

Lemon Law - Mechanics Flat Rate Pay System

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There is a relationship between the auto repair technician Flat Rate pay system and the incidence of unrepaired Lemon Vehicles. It is more direct than one might think.

What is Flat Rate Pay System?

It's old-fashioned piecework plain and simple. Imagine picking peaches. Instead of an hourly wage, you get paid a penny a peach.

The auto manufacturer establishes fixed times for every conceivable repair. This includes everything from a bulb replacement to installing a new engine. Most dealerships charge between \$60 and \$70 dollars an hour for warranty repairs. It's in the dealership's contract with the manufacturer that they may only charge for the repair hours provided by the manufacturer.

Here are some of the links in this chain of cause and effect:

- The modern automobile is computer controlled and complex.
- Vehicle computers fail and these software/computer hardware failures appear to be other non-computer components in the vehicle.
- Modern diagnostic tools don't isolate faults; they suggest possibilities, areas of vehicle systems that might be at fault.
- The technician is rewarded for how fast he or she works, not how well.
- The dealership makes good money for warranty and non-warranty repairs.
- Quality and customer satisfaction are advertising slogans, not a way of life in the work place.
- Quite often poorly trained mechanics cause more trouble than existed in the vehicle before attempted repairs.
- The slow technician, whether excellent or not, will barely make a living and certainly receive hard talk from his supervisors.

Are all vehicles declared lemons at buyback unrepairable? Probably not.

Given these conditions, the chances a faulty vehicle will meet lemon vehicle legal definitions, i.e., four repair attempts during the warranty period, are significantly increased.

The Dealership Situation

Here's an example of what dealerships consider a bad, bad thing.

1. A car that is still under warranty has a defective transmission. The manufacturer assigns transmission replacement a time to repair of 4.5 hours. At \$65/hour for warranty repairs, the dealership gets paid \$292.50 by the manufacturer for this warranty repair. (Remember, the manufacturer pays for warranty repairs.)
2. If it takes the dealership's technician 6.75 hours to complete the repair. The dealership must eat 2.25 hours of technician repair time.
3. If the technician takes 3.9 hours to make the repair, the dealer will still charge the manufacturer 4.5 hours, and even though the technician only spent 3.9 actual hours on the job, he will be paid for 4.5 hours.
4. In the first case the service manager at the dealership complains to the technician, "sorry, Joe, the manufacturer reduced repair times again. You know those %^\$%^\$# aren't part of the real world, they don't know how long it takes to make orange juice!" He's also going to strongly "encourage" the technician to make the repair in less time than that assigned by the manufacturer.

It is an unjust system with no redeeming value for the honest technician or the dealership. Who's the big loser? You guessed it, the customer.

All the players in this game have very different viewpoints. Let's review them.

Manufacturer

The manufacturer screams about being ripped off by the dealership for inflating warranty repair hours, and that the dealership is doing unnecessary warranty repairs. Both accusations are probably correct, but not necessarily for the reasons suggested by the manufacturer.

Dealership

The dealership moans and groans about how unfairly the manufacturer establishes and even reduces the hours allowed for each warranty repair. They also claim they have no say in how the hours were established in the first place. Both of these accusations are entirely correct. Manufacturers also have a policy of not paying for repeated warranty repairs to fix the same malfunction. How does the dealership respond to this? It's not good. If the dealership sees a repeat problem, they must somehow make it appear to be different than the original malfunction. Charitably, this can lead to untruthfully describing a problem on the repair order. Remember, four repair attempts for the same problem is one of the criteria that defines what is and is not a lemon. Where's the incentive to do honest, quality work?

Mechanic

The immediate effect of manufacturers cutting the flat rate (piece work) times is a reduction in the mechanics paycheck. In order to maintain the same pay rate the mechanic must work that much faster. Faster is not consistent with quality repairs, quite the contrary. At the same time the manufacturer is demanding higher quality repairs. It's a Catch 22 wherein everyone loses. Add to this inadequate training at best and one has a recipe for the Lemon connection.

Consumer

The consumer has no idea about the complex business relationships that exist between manufacturers and dealers, nor do they have any interest. Why should they? The consumer's needs are quite simple. Sell me a car for a decent price that does what the advertisements say it will. If it needs a repair, have someone competent and well trained do the work and for Pete's sake get it right the first time.

Final Thoughts

There's something seriously wrong with the system. It's a system that rewards all the wrong things. Like many such systems in other parts of American business, this system rewards quantity, not quality.

There seems to be an inherent inability among business managers to draw a connection between quality and business success. The manufacturer sets up quality rewards systems, such as Ford's Blue Oval, then turn around and cut the work/task hours arbitrarily, probably to allow a senior executive to look good by improving the bottom line of a quarterly report. The result is an immediate drop in quality work at the dealership. There are so many contentious viewpoints, and so little willingness among the players to correct the situation.

I wish I could offer some hope to consumers that efforts are being made to resolve this situation, but I haven't seen any such evidence. Perhaps this essay will at least bring some sense to a nonsensical mess. Donald Ladew, Staff Writer for Norman Taylor & Associates, is a professional writer and author of numerous articles on quality, customer service issues and many other subjects. This article approved by Norman F. Taylor Esq. For more information about this most important subject, please read Lemon Law - The Standard Reference Guide, Norman F. Taylor Esq. ISBN 0-9760058-0-8 <http://www.lemonattorneys.com> or <http://www.normantaylor.com> For further inquiries, Mr. Ladew may be reached at: donald@normantaylor.com Phone: 818-244-3905.