Road work
By Lisa Bowman

Airstream drives time, expense, and complexity out of warranty management.

Airstream President Dicky Riegel says that administering warranty service well turns customers into advocates.

When Dicky Riegel first became president of RV manufacturer Airstream Inc. three years ago, his clientele had a few complaints for him at the weekly customer cookouts he hosts.

"They'd tell me that Airstream created a huge rigmarole for both dealers and customers just to get their products serviced," Riegel recalls. Jackson Center, Ohio-based Airstream was clinging fast to a 1970s-era, paper-based warranty process that required customers to fill out carbon-copy forms, each one allowing reporting of just three service items. If someone brought in a motor home with 10 issues—not uncommon with a complex vehicle that's essentially a home on wheels—he would have to fill out four separate forms by hand. Worse, it would take weeks just to process the claims.

Fast-forward three years, and it's smooth cruising for Airstream, the venerable flagship of $2-billion RV and bus manufacturing giant Thor Industries Inc., which also calls Jackson Center home. Airstream now relies on a .NET-based system that allows claims processing in mere minutes. A collaboration among Lisle, Ill.-based warranty software maker Active Web Services LLC (AWS), New York City-based Capgemini, and Microsoft, the system allows dealers to interact with customers, manufacturers, and parts makers in near real time, automating processes that used to take weeks.

Processing time cut by 90%
The result? Airstream dealers have reduced the time spent processing claims by about 90%. Third-party parts manufacturers have much better feedback, learning about potential problems within weeks rather than months. And as for the travel-trailer and motor-home owners? Well, let's just say Riegel enjoys those customer picnics a lot more than he used to.

"Often, these claims are the greatest opportunity to create a lasting support impression with our consumers," Riegel says. "Administer warranty service well, and we've created an advocate for Airstream. Mess it up, and it becomes very difficult to create a positive customer experience afterward."

The system helps Thor differentiate itself from competitors by providing superior service, says Wade Thompson, chairman, president, and CEO of Thor, which also owns General Coach, Dutchmen, Keystone RV, and CrossRoads RV manufacturers, among others, and is the largest RV manufacturer in North America.

"The Active Web Services warranty and parts system is a powerful tool that helps eliminate errors and expedites warranty repair," Thompson says. "That's the way to create a customer for life. Many of our Airstream customers have owned 10 or more Airstream trailers. If our owners are well-served, they will tell their friends, who might also purchase a Thor Industries travel trailer or motor home."

But it's not just the RV industry that's benefiting from streamlined warranty management. Companies such as Big Dog Motorcycles, Cobalt Boats, Komatsu Forklift, Quincy Compressor, Kohler, and Cooper Tire & Rubber are using the AWS system to manage claims. Long overlooked by both auto industry companies and software makers, warranty claims processing is fast burgeoning into an area that promises to bolster bottom lines, facilitate communication among auto makers and their partners, and streamline practices to help retain customer dealerships.

Warranty reserves tie up cash

What's more, new federal accounting regulations require companies to break out the amount in their warranty reserves, or the amount they set aside for future claims on products. And the numbers are staggering. Warranty reserves sometimes exceed 25% of a company's revenues. A company that could figure out how to better track warranty claims by communicating with customers, partners, and vendors could unlock a good portion of that cash.

Then there are the trends within the industry itself. As companies strive to compete in an ever-tighter market, the introduction of new models has accelerated rapidly. Meanwhile, the margins on the vehicles themselves are growing slimmer each year, prompting automakers and dealers to look elsewhere to ramp up revenues.

Warranties can carry margins of as much as 50%, and companies that exploit this opportunity can harness a new income stream. "The after-market has become a hot area for revenue generation," Capgemini senior manager Henry Hicks says.

The warranty processing system from AWS, Microsoft, and Capgemini aims to make it easier to access those revenues. Building on Microsoft software including Windows Server 2003 and SQL Server 2000 Enterprise Edition, AWS developed the Web-based AWS Warranty, a warranty process management system that can be tailored to the individual needs of an automaker or supplier.

The AWS service parts system saves each player time by automating many additional processes. For example, a dealer looking for information about a specific part can enter a part number, validate that part number, and view a picture of the part. Parts pricing then appears automatically, along with information on the dealer markup.

Because it's composed of Microsoft software, there's a familiar look and feel for the person submitting the claim. What's more, all that's required on the user end is a browser. Thus, an organization made up of thousands of dealerships distributed across the country doesn't need to install any special software at each site.

Employees love it, too

Riegel says his employees have really taken to the system, in part because it's so easy to use. "Microsoft products such as the Active Web Services solution bring Airstream not just the technological architecture that allows for its growth, but an easy-to-use system that is readily embraced, even by company associates who haven't grown up with technology," says Riegel, who notes that one of Airstream's greatest assets is the 20-year average tenure of its workforce.

Ron Ezsak, a vice president at AWS, points out that as well as improving customer service and reducing time spent processing claims, the system has other important capabilities: supplier recovery and enhanced quality control. AWS Warranty automatically tracks data on components or problems, and pushes information to the right people. Say, for example, five people—each complaining of the same problem under the same driving conditions—bring in the same make, year, and model car to dealers in five different parts of the country. The system can track that issue and push related information to the manufacturer and the supplier as it comes in. By learning about a possible product defect early in the cycle, companies can save money by addressing the problem in the supply chain and catching it while still in production, where the remedy is far less costly than a product recall.

Lisa Bowman is a San Francisco-based freelance journalist.

Photograph by Joshua Paul