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DON BEYER VOLVO

A CASE STUDY

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Don Beyer Jr., president of Don Beyer Volvo of Falls Church, Virginia, has made a big impression on his fellow automobile dealers. As recorded by the magazine *AUTOMOTIVE EXECUTIVE*, while conducting a workshop on customer care at the annual convention of the National Automobile Dealers Association, Beyer rattled off a succession of people-pleasing practices that, in his firsthand analysis, seem to account for a lot of the success of his thriving dealership in the Virginia suburbs. Where some dealers concentrate on rolling up sales volume, Beyer Volvo works the back door to the showroom: the service department. And far from costing money, the tactic has made both the service department and the dealership overall more profitable than ever.

The typical member of the “Auto Age 500,” the sales-based ranking of America’s 500 largest car dealerships compiled by Auto Age, generates 12% of its annual revenue from after-sale service. At Beyer Volvo, the figure is closer to 30%, and Beyer has convincing evidence that satisfied service customers will keep traffic moving for new cars, too—more than 80% of 1987 sales were to people who were either previous customers of the dealership or had heard about Beyer Volvo from another satisfied customer.

It shouldn’t be surprising, then, to learn that since Volvo initiated its Dealer of Excellence Awards in 1981, Beyer Volvo, a second-generation family business that Don and his brother, Mike, bought from their parents a few years back, has been named among the Scandinavian manufacturer’s U.S elite not once, but every year.

The high satisfaction, and high revenue, figures result from a combination of practices, noted *AUTOMOTIVE EXECUTIVE*. To begin with, Beyer Volvo’s mechanics are all on salary, as opposed to the common industry practice of paying them a flat-rate hourly wage based on the amount of time they actually spend doing repairs.

According to Don Beyer, it’s more than a matter of encouraging professionalism in a field that hasn’t been known for taking a great deal of pride in itself. Being on salary—the rate was initially set slightly above what each mechanic was making on the flat-rate scale—means there is no incentive to run up time charges, and no objection to coming out from under the hood to talk to customers, or take them on test drives to check repairs, or train apprentices (which is mostly what Beyer Volvo hires these days, since there is almost no turnover among more senior mechanics). As an added incentive, each month the top mechanics—as determined by work quality—can pocket the keys to a top-of-the-range Volvo, which becomes theirs for the next 30 days.

Taking a page from the showroom side, exit test drives are now just as much a given for repairs as they are for new-car sales. When the customer comes in to pick up the vehicle, the mechanic (or another service representative if the mechanic has gone off duty) climbs in and off they go to make sure the rattle or thump or slipping or whatever is truly gone. A night shift works until 3 a.m., so if something was left undone a mechanic will get right on it.

What’s more, Beyer keeps more than half a dozen people on duty until 8 in the evening so daytime commuters can get home and get their cars without having to leave work early or skip dinner. To further tidy up the loose ends, a full-time limousine is available to run customers to

and from nearby mass-transit stations during rush hour in the nation's capital. Off-hours during the day, the limo will take the customer directly to work or home if need be.

To build the overall skills level of its service staff, Beyer Volvo has employed a full-time service trainer since 1982. The job includes drawing up individual training plans for every technician in the department. In addition to back-shop support, the trainer also conducts free classes for customers, including special sessions for women, owners of diesel engine Volvo models, and buffs who want to know more about their turbochargers. The response has been so positive that Beyer Volvo salespeople have taken to showing off the training classroom as regular part of their pitch to prospective new- and used-car buyers.

Nothing is more aggravating to a car owner than having to bring it back again and again for the same problem. Beyer Volvo puts special emphasis on minimizing repeat repairs. Service writers make a point of asking if anything on the repair order is a repeater. The full-time customer relations representative who calls each service customer two days after his or her car is returned has three questions to ask: Was the repair work satisfactory? Was any of the work a repeat repair? And would the customer recommend Beyer Volvo's service department to others? (Knowing that some people are more comfortable responding on paper than speaking with someone on the phone, the personal letter and return questionnaire that arrives a few days later has the same three questions.)

Since the service department started pinpointing the problem, the incidence of repeating the same work has been greatly reduced. Still, Beyer knows that inevitably there will be some dissatisfied customers. For them, there's a special response: the Beyer Volvo Consumer Advisory Board. It's made up of 45 customers chosen for their ability to provide critical (and valuable) input into the dealership's operation. The board meets quarterly with Beyer and key managers from the dealership, with typical meetings starting over dinner and lasting up to 3 hours. Discussion ranges freely over any number of consumer issues. Beyer and his people are there mostly to listen and to make note of practical recommendations.

One recommendation that has become standard operating procedure is Beyer Volvo's guarantee of the lowest prices on "genuine" Volvo parts in the metropolitan Washington area. If a customer finds a cheaper price, he gets double his money back. That's happened a grand total of twice—both times due to computer errors in the parts and the service database. Beyer paid up anyway.

Beyer Volvo also makes a point of running an "open" dealership, so much so that any customers who want to are free to spend a day in the Falls Church showroom, during which time the only thing they will not have access to is employee personnel and payroll records. Lunch is on Beyer. Some 50 people have actually spent all or part of a day poking around the place as a result of the offer, and Beyer says another 500 have called over the year to tell him what a good idea they think it is.

And then there is the goodwill budget. Each year, Beyer Volvo commits about half a million dollars to advertising. It also has allocated as much as \$100,000 annually to the service department under the heading of "goodwill." There is only one prerequisite: The money has to be spent. And it is—for everything from complimentary car washes to free or reduced repairs when a complaint is decided in a customer's favor.

To keep owners of older cars coming back—a noteworthy concern given the notorious reliability and longevity of Volvos—there’s a 100,000-mile club and a 200,000-mile club, with repair discounts of 10 and 15% respectively for members. It’s not done just to make customers feel good: Beyer figures it brings in repair work that otherwise would go elsewhere, and keeps customers with a marked penchant for not buying a new car aware of the dealership until the day arrives when they’re at last ready for a change.

Enough? Not yet. Borrowing from the car rental business, Beyer Volvo offers hurried customers “express” check-in and check-out. Customers can have their service orders prewritten over the phone so they need only “toss their keys on the counter” when they bring their car in. If they left a credit card in the morning, they can sign off and leave when they come back for their car without ever having to wait for a cashier.

There’s also a “My Mechanic” program. This one owes its start to an article on automotive service in which the writer noted that anytime someone talks about “my mechanic,” it’s a lead-pipe cinch that their work is being done someplace other than a dealership. To become an exception, Beyer Volvo assigns its service customers their own personal mechanic who will work on their car whenever it’s in the shop. Every few months, the Beyers throw a “mixer” where customers and their mechanics can meet and mingle over coffee and pie.

Staying in touch with customers also applies to the sales showroom. For four and a half years after a sale, customers can expect a quarterly phone call from their sales representative. They’ll be asked how the car is running. They’ll be queried about any service problems. They’ll be invited to drop by someday soon if they’d like a look at the new Volvos in stock. Their answers will be reviewed for valuable market intelligence and clues to developing problems that can be nipped in the bud.

As Beyer, an unabashed disciple of quality guru Phil Crosby, told AUTOMOTIVE EXECUTIVE, “Quality is free. Any cost associated with improving the quality of our service department will more than flow back to us in increased revenue and increased gross profit.”