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## AWDA's Best Practices for Labor Claims

### Project Mission

*To develop recommended **Best Practices** for the traditional aftermarket that increase “customer” (i.e., service facility) satisfaction through enhanced communication and greater efficiency in the claim process related to failed vehicle parts.*

### Background and History of Initiative

AWDA's Manufacturers Advisory Council (MAC) and the Car Care Professional Network (CCPN) leadership have increased interaction to foster communication, exchange ideas and collaborate on opportunities for general improvement of the traditional aftermarket.

The challenge of processing labor claims (related to failed parts) came to the forefront as an actionable issue with opportunity for improvement. Currently, there are no standardized practices for processing labor claims. Expediting and tracking are fragmented. This results in a relatively inefficient industry-wide system that is far more costly than it needs to be.

AWDA's **Best Practices** provide guidelines that allow the traditional parts supply sector to assess and process claims in a timely and standardized manner. The **Best Practices** are derived from the collaboration and input of leaders among the manufacturer, distributor and service facility community.

Service facilities experienced challenges with diverse claim forms from multiple distributor suppliers and manufacturers. Additionally, the timeliness of response by manufacturers, or no response at all, as well as the lack of an engineering explanation for defects/failures, hinders their ability to avoid/correct future problems.

Manufacturers cited the frequent lack of supporting information, such as; receipts, original repair orders, application data, length of failed part service and the failed part itself.

Distributors attempting to assist their service facility customers in the administration and tracking of claims are often challenged by the general inefficiency of the process.

A task force of MAC, CCPN and AWDA members began the effort to create **Best Practices** by developing a standardized claim form which incorporates the best of many existing forms. The **Best Practices** are built around the information and process requirements spelled out in the form.

It is understood that many companies utilize processes supported by internal policies that may be difficult to change. AWDA's **Best Practices** are not intended to be an enforceable standard for every business operation. Rather, they may be used in whole or in part to gain efficiencies from the amount of standardization that is appropriate for each organization.

## Best Practices

### **Service Facility:**

1. Shall determine if part failure warrants any action and if so, notifies WD/jobber of installation/part failure challenge immediately or as soon as practically possible and have required information/items ready for pick-up.
2. Should fully complete the standard labor claim form including a detailed description of failure and reason for the claim. If this standard form is not used, one containing all the required information should be used in its stead.
3. Shall include any photos which may add value to the manufacturer engineering analysis and/or serve as a backup for the claim.
4. Shall have a system in place to deter trivial labor claims from slowing the claim process.
5. Shall take advantage of manufacturing tech lines and on-line resources which are often supported by product technicians and engineers, for on-site diagnosis, leading to possible speedy problem resolutions.

### **Warehouse Distributor:**

1. Shall assist service facility with the logistics necessary to ship information/items with claim form to manufacturer for analysis.
2. Shall obtain a Returned Goods Authorization (R.G.A.) number from manufacturer prior to processing and shipping parts to manufacturer.
3. Shall insure that items and claim form are in transit to manufacturer within two business days of pick-up.
4. Upon receipt of response from manufacturer, WD shall promptly forward appropriate information to service facility.

### **Manufacturer:**

1. Shall clearly indicate to the WD where, to whom and how the part should be shipped.
2. Shall send a response to warehouse distributor indicating approval (with appropriate check or notification of credit amount) or denial of claim within 45 days of receipt of all necessary information/items.
3. Manufacturer's response will include a technical explanation of its findings to support full or partial approval or denial of the claim.
4. It is recommended that manufacturers will make available websites, tech lines and other resources – often supported by product technicians and engineers – when on-site diagnosis or additional technical information pertaining to the failed part is requested by the repair facility.

*Endorsed by the Automotive Warehouse Distributors Association (AWDA), the AWDA Manufacturers Advisory Council (MAC) and the Car Care Professionals Network (CCPN)*