

SERVICE

In the Black

How can dealers drive profits through their service operations?
Service and technical leaders Steven Bailey and Bryan Morris share their thoughts.

Steven, you lead the Service & Technical team at Acura. Can you tell us what you're focused on?

Steven Bailey: On the service side, we're focused on the training of service technicians and service advisors. We want to make sure that Acura clients have a positive experience from the moment they walk into an Acura dealership to the moment they pay their bill.

On the technical side, our aim is similar. We're focused on providing the tools and training that technicians need to perform top-notch repairs.

Our mantra is "Fixed right,

the first time." Clients have to be confident that a dealership understands how to fix their vehicles better than anyone else.

Bryan, Acura recently restructured its field operations, moving from 43 districts to 125 districts by putting both Honda and Acura under one umbrella. How has that helped the brand better serve its dealer network?

Bryan Morris: The changes made the districts more compact, so managers are spending less time traveling and more time working with dealers. The new structure has enabled faster response times and more flexibility in assisting clients.

We have more managers on the ground: one manager and two assistant managers in each of our 11 zones, and we've added 10 collision marketing managers across the country. In response to dealer requests, we also now have two field technical specialists who specialize in the NSX, one in the east and one in the west. And we have 50 associates specializing in recalls, backed up by 550 contingent staff.

The average district manager has a few more Honda dealers than Acura dealers.

But we've told them to keep the focus on Acura.



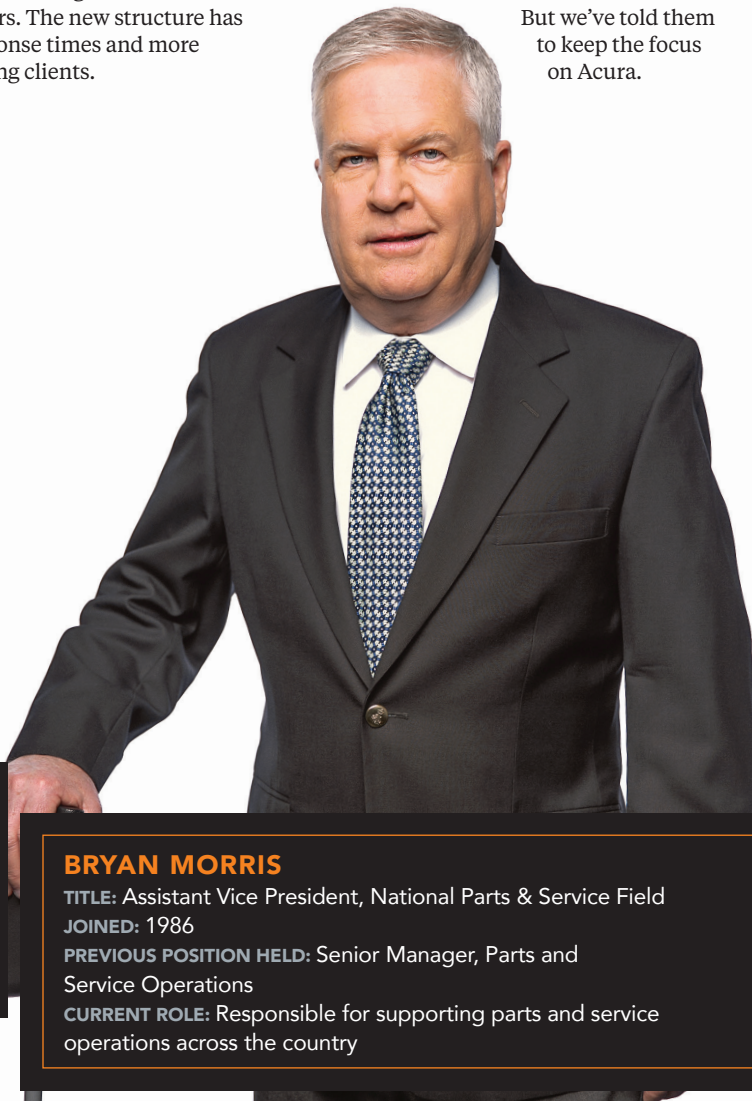
STEVEN BAILEY

TITLE: Vice President, Service & Technical Division

JOINED: 1991

PREVIOUS POSITIONS HELD: VP, Product Regulatory Office; VP, Parts Operations, American Honda Motor Co., Inc.

CURRENT ROLE: Oversees AHM's Service & Technical Division



BRYAN MORRIS

TITLE: Assistant Vice President, National Parts & Service Field

JOINED: 1986

PREVIOUS POSITION HELD: Senior Manager, Parts and Service Operations

CURRENT ROLE: Responsible for supporting parts and service operations across the country



Steven, we all know that parts and service operations are critical profit centers for dealers. How is Acura supporting these operations?

SB: We're introducing a program this year called Expense Coverage Non-New Car, or ECNN, to bolster the profit potential of dealerships. As part of that, we've been focusing on integrating telematics data with our marketing program. We've never done that before. So, for instance, if a car needs an oil change, we'll be able to collect that data and, from our reminder system, send a notification to the client. That has a lot of potential. Down the road, we could look at trouble codes from the vehicle's electronic control unit and proactively inform the client of needed services.

How is Acura supporting communication between clients and service advisors? And how can that bolster a dealer's profitability?

SB: Our goal is to be number one in client satisfaction, and we believe that starts with the training of service advisors. We advocate for dealers to initiate a multi-point inspection when clients come in, not to try to upsell them, but to take care of them and educate them about their cars.

Is that part of an effort to appeal to younger generations?

SB: Yes. Millennials are becoming an increasingly important group of car buyers, and that's how they prefer to communicate.

What's one tip you'd give dealers for increasing their parts and service profits?

BM: Have a good relationship with all your new-car owners. Clients decide during the warranty period whether they're going to come back to the dealer for service post-warranty. If you establish a good service relationship up front, then the client is more apt to stay with you. In fact, our research shows that during the warranty period, if a client comes in and they're very satisfied with the service they receive, they're twice as likely to purchase another new vehicle from you.

SB: There isn't a magic formula for keeping clients in-house, but there are four areas dealers should focus on: treatment, convenience, value and quality. We want to make sure clients have a good experience when they come to the dealer. Clients need to know that they're going to be treated well, that repairs will be convenient for them, and that no one knows how to diagnose and fix their cars better than an Acura dealership. ⚙

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STEVEN BAILEY, VICE PRESIDENT,
SERVICE & TECHNICAL DIVISION