Is the service advisor offering customers scheduled maintenance for their vehicles based on mileage or time at write-up? If not, this is a profit leak.
- Is your service department using a vehicle inspection form for each customer? If not, you are missing out on ways to generate future business through these inspection opportunities.
- Are there additional process or technology needs? Some of these additional initiatives can help generate a 15 to 30% increase in additional revenue.

If you begin to examine your fixed ops, you'll likely discover opportunities to lower overall expenses and generate revenue. However, an outside perspective is sometimes necessary to drum up insights that can help improve your operations.

In the event you need an additional set of eyes, you should consider bringing in a consultant. An **expert consultant** can often help you uncover process and technology issues that you may have never realized and illuminate opportunities to cut expenses, generate revenue, and keep your business strong.

*Benchmarks derived from 2008 Automotive Industry Guidelines established by Beers+Cutler.

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Bob has over 30 years of automotive industry experience and has brought his expertise of fixed operations to Reynolds Consulting Services since 1996.

Reynolds Consulting Services, one of the most skilled and knowledgeable consulting groups in the automotive industry, offers dealers a fresh perspective on common challenges. Experience proven results from over 25 unique process improvement projects, specially designed to focus on specific departments and drive results for your dealership.

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Making a Call Service Work for Your Dealership

By Matt Davenport

Today, many dealerships are wisely examining their expenses and considering what tasks can be responsibly and cheaply outsourced. A compelling target for outsourcing is follow-up call services, as monthly billing typically varies with sales volume. Before signing up, there are several things you should examine inside your dealership to ensure a call service will be effective for you. If you don't, the results could be worse than not even calling.

The most effective way to ensure you're getting the most from your call service is to look at dealership interactions from your customer's point of view. Let's break down the most common call types and examine what a call service should provide to deliver happy and loyal customers.

Sold Vehicle Follow-up

This call should have a safety net of defined, documented, and trained resolution processes. It should include complaint ownership, resolution timelines, and policy



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accommodation thresholds for each escalation level. If not, you risk floundering, sending mixed messages, and making a bad situation worse. You should also examine your customer relationship management or call center software to ensure there's a "list management" feature to track events, status, and disposition.

Unsold Vehicle Sales Follow-up

Customers commonly feel badgered by these calls. Tread lightly in your call approach and timing. If a customer does agree to return to the dealership, be sure to treat them like a VIP with an effective showed appointment process.

Repair Order Follow-up

Process needs here are similar to sold vehicle follow-up; however, you should consider how your call service acquires your service data. Will it be consistent and accurate, accounting for customer pay, warranty, and partially complete repair orders? You don't want to call on incomplete data. It's unprofessional and worse than not calling.

From a cost and quality-monitoring perspective, **outsourcing follow-up can be an effective strategy**. With the right call service, the right processes, and the right calls, you'll be able to reduce your overall expenses while increasing profits. But remember, you can only ensure success by doing the right things inside your dealership first.

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Practice Development and Customer Care Services for Reynolds Consulting Services. He helped develop the best practices used by Reynolds' Virtual Customer Care Center.

Reynolds' Virtual Customer Care Center is a professional extension of your dealership, offering unmatched follow-up call service. Our callers are uniquely trained to communicate on your behalf by using language that reflects your dealership. Be confident that all of your service and sales follow-up is consistent and timely, conducted in a non-confrontational, survey-based manner to provide quality insight, and monitors results as calls occur. To learn more, view the [Virtual Customer Care Center page](#), call 888.556.7342, or e-mail consulting@reyrey.com.

You Get What You Pay For (You Don't Get What You Don't Pay For)

By Gail Sease

Within our industry, it's easy to make choices that are "safe" and "cost-conscious." Our human nature is inclined toward survival, so we tend to choose the least expensive options when our budgets are tight. This response can be more dangerous and costly than expected.

Cheap Solutions Are Not Always Best

I once heard a boss say, "I am too poor to buy cheap." The statement made me stop and think, and it still does. Whether you are deciding how your store will survive, merge with another, or even dissolve, it's important to seek guidance from seasoned experts. Though a seasoned veteran may initially cost more to bring in, some issues can only be navigated by those with experience. For example, would you rather have a brain surgeon remove a tumor, or an intern?

Experience Is Vital

Experience is defined as, "knowledge or practical wisdom gained from what one has observed, encountered, or undergone." Interestingly, the root word of experience is "peril", which means "exposure to injury, loss, or destruction; grave risk; jeopardy; danger." In simple terms, someone with experience "has been there and done that" and can pass those lessons on to you. In a quick and constantly-changing business climate, the value of experience is often overlooked. We get caught up in the newest miracle tools that include inflated promises and often underperform. We should remember that the tried-and-true tools of the past can take us far.

No Substitute for Experience

Experience is nothing more, and nothing less, than education obtained outside the classroom. Although we live in a culture where education is highly regarded, one thing that formal education can never substitute is real-world experience. When enlisting help, it's important to consider a few things:

- Does the expert have the skill I am looking for?
- Can they provide actionable insight that will solve my problem?
- Can they equip me to prevent other potential problems from occurring?
- Have they experienced and resolved my current problem before?
- Will I be satisfied that my problem was addressed and resolved quickly?

Think about the Long Term

Remember, just because you're saving yourself some money in the short term doesn't mean you're doing what's right for your dealership. Be careful who you do business with and make sure you are getting the **value you expect from your expert**. When you do make your choices, keep in mind that you get what you pay for. Can you really afford to go cheap?

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Gail is a practice development strategist for Reynolds Consulting Services and has an M.A. in Organizational Communication.

Technology and Service Make a Difference

A Customer's Perspective

To Whom It May Concern:

I wanted to take a minute to tell you how our store has benefitted from implementing Service Sales Kit. Since making the tool a part of our service experience, we've been able to provide better service and a much improved presentation of our products. In addition, we have made our customer reception process more efficient, professional, and cost-effective by eliminating the need to convert hand-written documents to electronic files.

Our Reynolds consultant, Joe Coli, spent time showing us how to properly use Service Sales Kit in the service lane. His time with us proved to be valuable and incredibly useful. With Service Sales Kit and Joe's training, we've averaged over 1,300 ROs per month and have streamlined our processes.

I have worked with Reynolds products, employees, and consultants for at least 25 years, and in comparison to other options, Reynolds is the preferred provider of technology and consulting.

Eric Johnston
Moore Buick



Eric Johnston
Service Manager
Moore Buick
Jacksonville, NC

Learn more about:

- [Service Sales Kit for ERA®](#)
- [Service Sales Kit Consulting](#)

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Offer of the Month

One Grand Guarantee for Profit Optimizer

We're so confident Profit Optimizer can help your dealership that we're offering a **One Grand Guarantee**. If you don't realize your goals within 30 days following the program, you'll be given a \$1,000 credit toward future consulting services!*

*Some conditions apply. Please contact Reynolds Consulting Services for more information.

[Learn about Profit Optimizer.](#)

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