

# Management of Automotive Service<sup>1</sup>

The Story of an Effort to Develop Standardization  
and Control in a Jobbing Industry

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THE automotive industry, one of our largest and perhaps our most spectacular industry, is the fruit of many centuries of effort to perfect self-propelled highway vehicles. Several centuries before Christ the Athenians, beginning to realize the value of mechanical development, constructed vehicles operated by a mechanism whose motive power was supplied by slaves. In the fifteenth century A. D. an Italian developed a wind-propelled highway vehicle.

During the period 1820-40 vehicles propelled by steam were manufactured with fair success in England, but met with very considerable opposition on the part of farmers, stock breeders and others interested directly or indirectly in horse-drawn vehicles. As a result of this opposition, legislative obstacles were set up which very seriously hampered further development.

In 1866 a department store of Providence, R. I. requested an engineering firm to build for them what is said to have been the first motor truck in the United States. A number of other concerns took similar action shortly thereafter. This equipment was purchased, however, more for its advertising value than for its utility in highway transportation.

With the exception of furnishing an occasional set of shoes and a bag of oats for old Dobbin, there was no real service problem, comparable to that which exists at the present time in the automotive industry, until the development of the internal combustion engine. Motor vehicles are expensive, quick wearing machines, and their servicing, of necessity, constitutes a very important consideration.

While this discussion of service will be confined more particularly to the field of commercial motor vehicles, the fundamentals and management problems to be dealt with apply, with but few exceptions, to the servicing of all types of motor vehicles. It

is therefore appropriate at this time to present certain salient statistics bearing upon the size and scope of automotive service in general.

Over 20,000,000 motor vehicles are registered in the United States, comprising roughly 83 per cent of all registrations in the world. The tremendous task of servicing these 20,000,000 motor vehicles is divided between about 37,000 service stations maintained by car dealers and 31,000 independent service stations, a total of 68,000 repair shops in this country alone, the average number of vehicles per shop exceeding 280. Over 350,000 repair shop employees comprise the mechanical force needed to service these motor vehicles. Thus the servicing of automobiles and commercial vehicles is in itself an industry of no mean proportions.

The word "service," a much misused term by the way, has so wide a variety of application as to necessitate, for the purpose of this discussion, a limiting definition. In an analysis of service, using the term in its application to the marketing of manufactured products, without special reference to the automotive industry, Ralph Starr Butler wrote:

Service may mean a continuing interest in the customer after he has bought the goods. It may mean helpfulness preceding the sale, with the purpose of fitting the product definitely to the customer's needs. It may mean offering to the customer assistance and information on matters only indirectly connected with the seller's goods.

This definition of service will suffice for present purposes. The obvious aim of automotive service maintained by manufacturers or dealers, is that of facilitating and promoting the sale of the product.

The nature of the automotive industry, its comparative newness and its phenomenally rapid expansion have necessitated the development of a technique of service different in many respects and more highly specialized than service formerly accorded to mechanical products. Automotive service is, in fact, an infant industry.

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The application of scientific methods to production and to engineering have been frequently commented upon, as has the necessity for such scientific approach to the general problem of distribution. It is to be hoped that this discussion will at least serve to indicate that service, an important element in distribution, is taking a step in the right direction.

While I realize that many of you have no personal interest in the automotive industry, I believe that certain factors to be touched upon will find their analogy in other industries.

## Status of Service in the Field of Distribution

Service is organized with the end in view of enhancing the value of the customer's investment by prolonging the profitable life of the product. Service is aimed toward the development of added good will. The old principle of *caveat emptor*, "let the buyer beware," has no place in the automotive industry. Well organized service in this industry is an absolutely indispensable adjunct to a sound marketing program. It is a very important factor in the customer's investigation of *what* to buy.

While in the earlier days of the industry service was looked upon as merely a "necessary evil," progressive manufacturers are fast approaching a more complete realization of its far reaching possibilities. The modern conception of service is positive rather than negative. It classifies service as a *business force*, akin to sales and to advertising, rather than as a necessary evil to be grudgingly tolerated.

The service organizations of a motor vehicle manufacturer must cope with the horns of a dilemma. On the one hand, if it is to justify its existence completely, it must result in enhancing the value of the product to the owner by assisting him to reduce operation and maintenance costs to a minimum; this means that service charges to the owner must be reasonable. On the other hand, if the industry is to be properly stabilized, the service function must be self-supporting. By proper organization service can attain both objectives.

## Specific Functions of Service

The old idea of service has been and in some places still is merely that of maintaining at convenient locations repair shops and parts stocks for the convenience of owners. While of course this constitutes the necessary basis of automotive field

service, it by no means represents all that can be done by one service organization in facilitating the sale of the product.

The specific functions of service may be classified as:

1. The manufacture and distribution of parts;
2. Mechanical repair work;
3. Direct cooperation with the Sales Department;
4. Direct cooperation with owners and prospects;
5. Cooperation with the manufacturing organization with the object of improvement of product, and of assistance in the important problem of suiting the product to customers' requirements.

These functions relate more particularly to the service organizations of factory branches or dealers, independent garages not being particularly concerned as a rule with direct cooperation with sales, customers, or factory.

## Organization of Service

The organization of service to execute these functions properly must, of course, be divided into two phases, namely, home office and field. The home office service organization of the progressive manufacturer must in addition to its regular line duties of supply, of coordination, and of executive control, include a well developed staff division for the study and improvement of various elements of the business, a number of which I shall shortly enumerate. Intelligent staff work has already accomplished much by way of elimination of old causes of customer complaint. In the search for the "one best way" with respect to tool equipment, methods, administrative routines, and minor policies, a good staff organization is indispensable.

The field service organization must, of course, be closely coordinated not only with the home office organization but also with the sales department. The exercise by the home office of a functional type of control over the field organization units has proved beneficial when not carried to an excess,—such control facilitating the installation of improved methods and serving to insure a higher degree of uniformity.

In this connection it is obvious that the manufacturer who distributes his product through branch office organizations, or branch offices plus distributors and dealers, is better enabled to achieve the highest and most uniform quality of service to the

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