



Service Bulletin

WARRANTY ADMINISTRATION

Subject: Warranty Administration – GM Dealer Empowerment Program and Goodwill Procedures

Models: 2017 and Prior GM Passenger Cars and Trucks

Attention: This bulletin applies only to GM of Canada dealers. Dealers in the U.S. should refer to the latest version of Corporate Bulletin Number 11-00-89-005.

This Bulletin has been revised to add the 2016-2017 Model Years and clarify example under Partial or Shared Responsibilities. Please discard Corporate Bulletin Number 05-00-89-055E.

This bulletin is being provided to clarify proper transaction administration of goodwill cases.

Program Intent and Responsibility

The purpose of dealer empowerment is to administer goodwill and address special circumstances that provide prompt, responsible, point-of-service decision making capability which results in both quality service and a completely satisfied customer experience. This empowerment program provides GM dealers with a determined level of responsibility to make decisions regarding payment for repairs. These decisions are in the form of dealer management approvals and transaction authorizations for situations that are outside the written terms of the New Vehicle Limited Warranty. Empowered decisions must be made on a case by case basis and supported with valid business reasons. The purpose of this program is not to compensate for dealership responsible transactions made in error.

Making Empowered Decisions

The warranty covers repairs to correct any vehicle defect related to materials or workmanship performed during the manufacturing process. Such repairs must be made using the appropriate GM part(s) and published GM labour times. However, dealers are empowered at various levels with the discretion to make case-by-case Goodwill Decisions that are exceptions to GM's standard policy, for good business reasons, when the circumstances surrounding the transaction are special. The main purpose is to affect quality repairs and meet **reasonable and rational** customer expectations. These decisions can be during or beyond the time and mileage limitations of the New Vehicle Limited Warranty. Sometimes during the warranty period, guidelines that establish what is not covered are not clearly obvious when dealership personnel are discussing the condition with a customer. For this reason, and questionable situations that do not have exact proof of what transpired, should be reviewed in the same manner as situations outside of the warranty time and mileage. These decisions should also be made on a case by case basis.

Documentation and Transaction Submission Requirements for Customer Enthusiasm Decisions

If Service Management elects to pay for the repair or replacement of a component that failed NOT due to manufacturer's defect in workmanship and materials, they are required to **clearly document the job card with the reasons for the decision**. The job card must also clearly document the term "Customer Enthusiasm" along with signature of the Service Manager approving the decision. With the development of the Enable and Empower program, dealership service management has been given additional tools to ensure customer satisfaction throughout the customer's ownership experience. When goodwill decisions are appropriate, proper job card documentation by service management and transaction submission by the warranty administrator is essential to fully explain the reason for the decision.

Properly maintained files should provide a complete history for yourself and GM in support of your empowered decisions. From time to time, your records will be reviewed. If your records do not support your transactions, the claims will be debited, even if previously authorized either by wholesale or retail personnel.

Example:

Customer's vehicle has a cut in the rear seat at 12,800 kilometres. This is not a clear defect in material or workmanship and therefore would not be a warrantable repair. Based on the customer's situation, the Service Manager would like to fix the customer's issue and submit this to GM for reimbursement even though it is a non-warrantable repair. The transaction would be entered as a ZREG using the rear seat back labour operation

with the Customer Enthusiasm-Non Warrantable Repair box checked. the Complaint, Cause and Correction fields must document the situation including the reason for the decision.

Identifying the Facts

Empowerment should be exercised when it appears that, in the interests of customer loyalty, an adjustment should be made. Empowerment should not be exercised to correct conditions occurring from aging, physical damage, lack of proper maintenance or abuse. Vehicle concerns should be assessed on their own merits within the context of the current owner's reasonable expectations and with appropriate concern for the cost to GM.

In exercising your judgment in each case, the following questions are some which should be considered.

- Is the vehicle covered by other service or extended warranty contracts?
If yes, repairs must be performed under that contract.
- Does the vehicle show a lack of proper care and maintenance?
- Is the overall condition of the vehicle such that the cost of the repair will approximate the vehicle's value?
- If the vehicle was purchased used by the current owner, is it likely the vehicle exhibited the condition before purchase?
- Did the condition occur while the vehicle was in the possession of a second or third owner and no vehicle history is available?
- Could the customer have done anything to prevent or cause the condition?
- Has the vehicle been used in ways for which it was not intended?
- Did the condition result from an aftermarket conversion or alteration?
- Did the condition result from the use of non-GM parts or accessories?
- Is there evidence of odometer tampering or alteration?
- Is the vehicle condition a normal operating characteristic?
- Is the condition largely a result of unusual localized environmental, geographical or climate factors?

Additional questions when paint condition is the concern:

- Is the condition largely the result of normal paint aging or environmental damage (fading, gloss loss, chalking, flaking, and yellowing)?
- Is the condition only on a physically damaged panel that the customer declines to repair?

The lists above are not intended to be all-inclusive. However, if the answer to any of these or similar questions is "yes", then it probably is not a concern you should address at GM's expense.

Justifying empowered decisions with an opinion that "they're a good customer" without other supporting business reasons is not an acceptable practice. In such situations you can help strengthen your position by committing to an equally shared responsibility between GM and your dealer. If you cannot commit to a share responsibility, then perhaps the correct decision should be one of offering no goodwill adjustment.

Partial or Shared Responsibilities

In situations beyond the warranty period, but within your transaction authorization empowerment, customers have received value from the use of their vehicle. It may be reasonable to consider partial payment by the customer, dealer, and/or GM, thus sharing responsibility for the repair expense. Consider the interests of the customer, the dealership and GM when determining the sharing of costs. Use the following guidelines to assist in the decision making process.

- Determine what the customer expects before making an offer to assist.
- Evaluate the reasonableness of the customer's expectations.
- Determine what offer would satisfy the customer as a fair and equitable adjustment.
- Make your evaluation of the situation through direct communication with the customer.
- Always strive for a mutually acceptable agreement.
- Is the dealership willing to match what GM will pay?

Example:

A 4.5 year old Tahoe with 49,800 kilometres is in for an Upper Control Arm repair. Based upon the Goodwill/Policy Participation Guidelines, the customer is satisfied with GM participating at 50% of the repair cost. The dealer submits for 4.4 hours of labour, \$215.86 in parts and \$86.35 in parts mark-up for total transaction amount of \$679.36. The dealer then inputs \$339.68 in the Customer / Service Agent Participation Amount field. The dealer will receive \$339.69 through the GWM system.

Empowerment is **NOT** :

- Permission to deviate from the GM Service Policies and Procedures Manual, job card write-up and documentation requirements, or shop supervision requirements.
- Permission to authorize transaction which are not a GM responsibility, including:
 - Repairs, adjustments, or reconditioning required as the result of damage
 - Used vehicle reconditioning
 - Repairs covered by extended service plans or contracts
 - Unjustified, undocumented, unsubstantiated additional labour time
 - Unnecessary or excessive parts replacement
 - Repetitive repairs resulting from poor dealer diagnosis or workmanship.
- Permission for the Warranty Administrator to apply approval codes for transactions payment without service management involvement.

Delegation of Empowerment

The dealer is to designate one person responsible and accountable for all approvals issued by service management. Typically, this would be the Service Manager or Service Director. When portions of responsibilities are delegated to others, those who become empowered are to be members of the Service Management team, responsible for the performance of the Service Department and the contractual responsibility to properly administer GM warranties. Service technicians, Warranty administrators, or other support personnel are not to be empowered for these types of management approvals. All such delegation of approval is to be monitored by the Service Manager or Director, on a routine basis.

The Empowerment Matrix found on Global Connect must be completed to identify the Dealership Employees who are empowered and the level of empowermer granted.

Scope of Empowerment

The decision making responsibility of empowerment translates into the use and application of GM labour operation numbers, transaction types, and authorization codes. It is GM's expectation for all dealers to operate at the maximum levels of empowerment. Each element of empowerment may be independently adjusted among the listed alternatives. Additionally, the use of certain labour operation numbers and/or transaction types may be prohibited from dealer use, without wholesale authorization.

Individual Dealer empowerment levels can be found in the "View Service Agent Profile" page on Global Warranty Management.

Empowerment by Dealership Location

The scope of empowerment will be decided upon and set within GM systems. The empowerment profile will apply to all GM franchises operating at the site. Changes to dealership empowerment levels will be communicated to the dealer and service management by GM regional service representatives.

Monitoring

Current customer satisfaction and warranty expense reports are available for use in monitoring performance trends associated with empowerment. As the process of common empowerment matures, the creation of more specific measurements and reports may be necessary or appropriate.

Current customer satisfaction and expense trend information is available to assist you and your wholesale service representative to monitor your use of empowerment. If areas of concern arise, your wholesale service representative may offer specific counsel, or suggest certain dealer administrated controls to be placed into effect. In unresponsive situations, or where substantial risk exists, your empowerment in the specific area(s) of concern may be reduced or eliminated until the risk or situation is corrected. As the risks become managed to acceptable levels, empowerment will be restored to higher levels.

Retail Use of Authorization Codes

Authorization Code A – Beyond Warranty

Goodwill adjustments include the ability to make case-by-case decisions on repairs that are beyond the time and/or mileage (kilometrage) limits or outside the terms of the GM New Vehicle Limited Warranty period. There may be situations where goodwill adjustments beyond the dealer's empowerment level are appropriate. In such cases, wholesale authorization is required prior to the repair being performed.

Goodwill should NOT be considered in any of the following events:

- Recently purchased vehicles (used cars, auction vehicles, fleet vehicles, etc.) that exhibited the condition due to lack of maintenance, wear, misuse, physical damage, accidents or alterations at the time of purchase.
- Failures covered by an extended warranty or service contract. Goodwill adjustments are intended to increase/gain owner loyalty, not to reduce liability of contract underwriters. On a case by case basis, Goodwill can be considered for GMPP deductibles.
- Repairs benefiting any licensed dealer (including non-GM) for used vehicles being traded, purchased from GM auction or in dealer inventory as a means of increasing the value of the unit or to reduce reconditioning expenses.

Authorization Code R – Repeat, Related Repairs

Authorizes payment for repairs to be performed which repeat or overlap previously performed repairs. Allows you to consider authorizing repairs identical or

similar to repairs that have been previously performed on the vehicle. Facts must support that the repair is justifiable and is not the result of previous improper or incomplete workmanship or diagnosis.

Authorization for Repeat/Related Repair would be used in the following instances:

- Repairs caused by defective parts and/or workmanship on the part of the manufacturer.
- Repairs previously but unsuccessfully attempted by a different authorized GM servicing agent, to address customer's complaint.

The following are **NOT** to be considered for Repeat/Related Repair authorization:

- Improper diagnosis
- Inadequate technician training
- Use of improper tools, equipment and repair procedures
- Repairs by an independent shop or other individual
- GM part warranty transactions
- Non-GM part failures or failures attributable to such parts

It is the responsibility of the dealer to perform repairs correctly the first time. Authorization code "R" should not be used for the following repairs:

- Wheel alignments
- Wheel balancing
- Paint repairs

Authorization Code E – Other Labour Hours

Those exceptional cases where a repair requires Other Labour Hours (OLH) considered as part of the repair procedure. All "published" add times, such as sublet allowance, add times, diagnosis times, mix times, etc. are submitted in the appropriate labour hours fields on Global Warranty Management and do not require authorization.

Instances when OLH may be required include:

- Unusual repair procedure not covered in the GM Service Manual and Labour Time Guide (LTG). Such may be the case where a bolt was broken and extra time was required to drill it out.
- Diagnosis time not published.
- Labour times to complete electrical connector/wire repairs in excess of published "ST" 0.5 hour limit.
- Labour times to address any additional damage caused by the primary failed component. Total not to exceed established labour time if applicable.
- Variable strip time for involved panel refinishing. Not to exceed "calculated" limit.

Instances when OLH is NOT the responsibility of GM:

- Inadequate technician training
- Lack of and/or improper tools and equipment
- Improper repair procedures
- Unnecessary and/or excessive repairs
- Improper shop supervision

If unusual circumstances are encountered which would require Other Labour Hours:

- The technician is to contact service management for approval PRIOR to the work being performed.
- Service management approval is required for the technician to proceed on an Other Labour Hours basis.
- Service management must sign the "on time" and record the reason for the repair. Separate on/off time recording is required for each Other Labour Hours operation.
- Service management must justify the reasonableness of the Other Labour Hours request.
- Technician inefficiency or lack of training is not sufficient justification for Other Labour Hours.

Authorization Code P – Part Excessive

Authorization Code P is for exceptional cases where a repair requires additional parts exceeding the amount(s) allowed for the labour operation involved. An

explanation of the excessive part must be noted on the job card. If additional parts are required for the excessive repair, note the part numbers used on the job card.

Miscellaneous Transaction Types

Although these transactions do not require service management authorization, it may be appropriate to establish an internal management control process to monitor compliance with GM Service Policies and Procedures for the following transactions:

- Service Parts Replacement transactions (i.e. ZPTI/ZPTC)
- Transaction requiring add credit/debits
- Customer Reimbursement transactions

Customer Reimbursement Net Item is to be used when a decision has been made to reimburse a customer for warranted repair costs incurred by the customer. Reimbursement is made in the form of a cheque issued by the dealer directly to the customer. Customer reimbursement is to be made only to the person who owns or leases the vehicle at the time of repair, or the person who incurred the expense, if different. Dealer should obtain and retain the customer's original paid receipt or invoice and provide the customer with a photocopy for their records. Job cards written for customer reimbursement must include the customer's description of the event causing the out-of-pocket expense and note the dealer's reimbursement cheque number(s). Dealer is to provide canceled cheque upon request as proof of reimbursement.

Refer to General Motors Service Policies and Procedures and Global Warranty Management User Manual.

Please ensure that all dealership service personnel are aware of these procedures. For a comprehensive review of goodwill guidelines and parameters, please refer to Global Connect for the latest Warranty Administration Goodwill document titled "1. Goodwill Policy Dealer Letter." If you have any questions, please contact your GM Service Representative.

GM bulletins are intended for use by professional technicians, NOT a "do-it-yourselfer". They are written to inform these technicians of conditions that may occur on some vehicles, or to provide information that could assist in the proper service of a vehicle. Properly trained technicians have the equipment, tools, safety instructions, and know-how to do a job properly and safely. If a condition is described, DO NOT assume that the bulletin applies to your vehicle, or that your vehicle will have that condition. See your GM dealer for information on whether your vehicle may benefit from the information.



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