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AUTOMOTIVE BODY REPAIR NEWS

GETTING THE MOST OUT OF

CSI

By John Webb, Contributing Editor

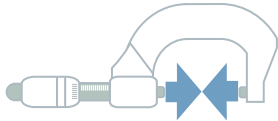


INDEPENDENT MARKET RESEARCH has traditionally been used by top performing companies to measure the satisfaction level of customers with their services and products. While the uses have been varied, the focus has always been on numbers or the customer satisfaction index (CSI). As business has evolved, more attention has been paid to the processes behind those numbers and that has driven demand for process-driven CSI reporting—in other words, a more comprehensive and systematic approach to improving processes and even changing the behaviors that affect the numbers.

CSI programs can be divided into two broad categories: those that are used for internal or management purposes and those that are used for external or marketing purposes.

For those who do not yet have a comprehensive CSI program in place or question the return on investment (ROI) of a CSI program, the following provides a listing of some of the ways that a program can be effectively used.

HANDS-ON MANAGEMENT

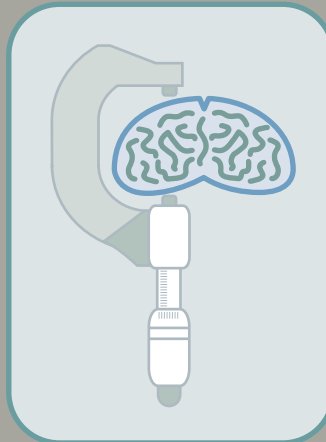


INTERNAL AND MANAGEMENT CSI

INCENTIVE PLANS An employee incentive plan can be structured in full or in part around your CSI program. For best results, make sure your CSI company has the ability to track CSI by service writer, body technician and paint technician. Some services also track by front office and detailing department. **TIP:** The perceived fairness of the incentive plan is of great importance to employee morale. Be sure to consult with respected peers and other experts when developing a plan so that it is truly a plan that energizes your workplace.

PERFORMANCE REVIEW Most companies have an annual performance review for each employee. A CSI program can be an important part of this review. Direct customer comments on employees can offer rationale for raises and suggest areas of improvement. They also deflect the pressure off the manager or owner—after all, it is the customer who is making the suggestions. **TIP:** Categorize customer comments for a particular employee into one or two areas, using the actual CSI reports from various months throughout the year. Offer praise where praise is appropriate, and offer coaching for areas that need improvement throughout the next year.

HIRING PROCESS The CSI program should be an integral part of the company culture from day one. Everyone should know that their performance will be measured, and they should be made aware of the different ways the CSI program is used within the company. The message should be: This is how seriously we take the satisfaction of our customers. **TIP:** The employees that you want to hire will want to be measured. Employees appreciate it when they know



MARKET INTELLIGENCE

Many CSI companies use comparative data in their reporting that can be used to analyze and benchmark their performance against their peers across the nation. Often, the “industry” data from a CSI company represents thousands of completed surveys per month, so you can be confident that the results are representative of the national collision repair market.

TIP: When picking a CSI company, make sure you ask who their customers are and how many surveys they do. This will affect the database numbers that you will be comparing yourself to.

what is expected of them. In all cases, the CSI program should be approached as a positive thing for the employees and the organization as a whole.

COACHING AND TRAINING CSI results should be actionable. One way to do this is through coaching and training

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based on customer feedback. **TIP:** Once a month, or every other month, managers should pick some representative comments from the customers that may represent trends. If the CSI company offers digital files of the surveys, find one that tells a powerful story. For example, hearing a mother describe how the lateness of delivery caused her to miss her son’s soccer game

can be much more powerful than a manager standing on a soapbox and preaching about improving the timeliness score on the CSI report.

MOTIVATION Knowing that ongoing measurement is taking place provides inherent motivation to do a good job at all times. When there is really no predicting which customers will get surveyed, it is incumbent on employees to treat all customers with respect. **TIP:** Post select pages of your CSI report in the lunchroom so that employees are constantly aware of the measurement process. When you get an outstanding comment from a customer on an employee, photocopy that page and put it in with his or her next paycheck. Circle the comment in red and thank the employee for a job well done.

MEASURING CUSTOMER SATISFACTION Clearly the cornerstone of a CSI program is measuring customer satisfaction. Remember, an index is a number that is intended to be representative of a given service metric (for example, timelines of repair) or group of opinions (for example, referral rate) about a certain business. **TIP:** Submit all repair orders to your CSI company for surveying. A true random

sample produces the most accurate CSI results and gives you the greatest opportunity for improvements.

SHOP VALUATION AND HISTORICAL RECORDS Chances are, at some point in your career you are going to be asked to prove the value or creditworthiness of your business. Maybe you are planning an addition or opening an additional location. You may be looking at the possibility of adding a partner from within your own organization, family or from an outside source. Or there is always the possibility of an outright sale for the right price. While there are various methods to evaluate a business, it is increasingly important to demonstrate a substantial base of customers and strategic partners. This goes a long way in determining the long-term viability of a company. A strong history of satisfied customers increases the value of your business. **TIP:** Many CSI companies offer reporting electronically as well as on paper. It is a good idea to keep a folder of past CSI reports on your computer hard drive.

CAPTURING REFERRAL INFORMATION Be sure your CSI company tracks where your business is

coming from. Usually, 65 percent to 90 percent of all business comes from some type of referral. Common referral types are family, friends, insurance companies, insurance agents, or a repeat customer.

TIP: Use the referral information when planning your marketing budget. For example, if 90 percent of your customers are coming from referrals, how important is that full-page ad in the yellow pages?

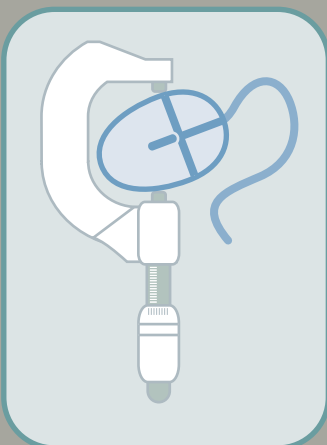
MEASURING RETURN RATE The return rate is the percentage of customers who have to return to your facility for any reason after the car is delivered for some kind of work. This rate runs as high as 20 percent in some facilities. Lowering the return rate directly impacts profits. **TIP:** Figure out how much each return is costing you by tracking 20 returns and how much time is spent on them. Use the average times spent and then double it (due to the fact that it takes the same amount of time away from working on a current job). Use your labor rate to figure out what each return is costing you, and then extrapolate that figure into monthly and yearly figures. Determine what each percentage point drop in return rate is worth to your business.



EXTERNAL AND MARKETING CSI

SERVICE RECOVERY One of the actionable aspects of your CSI program should be service recovery. Most CSI companies have an alert system in place that informs you quickly in the event of an unhappy customer. These customers represent your greatest opportunity for service recovery and excellent customer satisfaction. When issues are resolved, loyalty increases by a factor of four. This directly impacts referrals and repeat business. **TIP:** Devise a Service Recovery Strategy and process for all of your managers and service writers that is followed every time you receive a customer alert. Train and coach consistently on effective problem resolution.

MARKETING TO INSURANCE COMPANIES With insurance companies paying for roughly 80 percent to 85 percent of all collision repair work that is being done, it makes sense to have a



WEBSITE MARKETING

Web site marketing is becoming an increasing source of lead generation and general information about your business. Most repair companies who are in the market for CSI programs either have a Web site or are considering developing one. Customer testimonials from your CSI vendor are a powerful marketing tool. You may also pick a page or two from the CSI report and post it on the Web site, updating them periodically. A mutual link from your CSI company is another option.

TIP: If your CSI company offers digital recordings of surveys, ask them for a couple exceptionally delighted customers and post the actual survey online. Be sure to get the permission of the customer before you do this.

HANDS-ON MANAGEMENT

formal marketing plan in place to help capture that business. Often, CSI is a requirement to join an insurance company direct repair program (DRP) or network. Whether or not it is a requirement, however, it is a good idea to have solid evidence of the quality of your work to ensure you are getting your share of referrals from the insurance company. **TIP:** Most CSI companies separate reports by insurance carrier. When results are not up to standards, hold a company-wide meeting and implement special procedures for the policyholders of that particular company. When results exceed standards that is the time to contact the company and make your case for additional work.

MARKETING TO INSURANCE

AGENTS Insurance agents at the local level are concerned with retaining current policyholders and growing their customer base. Naturally, when a policyholder gets into an accident, one of the first people often notified is the insurance agent. For this reason, agents can be a big source of referral business. **TIP:** Begin to develop a database of all local insurance agents within a reasonable radius of your shop—usually five to 10 miles, depending on your population density. Once you have an electronic distribution list, you can make contact with these agents on a monthly basis. Include one or two of the most important pages of your current CSI report with that contact. This is much more efficient, effective and doable than trying to visit everyone in person (although you should try to do that once a year or so).

MARKETING TO DEALERSHIPS

Whether you are officially associated with a dealership or independent of any dealership organization, your repair facility can benefit from referrals from dealerships. Dealerships are interested in a quality repair experience because they want that customer to return for service and sales. A CSI system can help

build the trust that leads to referrals. **TIP:** Market to dealerships that predominantly sell cars that you are interested (efficient) in repairing. A good relationship doesn't hurt when ordering parts, either.

CSI can accurately be put in the marketing budget, as it contributes much more than some more traditional marketing methods to contribute to your bottom line profit.

MARKETING TO NETWORKS

Networks, for lack of a better term, are everywhere. You have insurance company DRP networks, paint company networks, performance group networks, dealership networks, information provider networks, consolidators, franchises, and other independent networks. If you are interested in joining a network, a strong CSI program is highly recommended. Once you are a member of a network, one of the benefits is being able to compare CSI scores and processes with your peers across the network. **TIP:** Use network summary reports to motivate your troops to be at the top of the CSI list.

PERFORMANCE GROUP /20

GROUP DYNAMICS If you are not currently involved in a performance group—often called 20 Groups—of some kind, you should seriously consider it. Typically, these are peer groups comprised of members from non-competing markets who get together on a regular basis to share best practices and standard operating procedures regarding all aspects of business. Customer satisfaction and loyalty are

common topics, and any credible and measurable information that you can bring to the discussion will be helpful. **TIP:** Bring a copy of your latest report to your next 20 Group meeting. Or better yet, have it handy on your laptop. That way, you can produce it in various settings. Pick a specific measurement from the report and discuss it with the group. For example, the impact of the return rate on profits.

GENERAL MARKETING CSI results should be included in your general marketing efforts as you brand your business as a quality-conscious operation. **TIP:** Use your impressive CSI scores in the following ways: Post selected results/report pages in the customer waiting area; use them in newsletters; mention CSI results in all print, radio and TV advertising; use direct mailings to both potential customers and strategic partners. The bottom line is you should be incorporating your CSI results into your marketing plan.

Used correctly, CSI is an investment in the future of your business. CSI can accurately be put in the marketing budget, as it contributes much more than some more traditional marketing methods to contribute to your bottom line profit. But whether you look at it from a marketing standpoint or an internal process-improvement standpoint, there is no doubt that CSI is one of the better values to improve the performance and profitability of your facility in the marketplace. □

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