

# CATALYST

the **MARXGROUP**

Business Strategy | Marketing Communications

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## **View From the Front Lines**

Interview with Lynne Cardwell, CEO of Car Care Center, Sacramento

*By Tom Herndon (representing The Marx Group's newsletter: **AutoFocus**)*

### **AUTOFOCUS:**

Lynne, you said, "...that a number of guidance counselors still will turn prospective technicians away from the industry because of misperceptions about the automotive repair industry....that the industry needs to get more involved at this level in order to encourage more people to get involved at an early age." What misperceptions have you most concerned?

### **LYNNE:**

Unfortunately perception is reality. The perception is (and the media can sometimes compound the situation) that we have dirty, disorganized shops, our people are "less than bright", we are not professional with customers, we talk down especially to women, and that we fail to give enough detail so that the customer understands what needs to be done or why it costs as much as it does. The perception is also that we're less than honest. Customers, especially women, go into our shop with that perception already in their minds.

The lack of information for our customers, and their perception that we are dishonest, hurts us. If you can give customers more information and use graphs, pictures, charts (AllData, Mitchell On-Demand), anything you can use pictorially, it helps. Walk the customer through how things work, why the part failed and how it will be fixed. Anything you can use to demonstrate what's going on so that the customer will understand will begin to alter the perception.

### **AUTOFOCUS:**

Frank Ordenez, of Delphi, said in his speech at GAAS: "I think we all understand that electronics are here to stay and electronic content will rise in the future. By the end of the decade, electronic content will reach 40 percent, which compares to the 20 percent level today." Mike Lambert of Parts Plus added, "Training is an industry-wide issue because, with the amount of new technology coming down the road, the aftermarket cannot afford to lose this business to the car dealership's service department."

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From where does this training need to emanate? What are the leverage points for the independent?

LYNNE:

Training will not be coming from the OE's. AC Delco has historically offered training but that has all but evaporated in our area, though there are a couple basic classes every year. There are a number of hoops to jump through before being allowed into advanced classes. Still, these are helpful and I would not want them to go away. Trade associations, vocational schools, program groups, and local community colleges with automotive programs are currently the strongest venues for training. I belong to a number of boards for these groups because I want the independents to be as strongly represented as the dealers are, especially to those sharp graduates just entering the industry.

The OE needs to be willing to provide information to the aftermarket about service out of warranty. Currently there is a congressional bill (HR 2735) that doesn't just target emissions systems but covers the whole vehicle, and requires OE's to provide that information. The OE's need to furnish this info to the Aftermarket, so we can provide service to customers after the expiration of their warranty. We are parts customers (unavoidably at times) of the OE's so this is the independents' leverage point; there are still too few OE dealers to handle the majority of out-of-warranty customer service needs, and the OE's are beginning to make forays into the Aftermarket by offering crisp, very professional-looking "independent-looking" shops.

AUTOFOCUS:

Ken Walker of Mienke in his addressing the training needs of installers categorized these programs as technical, sales/marketing and business systems. Walker pointed out that it is possible to show the bottom-line results of training at the repair shop level in terms of improved comparable-store sales.

Mitch Schneider concurred, adding that the repair shops need help in knowing how to run a successful business and how to handle such human resources functions as finding and retaining good employees. Schneider added that the industry needs to educate the independent repair shop community and that training has a tangible financial result.

As an independent, what are your current resources for training? What resources would you like to have? When and how would training be best implemented to fit your shop's schedule? How could your suppliers, trade organizations, others in your supply chain, play a role in the training component? Is this a place for government involvement?

LYNNE:

As an independent, our current resources are the program groups such as CARQUEST, ACDelco and NAPA, community colleges, and independent training groups like Jendham, Inc. ([www.jendham.com](http://www.jendham.com)). Some major gaps in the training resources are for Asian and European vehicles. Each of our seven technicians has a specialty, though they usually cannot stay within that specialty all day. We encourage them to get training in the area of their specialty. European training, such as for Mercedes and BMW is very difficult to get. Asian training is a little more accessible.

You need to be proactive here. I've imported trainers to Sacramento and hosted classes here in our facility, and worked with trade associations to sponsor training and find good venues. They are usually happy to support and promote these training opportunities.

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I think trade organizations are key to promotion because of their mailing lists of member shops. Parts suppliers/countermen are also key to disseminating training information to non-member shops. This might be a place for the Internet to come into play. You can distribute information through the websites of the trade associations, but one does not have to be a member to access. Having quality training made available to non-member shops would likely increase association membership itself.

**AUTOFOCUS:**

The rise in vehicle electronics content will have a huge impact on the aftermarket, as the service industry will go from routine maintenance to focus more on mission-critical service. In essence, the owner's manual will not have as much of an impact as the check engine light will on the service work being done.

Frank Ordonez, of Delphi, said that this would pose a challenge to the aftermarket because consumers are not inclined to respond to a check-engine situation because they cannot sense what's wrong. This will require the industry to educate consumers about the necessity to have the work done.

What are your views on consumer education and what steps are Car Care Center taking towards this kind of service? What role would you like to see your suppliers play in this educational component?

**LYNNE:**

Education happens one customer at a time. Having accessible information on your website is good. The industry has still has not settled on a generic way to present this new technical information because a check-engine light can mean so many different things. One thing we all agree on, however, is that it shouldn't be ignored.

AutoZone has specially trained counter people to pull the code whenever a customer brings in a check engine light. However, they can only refer the customer to a repair facility. The customer is not going to know anything about what the problem is other than what system may be malfunctioning. When the light goes on, there still is nothing that can be done but bring it in so a technician can complete the diagnosis. Your diagnostic equipment pulls the code and the technician begins working through a diagnostic tree to make further discoveries until he peels off enough layers to find out what the problem is. This cannot be done on the phone.

When our customer calls, our advice to them is to bring it in and we'll find out what's setting the code. We affirm them with words like, "Good for you that you didn't ignore the light". That kind of general customer information will go onto our website. Parts manufacturers, as well, might consider in their advertisements to the general public messaging that takes the mystery out of the engine light, i.e. "don't put the duct tape over the light!" It's difficult to answer check-engine light customer questions in a very exact way without a diagnosis.

**AUTOFOCUS:**

After this conference, what are your opinions, concerns, predictions for your own business, and the future of the installer/technician in the aftermarket?

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LYNNE:

I have great hope for our business and for our industry. Though I'm an optimist, I'm also a realist. We are going to have more intense competition from OE dealers than ever, because everyone is scrapping for a huge untapped market. Aftermarket people have to show that they are professional or they'll fall out of the race. Like the corner mom and pop shops, they may not be able to offer the full range of services. Loyalty is important, but so are keeping up with and defining your market, then choosing which electronic problems you should send down the road.

Soon independents will have to decide to stay in and do full blown diagnostics or just be brake shops (a bone that has been picked clean). If you bill yourself as full service you'll end up spending a lot of money on electronics diagnostic equipment, but in smaller increments, modular pieces, rather than the big roll-around, multi-thousand dollar machines. There are some good equipment available, i.e. the Vetronix MasterTech and their 5100, some new PDA's and even PC-based programs that are available. Though everything is getting smaller and less expensive, you must keep buying them. The small service provider should consider forming an allegiance or network of other small shops to share these technical tools or special tool components.

AUTOFOCUS:

The message of collaboration came from many of the speakers. What is your opinion about the "we all have to collaborate to be successful" message? How do you see collaboration happening in real life – especially given the independent attitude of people in this industry?

LYNNE:

The trade associations can help in the collaboration that is needed. For instance, I belong to the Automotive Service Councils of California, the California Service Station & Automobile Repair Association, Automotive Trade Organizations of California, and the Auto Repair Coalition.

Each association does one or two things really well. These trade associations should be pulling their groups together and disseminating joint information to all their members. With collaboration, the independents can, for instance, put together a big training class or buy a palette of R12 Freon – that's one of the ways for collaboration to make a difference.

End of interview.