



PROFIT MATTERS

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

Planning for Success a Step at a Time

I want to take you on a trip to the happy ending of your day-to-day hard work in your business. Matt Winslow, our director of seminar development, has worked with our coaching staff to present the overall system we use for actually helping you plan your retirement. If you were to spend a day with Matt, it would go something like this.

How many of you are thinking about retiring? What is your plan? Will a family member take over or will a trusted employee? Will they buy you out? Will you draw a pension? Will you become a landlord?

First, you have to re-engineer your business to be consistently profitable by getting your team to work for you instead of you doing all the work yourself. Second, you've got to transfer these skills to someone with the burning desire to take over when you're ready to retire. So, what's your successor development plan?

My coaches work with hundreds of shop owners facing this challenge every day. You need at least a 30-month plan with specific goals, metrics and weekly mentoring if you really want to live your dreams during your golden years with the confidence your children or second-in-command will continue your history of excellence and profitability into the future.



CEO's Primary Mission

The CEO's mission is to make your business profitable. That means you have to pick your ideal business model and create a detailed, actionable plan to implement the change you want. You can model your business plan based on: fixed costs, current

car count, current staffing model, bays and creating lasting change.

Most owners try to change too much too fast. As a result, they have no real power and nothing really changes permanently. We suggest implementing one goal per week. Create a plan, focus on the change daily and measure your progress by the end of the week.

If you can't measure it, you can't manage it. That's why we created our Internet portal so you can see progress instantly. We suggest you look at your metrics weekly. Check your week's averages and your monthly trends. Verify you're going in the right direction. This is a great way to give your second-in-command power to grow, yet watch their progress to keep them on the right path and avoid costly mistakes.

The Plan

We've worked with thousands of owners to help them leave their business to their family or employees. Here's a 30-month plan to ensure they will be successful.

Step 1: Align Your Business For Profit

The first step you have to master is understanding your ideal business model. Your needed sales, margins, fixed costs to make your desired profit and to keep your busi-

QUESTION OF THE MONTH

QUESTION:

What do you see as the biggest reason shop owners have difficulty retiring?

They don't have a plan that can be implemented with their available time.

Do you have a question for Chubby? E-mail him at cfrederick@autotraining.net.

ness healthy. The absolute worst thing any parent can do to their children is to give them a failing business and hope their kids will pay for their retirement.

Step 2: Drive Sales

High car count alone won't take you where you want to go. You've got to maximize the value of every customer visit. Not by selling things customers don't want or need, but by capturing every service dollar by being the one shop people trust.

You have to understand the difference between marketing and advertising. You have to clearly understand what makes your company special and be able to motivate your team to provide that same level of service even when you're not there.

Step 3: Assemble Your Team

Successful business owners hire team members looking for a career and a home. This step is designed to teach your second-in-command how to identify, recruit, hire, develop and manage a winning team.

Your successor must also learn how to create comp plans that are win/win and meet the financial goals of your employees and your business.

Finding the right team members starts with describing what a successful candidate will do for your business. You have to determine which systems each employee will be involved with. Define clear objectives and create standards to measure employee success and identify development needs. This process ultimately creates specific job descriptions that can help you find the right people.

Hire the right team members based on the skills needed for each position with costs to match your payroll budget. Then verify that the prospective employee's personality is compatible with existing team members and company corporate culture.

We recommend testing candidates for compatibility before you put them on the payroll. We use a 15-minute online Comprehensive Personality Profile test that asks your employees or candidates to answer 88 simple questions. In one hour we can give you a detailed analysis of their strengths, weaknesses and potential success for the positions you're trying to fill.

Step 4: Groom Your Team

You have to train and mentor your people to empower them to do the work for you

to give you more time and freedom to work on your business.

You can't hire the perfect employee. You've got to develop compatible candidates with the right attitudes and aptitudes into the team members you need through training, shadowing and mentoring.

Telling people what to do is not an effective way to develop them. In fact, after just 24 hours most people retain:

- 7 percent of what they hear.
- 15 percent of what they read.
- 25 percent of what they learned with video or computer based training.
- 30 percent of what you personally show them how to do.

People learn by doing. They retain:

- 50 percent of what they learn through discussion.
- 75 percent of what they learn when they practice the skill.
- 95 percent when they have to teach the skill to other folks.

If you are doing and they are watching, you are not developing anyone.

Your kids or your second-in-command have to learn how to effectively manage their team using feedback, one-on-ones, coaching, awards, rewards and discipline when necessary, and they must know when to terminate incompatible employees to make room for compatible team members.

Step 5: Redefine Your Role

Now that you have a strong second-in-command who can effectively manage your team, it is time to develop your leadership skills. Most people think effective leadership and effective management are the same things, but they are not. In fact, they sometimes have very different goals.

Leaders create purpose and energy to give the team the passion needed to be successful. The manager's job is to develop each team member to excel at his or her particular job.

An effective leader creates imbalance. They know for a business to survive and grow they have to constantly change the status quo. "What got us here won't keep us here." The manager's job is to create order with systems and procedures to create predictable quality, high production and a consistent wonderful customer experience.

In some cases, the leader breaks things and the manager has to put them back together in a new more effective way.

Effective leaders bond their people — together and to the company — by creating a tribal environment using symbols, rituals and stories. Leaders use symbols including uniforms and awards.

They use rituals to create a rite of passage that makes the new recruit feel part of the family. For example, they might have a 90-day probationary period followed by a permanent employee status ceremony. This makes the new recruit feel the value of earning the privilege of becoming a full member of the team.

And leaders use stories to bond the group together. Every great company has stories told to new recruits to share the magic of the group. Stories include how we got started, awards we've won, tests and trials we survived and our mission to our customers and to each other.


Step 6: Work On It Not In It

And finally in this step, you're able to work on your business instead of just working in it. You'll finally have a cash flow machine that gives you consistent income, free time and the freedom you crave to live life on your terms.

You can feel confident your children or second-in-command can continue your history of excellence and profitability into the future. If you are willing to spend a day developing a 30-month road map for your business, send me an e-mail at cfredrick@autotraining.net and I personally will help you.

This month, Profit Matters readers are entitled to a 100 percent rebated seminar ticket so you can develop your very own plan for success. Invest one day in yourself to plan your eventual freedom so you don't end up working until the day you die.

Scholarships Available

To learn more about this and other management techniques, look into scholarships being offered from ATI for 2010 to *Motor Age* readers. To apply, send an e-mail to cfredrick@autotraining.net and tell him why you deserve a scholarship. Scholarships are made available by ATI, CustomerLink, Moving Targets, ALLDATA and LSI. 

Chris "Chubby" Frederick is CEO and president of the Automotive Training Institute. He is thankful for assistance from George Zeeks and Brian Canning in preparing this monthly column. Contact Chubby at cfredrick@autotraining.net.