



## Fixed Operations Digest

### July 2014

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***"The roots of achievement lie in the will to prepare yourself to win"***  
**-Author Unknown**

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#### **Larry's Ramblings:**

##### **Consider This:**

*A billion seconds ago it was 1951. A billion minutes ago Jesus was alive and walking in Galilee. A billion hours ago no one walked on two feet on earth. And a billion dollars ago was 10.3 hours in Washington, D.C.*

*-Alexander B. Trowbridge, former President, National Association of Manufacturers*

I am late getting this month's newsletter out to you, I have been enjoying some time off.

I hope that each of you had an opportunity for some rest and relaxation over the July Fourth Holiday. Remember July Fourth is a celebration of our Independence, from what I see, too many people today are satisfied being "dependent" on someone else to take care of them. I volunteered to join the Navy and to fight in the Vietnam War for mine and my Country's Independence. Too many people in this Country take our Independence for granted, I hope they wake up before it is too late.

There are a lot of things happening in the U.S Economy. By now I am sure you know that the United States Economy shrank by 2.9% this year. If this continues we will officially enter another recession. Many Dealers had a terrible first quarter in Fixed but, so far, it looks like most of our Customers have not only made up their first quarter loses but they are now tracking ahead of last year.



### **Meet Edwards & Associates New President**

I am proud to announce the promotion of my son, Gary Edwards, to President of Edwards & Associates. Our Customers who have been working with Gary for the last seven years all agree he is definitely a chip off the old block.

While Gary literally grew up in the business working with me in my Dealerships; when he graduated from College Gary left the Family Business. From there, Gary then went on to manage a Service Department for Motorola for 13 years - combining his Dealership experience and Communication Degree to run a successful operation. Afterward, he became the Fixed Operation Manager for a Toyota Dealership with six Franchises (plus four ATV/Boat Franchises). Over his 18 years there he consistently maintained High Service Absorption and Award-Winning exceptional Customer Satisfaction Scores.

Now, as a member of the National Speakers Association, Gary has spent the last seven years as a Trainer and Consultant for Edwards & Associates, drawing from a lifetime of Dealership and Aftermarket experience to impact today's Automotive Industry. Gary also gave a Workshop at the NADA Convention in New Orleans this year.

Jack Pirtle was our previous President for many years he left us to purchase a Dealership. The President's position has been vacant since Jack left. I am proud to have my son assume these responsibilities. If you want to congratulate him, his email address is [Gary@edwardsconsult.com](mailto:Gary@edwardsconsult.com)

**Does your Dealership have target on its back?**



**Toyota Dealer to pay Crash Victims 15.7 million for its negligent maintenance and repair of a 2006 Toyota Sienna Rental**

**New Jersey Jury awarded the Plaintiff a 5 million award against a Dealer for a 2004 Chevrolet Trailblazer involved in a rollover accident**

These lawsuits are very disturbing to me. There appears to be a trend of Lawsuits against Auto Dealership Service Departments for failing to notify customers of their vehicle needs when they bring their vehicle in for service.

March 19, 2013 a jury in Philadelphia ordered a Toyota Dealer to pay crash victims 15.7 million for its negligent Maintenance and Repair of a 2006 Toyota Sienna rental in which they were riding.

According to the verdict the Jury accepted the Plaintiff's Lawyer's argument that the Toyota Dealer failed to properly follow the Manufacturer's Inspection and maintenance recommendations for the minivan. The crash occurred in 2008 when a ball joint failed and the van went off the road into a ravine. The Dealership had serviced the vehicle eight times in the year before the accident and just three months prior to the accident.

The Dealership only performed LOF's on the vehicle they did not perform the Toyota Recommended Factory Maintenance Service and they did not have the Customer initial the Repair Order that the Customer "Declined" to have the Factory Recommended Service performed.

This is the Jury's Post Trial Statement; *"At least this Dealer should learn to follow the Manufacturer's Recommendation, they didn't follow the Manual. They are only doing Toyota's they should know what Toyota wants."*

This statement should scare the daylights out of every Franchised Dealership Service Manager in America! It also opens up a whole list of other questions, for example, what should a Dealer do when they have installed a Manufacturer Approved Quick Lube Center in their Service Department? Should they have every Customer who was encouraged to visit the Dealership for an "Oil Change" sign the Repair Order acknowledging that the oil change does not comply with the Manufacturers Recommended

Maintenance Service for the Customer's vehicle.

What kind of liability do Dealers who have implemented a Manufacturers Endorsed Express Lube or Quick Lube Program have? Manufacturers are the ones encouraging Dealers to sell Customers an LOF instead of a Factory Recommended Maintenance service?

**In another case** earlier this year a New Jersey Jury awarded the Plaintiff a 5 million award against a Dealer for a 2004 Chevrolet Trailblazer involved in a rollover accident that had a tire that was going bald. The Dealership that sold the vehicle regularly serviced and inspected the vehicle, BUT, failed to follow up or warn the Owner when a Technician noted a serious problem with the right rear tire, according to court documents. According to court documents the Customer brought the vehicle in for service three days prior to the accident, during this visit the Service Consultant and Technician failed to review the vehicles history which showed the vehicle had problems with tire tread depth and wear that was noted on the vehicle previous service visit.

The Plaintiff was awarded 2 million in Compensatory Damage and 5.5 million in Punitive Damage however the Trial Judge reduce the Punitive Damage to 3 million.

These Law Suits could open up a whole new world of opportunity for Trial Lawyers. Our Industry has been very lax in informing Customers of exactly what the Manufacturer's Maintenance Recommendation are. In fact many Dealership Service Consultants have no idea what the Manufacturers Recommendations are, many of them personally believe that an "Oil Change" is all that is required to maintain the Customer's vehicle. The comment I get from dealership service consultants most of the time when I ask why they did not recommend the Factory Maintenance to a Customer they say to me "well an oil change is all you are supposed to do" when I ask them "what about all the inspections that are listed in the Owner's Manual they tell me that "The Multi-Point Inspection will cover that." WRONG!

Here are some suggestions that might help your Dealership avoid "Service Malpractice" Lawsuits;

- Make sure your Service Maintenance Menus strictly follow the Manufacturer's Recommendations. The two should be a mirror image of each other. If your Service Manager wants to add additional Maintenance Recommendations to the Manufacturers the "Dealer Recommendations" must be clearly noted as "Additional Dealer Recommendations".
- Every Customer who asks for an "Oil Change" must be asked by your

Staff, "Do you want the oil change or do you want the Manufacturers Recommended Maintenance Service that is due at this mileage?"

- When a Customer declines to purchase the Manufacturers Recommended Maintenance Service it must be noted on the Repair Order and the Customer must be asked to initial on the r/o that they DECLINED THE MANUFACTURERS MAINTENANCE SERVICE.
- You should always obtain Customers approval to conduct a Multi-Point Inspection on their vehicle. Results of the Multi-Point Inspection must be reviewed with the Customer at delivery and any unsafe items that the Customer declines to correct must be noted on the Repair Order and the Customer must be asked to initial that they declined the suggested repairs.
- You need to put in writing your Dealerships policy on suggesting Maintenance to customers, what to do when Customers decline Maintenance and how Multi-Point Inspection are to be handled with every Service Employee and the Employees must sign and acknowledge that they have received a copy of the Dealerships Policy and they understand that they are expected to comply with the Policy.

The best way to avoid a lawsuit is to be prepared. Never assume that your Staff knows the difference between an LOF and a Factory Maintenance Service, never assume that Multi-Point Inspections are being conducted properly and the findings are being shown to the Customer.

***Remember Inspect what you Expect!***

#### **On A Brighter Note:**

Independent Collision Shops all over the country are beginning to stand up for their rights. They are assisting their Customers in filing Lawsuits against their Insurers for underpayment of needed Collision Repairs.

Source: Body Shop Business

#### **State Farm Ordered to Pay Georgia Woman for Breach of Contract and Bad Faith**

6/25/2014

*Georgia State Court has ordered State Farm to pay their Policyholder \$40,508 after a Jury found the insurer had breached its contract and acted in bad faith.*

*The suit stemmed from the Insurer's denials and underpayment of approximately \$4,000 in the costs for repairs being performed by Hernandez Collision Center in Savannah, Ga.; the shop was a witness in the case. The judgment included \$5,508 for breach of contract, \$5,000 as a bad faith penalty and \$30,000 in Attorney's fees for a total verdict of \$40,508.*

*"It's refreshing to see the results in this case and know that a Jury of our peers awarded Mrs. Roberts for the hardship caused by her insurer," said April Hernandez, AAM of Hernandez Collision. "While Hernandez Collision Center gladly works with all Insurers, our responsibility is to our Customers to ensure all damages to their vehicle are repaired properly and thoroughly. We feel it is also our professional responsibility and moral obligation to help Customers like Mrs. Roberts when they're treated unfairly. We congratulate Mrs. Roberts on her courage and conviction and are thankful that we could help her in this endeavor."*

Dealership Collision Managers need to take note of what Independent Collision Shops are doing. If I had a dollar for every time a Dealership Collision Manager or Estimator told me "the Insurance Adjuster told me that they did not pay for that!" I would be a wealthy man.

The Collision Repair Industry agreed many years ago that ICAR sets the standards for what is acceptable when performing Collision Repairs. All the Insurance Companies signed on to the ICAR Standards then they promptly turned around and began to systematically tell shops we do not adhere to the ICAR Repair Standards. Usually, they are not this direct, most of the time they can get away with simply telling the shop "(Insert any Insurance Company name) we don't pay for that.

Independent Collision Shop owners as a group push back on this, while Dealership Collision Managers tend to accept the Insurance Adjusters words as gospel. Why, because Dealership Collision Managers can lose money and still keep their job so long as they can convince the Dealer they are really trying to make them a profit. Independent Collision Managers must go out of business when they lose money!

Here is the question that Dealers, General Managers and Fixed Operations Managers should be asking their Collision Managers; Are you getting paid for everything that ICAR says you should be paid for on every Repair Job your Collision Shop does? If the answer is yes, then ask them to prove it! If the answer is; what are ICAR Standards, then you need to send your Staff to Estimating School. E&A offers a 2 day Estimating Course for \$2495.00.

**If you want more Profit in your fixed operations...I have the**

## **Knowledge!**

If you have not participated in one of my Fixed Operations Manager College Courses or if you need a refresher, then I have some upcoming classes you need to take time to attend.

## **Upcoming Schedule**

### **East Coast Courses**

- Parts Manager College Course - August 12-14, 2014 - Charlotte, NC - **Enroll Today**
- Service Managers College - December 9-11, 2014 - Naples, FL-

**Enroll Today**

### **Canadian Collision Course (for Ford Dealers Only) - \*Must Attend Both Sessions- Enroll Today**

- Canadian Collision Manager College Session I - August 21 & 22, 2014 - Calgary, AB
- Canadian Collision Manager College Session II - October 23 & 24, 2014 - Calgary, AB

### **West Coast Courses**

- Parts Manager College Course - September 16-18, 2014 - Las Vegas, NV **Enroll Today**
- Collision Managers College Course- October 28-30, 2014 - Las Vegas, NV **Enroll Today**

### **Fixed Operations Master Mind Continuing Education**

**"Unlike any other Training Session you have ever attended"**

Meetings are made up of Dealers, General Managers and Fixed Department Managers. This Meeting is for people who have already mastered how to successfully Manage a Service - Parts - Collision Department. Members have also mastered the "Art of Managing" and come to this meeting to learn new and advanced strategies, tactics and ideas to help them advance to the next level of Customer Satisfaction and Profitability. Meetings include Performance Comparisons, Idea Exchange and Problem Solving Sessions, plus Presentations on the "Art of Management."

- Fall Fixed Operations Master Mind Continuing Education - October 2 & 3, 2014 - Charlotte, NC - **Enroll Today**

**For more information on these courses,  
Please feel free to get in touch with us.**

1 (800) 708-7587  
or email  
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**Executive Learning Resource for Top-of-the-Line Fixed Operations  
Managers or Those Who Want to Be**

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