



PROFIT MATTERS

HOW DO YOUR NUMBERS LINE UP? | BY CHRIS "CHUBBY" FREDERICK

How to Increase Average Repair Order

If the most difficult task in the automotive service world is getting customers to actually hop in the car and make that long journey into our shops, many would say that increasing the amount of the average repair order (ARO) would be second. Though it requires a combination of effective procedures and strong leadership, this process need not be as daunting as many would make it.

If you are not taking the time to get to know your customers and if you are not inspecting the cars you are seeing, I can assure you that you are missing opportunities.

Most shops with low ARO do not have a measurement or quality control system for their courtesy checks. You should expect 75 percent of your daily car count to receive a complete courtesy check, if you inspect the forms being attached to your hard copy. Assuming your techs are doing complete courtesy checks can cost you money and customers if you are not physically inspecting the forms.

If you have drifted away from using a form, you should expect a 20 percent sales increase when you start focusing on it again. Let your techs design a new maintenance-friendly form so they buy in to using it. Make it their form!

ARO is important in that it attempts to measure what the average customer is spending when he comes into our shop.

In a larger sense, it measures the quality of the relationship we have with our customers, how thorough and consistent our inspection (courtesy check) process is, and finally it tells us how effective we are at selling. There is no doubt that if we have good relationships with our customers and that if we make an effort to establish and renew that relationship with every customer at our counters, we will have a much greater chance of selling them all the repairs and services they would need.

Understanding the customer's needs and relationship with the vehicle are important, as is checking service history and previous recommendations — which should have been entered when closing the invoice. We also need to be comfortable and confident in presenting our findings to our customers. In other words, we need to sell.

It is important that we first understand what we are selling and why. I strongly recommend that service advisors take a moment to look at the vehicle, and even ask the technician why we are recommending each repair and service item. This will help us understand the specific issues with the vehicle and

QUESTION OF THE MONTH

QUESTION:

What is the easiest way to increase the average repair order?

THE SOLUTION HAS THREE PARTS: OWNERS SHOULD CREATE A MAINTENANCE-BASED, 30-POINT COURTESY CHECK FORM. THEY SHOULD INSIST THAT TECHNICIANS USE IT ON EVERY VEHICLE, AND THEY SHOULD INSPECT THE FORMS AND RESULTS EVERY DAY.

*Do you have a question for Chubby?
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ensure that the recommended repairs and services are truly needed. It will also make us much more confident selling it.

A very important aspect in driving sales and in increasing ARO is the relationships we develop at our counters. I don't care how many years of experience a service advisor has, and I care even less about how knowledgeable he is. It doesn't matter if he is not happily and conscientiously interacting with your customers. Being right and accurate doesn't matter if your customer is not "feeling the love" and seeing your care and concern for his car. This is particularly true in the maintenance world, where nothing is broken and our ability to have customers see value in the services we would recommend is greatly heightened by our ability to be their friend — or at the least in our being caring and concerned.

Cars break, and cars need maintenance. Your customers are smart enough to understand this. Honestly and accurately inform your customers of repairs and services you would recommend. Make an effort toward being both informative and concerned about their individual situations, and you might just find yourself making a lot more sales.

Building loyalty

The reality here is that all customers want to find a place to call home, and it is up to us to welcome them, comfort them and reassure them that they are in the right place. A side benefit here is that when we make the occasional mistake or fail to finish their car on time, they are willing to forgive us. That is what relationship-based selling is all about.

If we fail in this, the chances are very good that they will find someplace else to call home, and we will not have to worry about it. Fail often enough, and

30 POINT COURTESY CHECK LIST

1. Tire Condition / Front	L OK	R Cupped	Uneven	Cord	Align Wear	Balance Wear
2. Tire Condition / Rear	L OK	R Cupped	Uneven	Cord	Align Wear	Balance Wear
3. Alignment (2 & 4 wheel)	OK	Tread Wear		Visual Pulling		
4. Steering / Suspension Components	OK	Ball Joint	Tie Rod	Leaking	Steering Gear	
5. Rack & Pinion, Pump, Hoses & Fluid	OK	Noise	Stiff	Leaked	Leaks	Color _____
6. Front Brake Linings	OK	Cracked		Leaking	Location _____	
7. Rear Brake Linings	OK	Cracked		Leaking	Location _____	
8. Brake Hydraulic System & Fluid	OK	Low – Brake Inspection Needed Dirty/Sediment in Bowl – Flush Needed				
9. Emergency Brake Adjustment	OK	Low – Brake Inspection Needed				
10. Axle Shafts & Boots / U-Joints	OK	Open Boot	Missing Boot	End Play	Broken	
11. Condition of Front Struts / Shocks	OK	Leaking	Broken Mount	Bent	Excess Bounce	
12. Condition of Rear Struts / Shocks	OK	Leaking	Broken Mount	Bent	Excess Bounce	
13. Condition of Muffler	OK	Leaking	Holes	Missing	Rattling	
14. Condition of Exhaust Pipes & Hangers	OK	Leaking	Holes	Missing	Rattling	
15. Engine or Transmission Leaks	OK	Color			Location	
16. Condition of Rear Diff. Fluid or Leaks	OK	Low	Dirty	Color _____		
17. Condition of Access. / Drive Belts & Adj.	OK	Loose	Cracked	Missing	Squeal	
18. Condition of Trans Fluid	OK	Low	Burnt	Color _____		
19. Condition of Coolant Sample	OK	PH ____	Freeze Temp _____		Dirty _____	
20. Condition of Radiator & Hoses	OK	Soft	Cracked	Leaking	Bubble / Balloon	
21. Condition of Heater Hoses	OK	Soft	Cracked	Leaking	Bubble / Balloon	
22. Condition of Battery & Terminals	OK	Loose	Low Water	Corroded	Leaking	
23. Condition of Battery Cables	OK	Loose	Frayed	Corroded		
24. Condition of Tune-up Components	OK	Arcing	Burned	Oil Soaked		
25. Condition of Filters (air, fuel & pcv)	OK	Missing	Rotted	Dirty	Clogged	
26. Condition of Engine Oil	OK	Low	Dirty	Color		
27. Headlights & Adjustment	OK	Dim	Broken	Inoperative		
28. Lights (brake, tail, turn signals, etc.)	OK	Dim	Broken	Inoperative		
29. Condition of Wiper Blades	OK	Torn	Bent	Chatter	Streaking	
30. Factory Scheduled Maintenance	DUE	3 K / 7.5 K / 15 K / 30 K / 60 K / 90 K				
Miscellaneous Recommendations or Comments _____						

Name _____		Vehicle _____		Mileage _____		
Technician _____						
Manager _____						

we will have no more customers — or even a business — to worry about. The choice is yours.


ARO is nothing more than a symptom of the health of your shop. A very busy shop with a low ARO might be cherry-picking the cars and not performing complete courtesy checks. The inmates are running the asylum! This could force the customer to go to other shops to ensure a completely safe vehicle because they don't trust your techs.

Some shop owners have misguided belief systems in that they feel courtesy checks are simply overselling. If you were to tell your customers that you were going to do a courtesy check to make sure everything was OK, they would be expecting a phone call if you found something that needed attention. The majority of your best relationship-based customers would rather get the necessary work performed in less visits — and who is to say they won't break down in front of a competitor if you don't inspect their car?

If you have good relationships with your customers, are thorough and consistent in checking out the cars you are seeing, and are a reasonably good salesperson, you will go a long way toward assuring the health of your business. You will also have an ARO representative of your efforts. In most markets, this would be somewhere between \$300 and \$350. In a busy tire dealership, a goal of \$250 would be good.

If you are not taking the time to get to know your customers and if you are not inspecting the cars you are seeing, I can assure you that you are missing opportunities — and this alone will have a huge impact on ARO and sales. ARO will tell you that there is a problem, but it is up to you to address the symptoms and then maximize the opportunity that every car and every customer represents.

Your commitment and leadership will

consistently deliver ARO at or above your expectations. Your friends at the counter are the secret here, and they rely on you to make it happen. Don't sell them. Love them, service their vehicles and welcome them as a long-lost friend every time you see them, even if you have just met for the first time. 

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