



Carlisle

2014 Technician / Service Advisor Survey: *Key Findings*

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Who We Are

Carlisle is the preferred provider of aftersales strategic guidance and tactical solutions for the world's leading motor vehicle brands. Our expertise is in consulting, benchmarking, research, and non-profit consulting.

Global OEMs in the automotive, agriculture, commercial truck, construction, diesel engine, industrial products, mining and power equipment sectors have been coming to Carlisle for over 20 years. Our capabilities are global with a particular focus on North America and Europe.

We have built our reputation on our history of performance, our strong values and culture, and the integrity and creativity of our people.

Research

Carlisle conducts syndicated, client-specific dealership and end-customer surveys to assess topics such as customer attitudes, satisfaction, purchase loyalty, and price perceptions and sensitivities. Carlisle currently conducts our surveys in over 40 countries, covering over 25 languages.

Key benefits of our surveys include:

Client Orientation

Our clients have the final say on all survey content. Clients receive detailed cross-industry reporting of results and all raw data and respondent comments. We also provide our clients the option of receiving all the data necessary to do their own incremental analyses.

Confidentiality

We do not share the results of surveys with the public. The surveys are not a beauty contest or an opportunity to generate press releases. All results, including the name of participating companies, are protected by a Non-Disclosure Agreement and are considered exclusively confidential.

Actionable Information

Working closely with our clients during the design stage, we create surveys that offer an unsurpassed level of detail, relevance and richness of content. The result is data, reports, and recommendations that drive action towards internal improvement.

Syndication and Customization

Our surveys offer an unrivaled cross-industry perspective through syndication, as well as tailored information that participants acquire by adding customized questions to explore areas of specific interest. Due to the syndicated and confidential nature of our surveys, scores are shared among participating OEMs with attribution. This allows participants to understand who is best in class on an item-by-item basis, as well as to gauge and understand performance gaps that exist.

Statistical Relevance

Carlisle has developed a best-in-class process to generate extraordinarily high response rates. Most of our syndicated surveys average at or above 50% industry response rates, with many participating OEMs achieving 90%+ response rates.

To learn more about our surveys, including how to join, please contact us at hhollenberg@carlisle-co.com.



2014 Technician/Service Advisor Survey Key Findings

Introduction

Automotive manufacturers and their dealers spend millions of dollars to make sure vehicle owners return to their dealerships for service. They want to deliver first-class service, but barriers within the dealerships challenge their efforts. Infotainment issues are crowding out the time service advisors and technicians need to spend following up with customers. Service advisors and technicians continue to miss the mark in terms of working together as an integrated team. And despite research indicating customers are looking for an ongoing relationship with their service advisor, few dealerships are providing this experience.

These are just some of the key findings from Carlisle & Company’s 2014 Technician and Service Advisor Survey. Designed and launched in the fall of 2014, with the full support of the participating manufacturers, this study surveyed over 18,000 technicians and service advisors across 26 U.S. and Canadian brands.

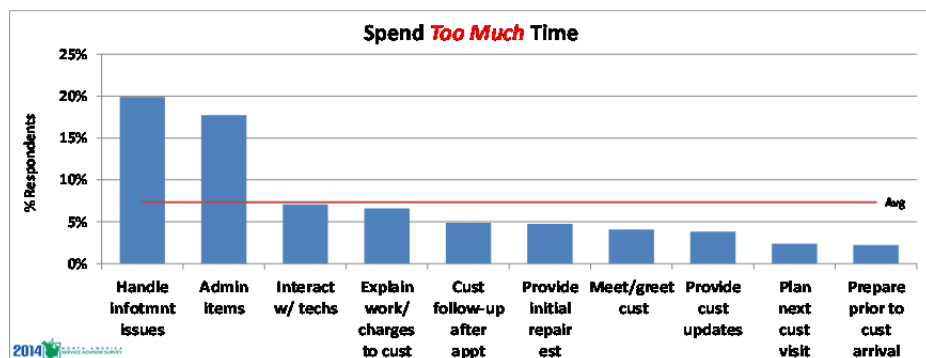
This white paper will discuss in detail the critical customer-facing issues from this survey. A follow-up white paper will focus more on the recruiting and retention issues the surveys uncovered.

Infotainment

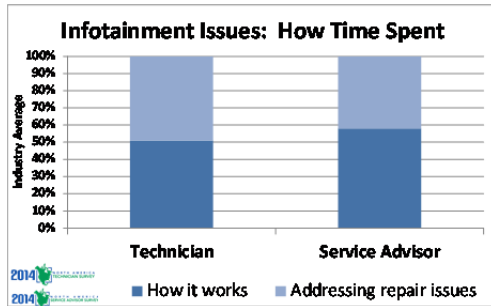
Imagine this scenario – you just purchased a new vehicle. You’ve spent a couple of hours test driving the car, negotiating the price, and making it through the F&I gauntlet. At this point, you just want your keys so you can drive the vehicle home. But, no – the salesman now wants to spend another 45 minutes with you describing how every button on your infotainment system works; the navigation system, the DVD, how to sync your Bluetooth, how to call up Siri, etc. Who really pays close attention to this?

So you listen politely, drive home, and then realize over the next few weeks that you don’t remember how to do half the stuff the salesman described. What do you do? Of course, you drive back to the dealership and ask them to explain it to you again. The problem is, you end up either talking to the service advisor, who doesn’t really have enough time (or knowledge) to clarify all this, or you talk to the technician, who isn’t paid to “explain” things. If he’s not turning a wrench, he’s not getting paid.

This, unfortunately, is a common experience across the industry. When service advisors were asked, “What tasks do you spend too much time working on?” the number one answer was

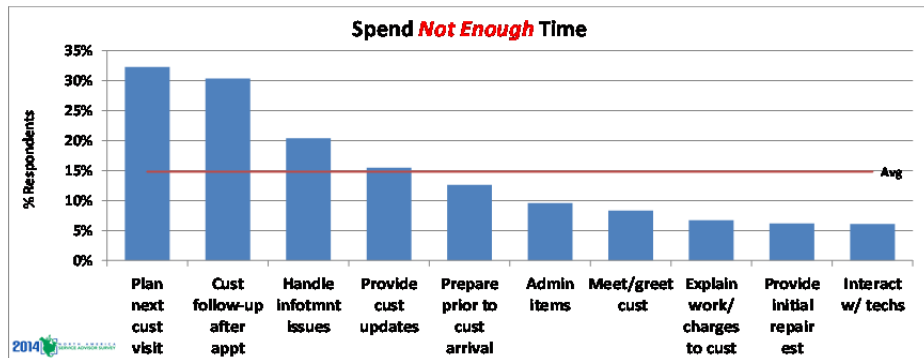


“handling infotainment issues”.



Further, we asked both service advisors and technicians how they were spending this “infotainment” time with customers – were they addressing a repair issue? Or explaining how the system works? As shown in the chart, both service advisors and technicians stated that they spend more than 50% of their time simply explaining how these systems work. Clearly, the salesman’s initial demonstration at the time of the new vehicle purchase is not sinking in.

What’s the upshot of all this? Service advisors and technicians spend so much time retraining customers on their infotainment systems, they are not focusing on the issues most important to the dealership. When asked “What tasks do you not spend enough time on?” service advisors overwhelmingly selected “planning for the next customer visit” and “conducting customer follow-up after the appointment”.

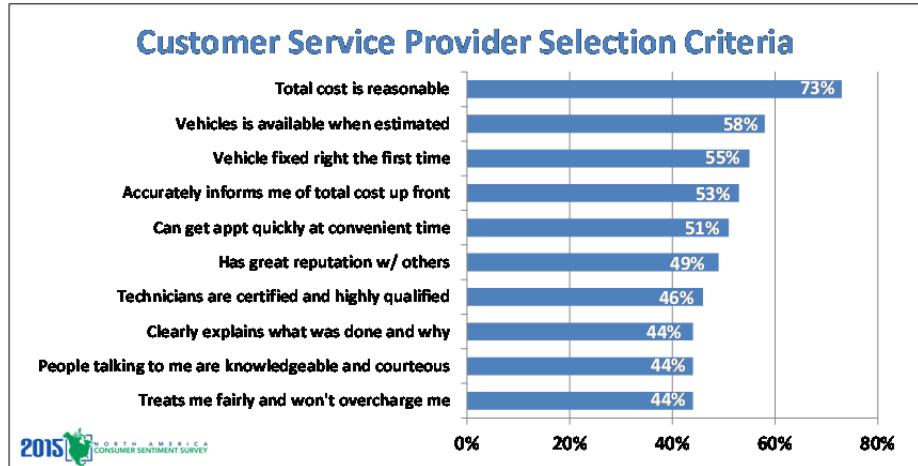


The good news: a solution to this problem does exist. Just apply the phenomenally successful model of Apple’s Genius Bar to those infotainment systems. In fact, it has been done already. Dealerships ranging from Ford to Lexus have migrated those issues from the service advisor/technicians to a trained (and often lower cost) infotainment specialist. Dealerships may struggle with the incremental cost of hiring this position, but those who use this strategy have discovered the payoff: technician utilization has increased, service advisors are more focused on customer repair issues, and customer satisfaction has increased.



Service Advisor-Technician Communication

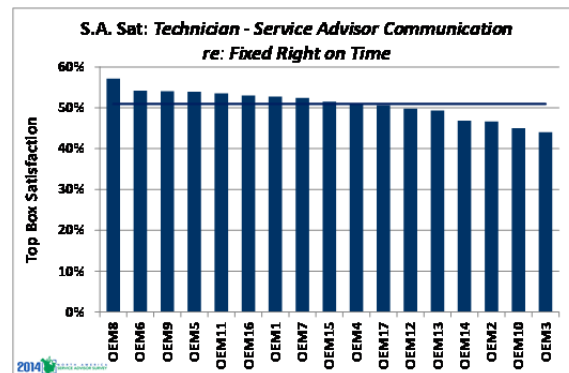
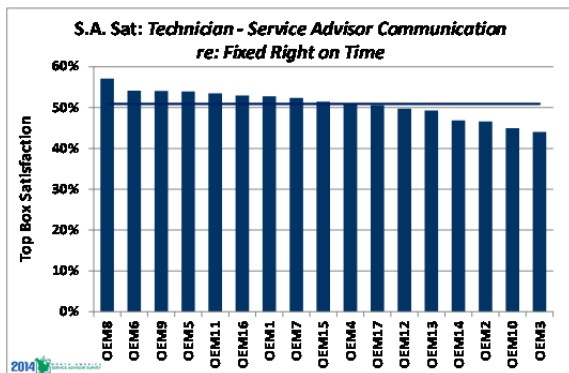
Via Carlisle & Company’s annual “Consumer Sentiment Survey”, we have been tracking how customers decide where to take their vehicles for service (dealer vs. independent repair facility). Looking at the top-10 (out of 28) criteria for 2015, we see that at a minimum, five of these criteria cannot be achieved without effective service advisor-technician communications.



- *Vehicle is available when estimated*
- *Vehicle fixed right the first time*
- *Accurately informs me of total cost up front*
- *Clearly explains what was done and why*
- *People talking to me are knowledgeable and courteous*

To deliver on these expectations, the service advisor must collect the vehicle’s symptoms from the customer, accurately document them on the repair order, and then provide the customer (often with the help of the technician) an accurate estimate for the repair time.

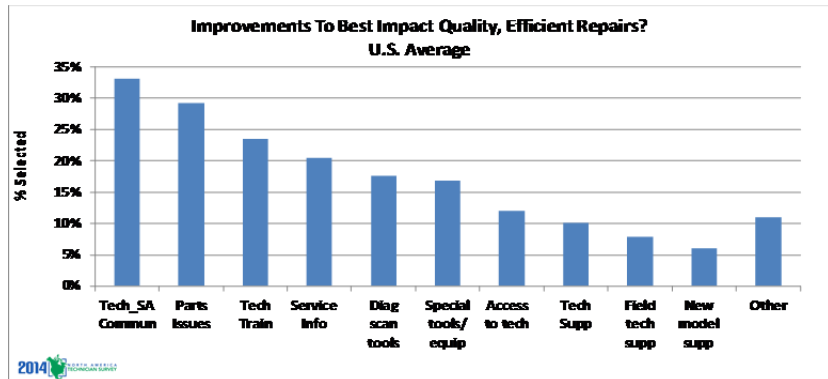
Unfortunately, there are many opportunities for this process to fall apart. And according to our technicians and service advisors, they often do. When asked about their satisfaction with the service advisor-technician communication process regarding Fixed Right on Time (FROT) issues, only 50% of service advisors were “very satisfied”. Far worse, only about 27% of technicians were satisfied.



When asked to explain the causes of this poor communication, not surprisingly each side pointed the finger at the other. Service advisors top four issues were 1) the technician took longer to repair than he estimated, 2) the technician provided insufficient feedback, 3) the technician misdiagnosed the problem,

and 4) the technician was not accessible. Conversely, the top four issues for the technician were 1) the repair order lacked sufficient information, 2) the customer didn't provide the service advisor with sufficient information, 3) the service advisor misrepresented the problem, and 4) the service advisor provided the customer with an unrealistic expectation of completion time.

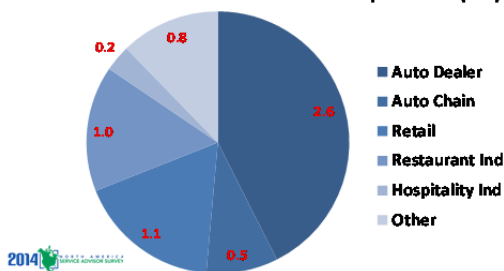
How important of an issue is this? Well, from the technician's perspective it's very important. When asked to rank improvements in which issues would have the biggest impact on delivering quality, efficient repairs, communication with their service advisors ranked as the single biggest issue.



Why does this seem to be a one-way street? Why are

technicians significantly more dissatisfied with the service advisor-technician relationship? One of the primary drivers lies in the fact that it is the service advisor who is strongly dictating the efficiency, and thus the compensation, of the technician. If the service advisor does a poor job of documenting the symptoms, the technician is forced to spend more time diagnosing the problem – time for which the technician is not compensated. If the technician is not “turning the wrench”, they're not making money. On the other hand, the service advisor's compensation is much less impacted by a poor diagnosis. They are compensated primarily on sales commission – over 55% of their total compensation, on average, is commission. True, they must face the angry customer when their vehicle is not completed on time. However, the impact of a poor diagnosis on their paycheck is minimal compared to that of a technician.

Service Advisors 17-24 : Previous Experience (Yrs)



Exacerbating this further is the discrepancy in technical training. Technicians can have years of training – trade schools, manufacturer training, ASE, etc. Yet, the service advisors – the folks writing up the repair orders – often lack this type of education. In fact, if we look at our newest service advisors – those ages 17-24 – we see that roughly half their working experience is outside the automotive industry.

One method to address this issue is clearly through training. Given the non-technical background of many service advisors, it is critical that they be provided with a sufficient understanding of the technical requirements of their job. Yes, a service advisor must have an aptitude for “selling”, but they must also be inculcated with the know-how necessary to provide sufficient technical feedback to their technicians.

Beyond this service advisor-specific training, it seems reasonable to expect the manufacturers to provide a more comprehensive training program to facilitate effective communication between the technicians

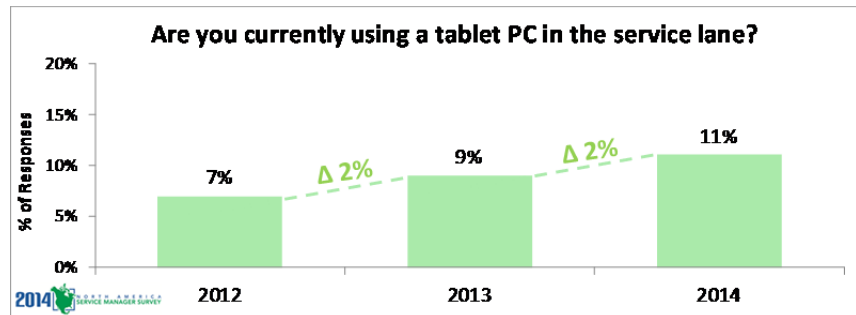
and service advisors. Unfortunately, while all OEMs recognize the criticality of this problem, not a single one has yet to develop a training program that brings the techs and service advisors together into a single session. Until that happens, it is unlikely we will see much improvement in this area.



Beyond training, service lane technology (SLT) can also help to address the deficiencies in this area. Rather than relying on the service advisor to collect all the relevant information, document it appropriately, and utilize it to make a reasonable estimate, technology can be used to facilitate these processes. It’s not about replacing the service advisors, but instead making their job easier, simpler, and more consistent. Let the technology handle

all of the administrative items (which happens to be the second biggest issue that service advisors report spending too much time on), which will then allow the service advisor to better focus on serving the customer.

A number of SLT suppliers are offering packages in this area – service advisors mentioned using over 40 different suppliers. However, for all the suppliers mentioned, this technology is still in its infancy. Only 11% of our service advisor respondents mention using tablet PCs in the service lane, and this value is growing by only 2% per year.



Why the slow growth? Primarily, it’s a lack of guidance from the OEMs. Service lane technology is a significant investment for the dealers (hardware, software, training, support, etc.), and they are understandably hesitant to take this on without more support/direction from the OEMs. SLT is ultimately about change management – too complex and costly to rely on individual dealers to tackle this on their own.

The good news is that the OEMs are starting to step up to the plate in terms of supporting this technology. Integrating the convenience of SLT tools with the insights from “big data” analytics will allow service advisors to identify dramatic opportunities – high probability upsells, likely defection situations, repair vs. buy-new financials, etc. We can see the future – service advisors mostly focused on customer service, technicians mostly focused on value-added repairs. The industry – both dealers and OEMs – must work together to achieve this vision as quickly as possible.

Service Advisor-Consumer Relationship

It’s human nature to feel uncomfortable when going to see a new doctor, getting a new boss, or starting a class with a new teacher. You don’t know them; they don’t know you. There’s no history, no context, and limited trust.

The same is true when getting a car repaired – consumers like dealing with someone they know and trust, and is familiar with their vehicle’s history. This finding was quantified in J.D. Power’s recent 2015 Customer Service Index (CSI) study. Here, they compared service satisfaction between customers that worked with a new service advisor and those that worked with the same service advisor as they did in the past. The results were clear – satisfaction increased from 769 to 824 respectively (out of 1000 points).

Yet, based on the results of our Service Advisor Survey, we see that only about 20% of the advisors report being dedicated to specific customers. Further, this practice – small as it is – is dominated by the luxury brands; they represent the top-five brands following this practice.



Luckily, this disconnect should be easy to fix.

Provided the dealership’s CRM software is associating the service advisor with each repair order, it should be able to assign customers to their previous advisor when coming in for a new appointment. Of course, customers may not want to wait for “their” advisor if another one is free, but that’s a matter of customer education. Further, there will always be exceptions – we do not expect to get to 100% dedication. Still, given the difference in satisfaction, any improvement could have a significant impact on satisfaction and ultimately service retention.

Stay tuned for Part Two of our 2014 Technician/Service Advisor Survey Highlights. This whitepaper will deal with the recruitment and retention issues identified in our 2014 surveys. Given the relatively high turnover of these positions, this is a critical issue facing our industry. To be released in April/May of 2015.

Additional Research Areas

Working collaboratively with most of the global automakers, Carlisle produces various research products that allow OEMs to better understand the people side of the parts and service business:

- Annual Customer Sentiment Survey: Probes into the values, likes, dislikes, satisfaction, and loyalty of dealer and non-dealer service customers.
- Annual Service Manager Survey: Covers such topics as technical support, tools and equipment, service information, and technical training. The 2014 edition of the survey covered 30 brands and received responses from over 9,500 service managers.
- Annual Parts Manager Survey: Covers such topics as parts availability, delivery, order processing support, parts marketing, etc. The 2014 edition of the survey covered 40 brands and received responses from approximately 10,000 parts managers.
- Annual Service Advisor Survey: Covers such topics as demographics, workload, technician working relationship, and customer processes. The 2014 edition of the survey covered 23 brands and received responses from over 6,000 service advisors.
- Annual Service Technician Survey: Covers such topics as recruitment, retention, satisfaction, and training needs. The 2014 edition of the survey covered 24 brands and received responses from over 12,000 technicians.

To learn more about our surveys, including how to join, please contact us at hhollenberg@carlisle-co.com