

Confessions From the Dealership Service Department

By Philip Reed, Senior Consumer Advice Editor, Edmunds.com | Published Jul 9, 2009

My father was a marine in World War II, and he had a reputation for scrupulous honesty. I learned from him that you had to level with people. Later on, that got me into trouble in the service business.... That didn't go over too well in the dealerships.

I grew up working in the service department of a Chevrolet dealership in a small town in the Pacific Northwest. My father and uncle started the franchise about the time I was born. As a kid I was always down there washing cars or pricing parts. At that time, GM probably made the best product in the world.

After I got out of college, I moved to California and got a job as a service writer at a domestic dealership in a wealthy area. Later, I went to work at a specialty car company that was building high-end cars, and I was their national service manager for years.

What I learned over the years always put me at odds with my bosses. They wanted me to sell more, to recommend service that wasn't needed and to overcharge for the work being done. Ultimately, I concluded that the fundamental incentives built into the system were dishonest. I couldn't do it anymore so I got out of the business.

So here are a few things I learned that will save you a whole lot of money.

Who Is the Service Advisor?

People think of the service advisor (also called a service writer) as a mechanic but basically they are salesmen. They're even paid on commission. That means that the more work they convince you that your car needs, the more money that puts in their pockets.

Another problem is almost no one reads their owner's manual so they really don't know what's best for their car. See, the manual was written by the company that built your car. It is the most accurate description of how to care for it. But when people go to the dealership for routine maintenance, the service advisor pushes the "dealer recommended service" on them. Basically, this calls for oil changes and transmission flushes more frequently than the owner's manual.

For instance, the dealer might recommend changing the transmission fluid every 12,000 miles, whereas the manual recommends changing it every 60,000 miles. If you followed the dealer's recommendation, that means you'd have four transmission fluid changes that were unnecessary. And transmission fluid changes aren't cheap — they can run \$200, so you might be spending as much as \$800 unnecessarily.

When You Arrive at the Dealership

At the dealership, customers pull up in the driveway and are greeted by the service advisors. As the customers line up, you develop a sixth sense of who needs what, and thus which customer you should go to, to make the most money. Of course, you have the returning customers who you're familiar with, and you have to help them. But then you find yourself looking for the people who have old-looking cars and who also look rich, so you figure they can afford superfluous work.

The way we were taught to handle customers is via a carefully controlled interaction. The company even produces videos detailing exactly what they're supposed to do and say and sell.

There are phrases you find yourself using to sell services. For example, you can get people to go for early fluid changes by saying, "While you're here, let's get this work taken care of," because people hate the hassle of coming to the dealership and waiting around. We also play up the safety issue. If you want someone to agree to a brake job, just say, "There's less than 50 percent of your brake pads left." That *sounds* bad but actually it isn't time to get a brake job until that number is much closer to 15.

Pricing Work for Profit

Service jobs are priced according to the "flat rate" book, which has the times it takes to perform each repair or service procedure. For instance, an oil change takes 0.3 hour according to this book. The mechanics, however, try to beat these times to make more money for doing less work. Unfortunately, that incentivizes speed and overselling, which to me is the built-in problem with most service departments.

There was a mechanic at one of the places I worked, who had created this contraption that actually sucked the oil out of the engine rather than letting it drain out. He could change oil in *three minutes* and get paid for the flat 18-minute rate. The guy probably made more money than anyone else in the dealership except for the owner.

The Dangers of "Upselling"

Let's say that someone comes into the dealership for a simple oil change. They immediately become a target for the service department to "upsell" them as much *additional* work as possible. First of all, the advisor will ask how many miles are on the car. If there is close to, for example, 20,000 miles, they will say, "Well, you're just about ready for your 20,000-mile service. Here's what we recommend." They then whip out a sheet with a laundry list of services that are offered for a package price. But if you look at what is actually *done* to the car, it is just inspections or fluid checks and fills.

When you start getting more miles, the service writer will say, "We're going to do all services recommended for that mileage, but we'll also check for other problems." So you agree to a "full inspection," which is one of the biggest scams. Later in the day the service writer will call and say, "Everything looks OK but we recommend you have some other work done: transmission fluid, air-conditioning, differential fluid." By the way, most manufacturers don't recommend *ever* changing the diff fluid. So you go in for an oil change and end up dropping \$600.

Dealerships don't profit on extensive operations like replacing engine blocks, transmissions or other large components. These require expensive parts, and the mechanics take longer to finish them. So while you pay a lot for these operations, the service department doesn't make much off them. With the smaller operations, on the other hand, you don't pay as much, but they're making a very high percentage of profit.

In one case, I looked at the dealer-recommended service and compared it to the owner's manual — it had almost doubled the service frequency from the manual. That's true of parts, too. The prices of most parts you buy through a dealership are doubled.

Brake Jobs and Other Scams

Service departments are always trying to get you to agree to a brake job you don't necessarily need. And then they recommend that you "turn the rotors." This means putting the rotor (the disc part of the brakes) on a lathe and cutting a thin layer of metal off to make the surface flat. They charge you \$50 *each* to turn the rotors, and it only costs them 50 cents and the startup cost of buying a lathe.

It isn't even necessarily safer to turn the rotors — in fact, it's actually making them closer to wearing out, since cutting the rotors makes them thinner. This way they could warp more easily. My opinion is

that unless a rotor is severely gouged, don't bother turning it, as you have little if anything to gain. Let the pad adapt to the grooves in the rotor. Rotor turning is one of the big scams out there.

Most brake pads come with small metal strips buried under the brake pad called the "wear indicator." When the brake pad wears down to about 15 percent of its thickness, the metal contacts the rotor and causes the brakes to screech when you hit them. Then it's a good time to change them. Sometimes mechanics will bend these strips so they start squeaking sooner. Another thing they do is spray oil on the shock absorber so it looks like there's a leak in the hydraulic fluid and you need your shocks changed.

"I'm on Your Side"

Service departments take advantage of the fact that there's not as much mistrust of them as there is of car salesmen. They play the role of "I'm on your side," the friendly mechanic. Often they have some mechanical experience but actually, their strong suit is that they have good public relations skills. Their job is to be the counselor to the customer, to tell them what they need and don't need.

I didn't play this game and sometimes I got in trouble because I wouldn't sell enough. The service manager would call a meeting and tell the writers, "You made this much but you have to try to make more." They wanted us to boost profit so that they themselves would get a bonus. It was always, "You're not selling enough! Get out there and really do it!" My response was, "I'm not going to sell this stuff to people who don't need it." Then they said, "What do you mean, 'need it'? It's not going to hurt them to change their oil more often, and it'll help us."

Some customers actually perceived that I did less "selling," and preferred to go to me for work. At one dealership I worked at, the idea was to go after the wealthy guys, which there were plenty of in that area. But there were also poor customers. Sometimes people would say, "I want you to be honest with me about what I really need," and we would eventually build relationships and they'd come back even after the warranty was up.

After awhile, when you build loyalty, you get returning customers. So my argument to the dealer was that if you kept trying to upsell the customers, they wouldn't return after their warranty expired. I think the dealers are starting to recognize that, but part of their response is to sell more extended warranties, which are unfortunately kind of a scam. It's basically an insurance company betting you that your car won't break down.

Tips From an Insider

I tell people to read the owner's manual before you go see the dealer. Or go to an online chat and share the knowledge of other owners. (Note: [Edmunds.com's forums](#) are filled with information about maintenance). Also, it helps to do a visual inspection of your car. You don't have to be mechanically minded — just look to see if the oil is dirty or not.

But the most important thing, don't trust the dealer's recommended mileages; use the manufacturer's guidelines in the manual. This is probably the best way to deflect the service guys when they try to upsell you. Copy that page in the manual, hand it to the service advisor and say, "Here's what I want you to do."

My trick with service managers is to go in and find the oldest one you see, because he's survived by building up a base of loyal customers. Then I say, "Oh yeah, I think I dealt with him last time I was here. I'll talk with him."

The other thing to remember is that service advisors are wary of customers who look like they know what they're doing. So take some time to learn a little about your car. You might find it interesting — and it will definitely save you money the next time you go in for service.

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