



PROFIT MATTERS

HOW DO YOUR NUMBERS LINE UP? | BY CHRIS "CHUBBY" FREDERICK

Turning \$4 a Gallon Gas Prices into Continued Profits

I know a lot of you have been hearing the customers complain and grieve about today's economy, how the cost of everything is increasing and that it leaves little or no money to put into their automobiles. Every time they have to go to the gas station or just drive by and see the prices posted, they are reminded of it. That, combined with just turning on the TV, is what fuels their woes.

Once they start complaining about the price of gas and the economy, I have seen and heard service advisors jump right on board with them and acknowledge their complaining. They start to prioritize the repair order too quickly and not address the whole pile, or start prejudging the customers and picking and choosing what they should be talking to customers about and what they would ask them to spend. Even worse, they allow that to dictate the price tags they give their customers, leading not only to lower sales, but also to thinner profit margins.

That combination of lower sales and thinner margins is definitely a recipe for bankruptcy. My first word of advice: stop. Stick to the basics, do what you know how to do, keep the customers informed on the condition of their automobiles, link the

features and the benefits of the services and show them how to avoid their pain (poor fuel economy and car payments) and invest in maintenance.

The biggest key to becoming a successful service writer is consistency. The shops and the service advisors that have remained consistent are hitting record weeks, months and quarters. I see it all over the country. They are focused on building and maintaining relationships and building confidence and trust with their customers. They are using one of the biggest benefits to schedule maintenance and maintenance services to their advantage — increased or maintained fuel economy.

They are recommending services that increase fuel economy and teaching customers how keeping cars in proper run-

ning order will allow the car to last longer and get the 300,000 miles that they are built for. The ones who haven't done this have allowed this to smack them right in the face, using it as an excuse, and they may not survive. Only the strong will survive, and I have plenty of clients who are taking advantage of shops going out of business, getting customers and talented employees to add to their team.

My second word of advice: leadership. Pay attention to morale and your crew. It is easy for service writers and technicians to fall into that "negative trap." Again, they hear the customers complaining about the economy and their woes, but your people feel it, too. They have to buy gas and food, and they watch the news as well. It starts with the customers, then gets to the writers and then trickles to the technicians. Then all you have is a shop full of bad attitude.

Where does it end? With you, being the leader of the shop. First, get your head around the whole thing and what you are going to do to combat the high price of fuel and customers tightening up on their wallets. Then get your service writers the sales, information tools and training they may need to help get customers to see the value in buying maintenance and to con-

QUESTION OF THE MONTH

QUESTION:

What is your best advice during a recession?

Give all your associates encouragement that they can still have a record year if they stay positive and do their job correctly. It has been proven many times that a human can stand barefoot in ice water twice as long with encouragement from others.

*Do you have a question for Chubby?
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tinue to be there for them to keep them pumped up. Role-play with them, practice with them in specific training meetings. Never use or allow the word economy as an excuse. And make sure that they have a carrot to chase in the form of rewards for performance. Seagull management and weak leaders will not survive; your customers and your talented crew may eventually end up on someone else's team.

If you can't fix the low morale and bad attitude, you will go backward.

So how is a poorly maintained automobile inefficient? Any malfunction in one or more components in the fuel, ignition or emissions systems, especially in extreme temperatures, has a huge penalty in fuel efficiency. The penalty for just one misfiring spark plug is two to three miles per gallon. Any increased rolling resistance, whether it is underinflated tires, poor alignment, worn shocks and struts or any brake component causing the slightest drag, leads to as much as two miles per gallon.



Do not forget to explain the features of the service, what it does and the benefits to customers for purchasing, and follow up with the summary benefits to their personality.

Inadequate cooling system or thermostats lead to two miles per gallon. Any slipping or hesitant shifting from the transmission leads to one to two miles per gallon. Dirty oil and sludge buildup can lead to one mile per gallon. Dirty air filters, fuel injectors and induction system, and even restricted fuel filters lead to one to two

miles per gallon.

What most overlook and not even think about — gas caps and an improperly functioning EVAP system — allow fuel to evaporate and have huge penalties in fuel efficiency. I read an article that said more than 147 million gallons of gas is wasted through loose or bad gas caps alone.

All of these combined into one vehicle can greatly exceed any increase in gas prices. Do the math. Even assuming that the fuel, ignition and emissions system and all CECS components are functioning properly, let's take one mile for improper tire inflation, one for dirty oil, one for a dirty fuel and induction system and two miles for a dirty air filter. That is a total of five miles per gallon. On a car that typically gets 30 miles per gallon, that is 17 percent loss of fuel economy. If that same five miles was in a car that gets 20 miles per gallon, that is a 25 percent loss of fuel economy. You can just imagine how bad that could be with some of the above

items as well as a CECS system failure.

Do not forget to explain the features of the service, what it does and the benefits to customers for purchasing, and follow that up with the summary benefits to their buying personality. From the leadership side of things, you need to manage your managers, set the expectations and give performance-based feedback.

Types of service that increase fuel efficiency:

- Diagnostic services – proper functioning and running condition of all fuel, ignition and emissions systems
- Fuel injection and induction services that clean fuel injectors, throttle bodies, intake runners and combustion chambers
- Replacement of fuel and air filters – the car can breathe and maximize fuel delivery
- Proper wheel alignment
- Suspension components
- Tire balance and rotations
- Brake inspections for proper brake operation
- Any of your fluid exchange services: transmission, coolant, engine oil and brakes


The math for the customer

We have talked about the six major factors that lead to poor fuel economy and lowering fuel efficiency. I used examples of 17 percent to 25 percent, and 20 and 30 miles per gallon. These numbers will vary for every single customer who comes in the door. Let's say the car needs an alignment and tire balance, oil change and fuel injection and



induction service. Using the above numbers, that would be as much as four miles per gallon lost. Four miles per gallon in a car that gets 20 miles per gallon is a 20 percent loss.

At \$4 a gallon times 20 gallons per week, it equals \$80. That \$80 times a 20 percent decrease in fuel economy equals \$16. That \$16 per week times 52 equals \$832 in fuel savings annually.

If the customer spends \$832 a year in routine maintenance, spending the money today to save in the long run is a good investment. As fuel prices get higher, they receive a much greater return on their money. Ask them to decide if they want to save the money today and keep burning it or invest in the maintenance and save over the long haul. By using this approach, you have a bigger chance of getting them to see the value in investing. 

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