



PROFIT MATTERS

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

Surviving the Day

Turning wrenches, answering phones, diagnosing cars, building estimates, ordering parts, directing technicians and speaking with customers makes up a typical day for most shop owners. Add just one hiccup in any of the previously mentioned events, and you add several more to the list. The day typically starts at the crack of dawn and runs straight through until the sun goes down, and for some, even longer. At the end of it all, you are just happy to have survived the day. But what did you do to survive tomorrow? What about surviving next week, next month or next year? Let's listen to Bryan Stasch, ATI's director of client fulfillment, explain how we teach our clients to survive.

Now, before you say I have no idea of what goes on in the real world, please think again. For the last 28 years, I have either run shops, owned shops or have coached and consulted with shops. I know the real world. Today, I see it about 1,000 times a week through the eyes of my coaches and my clients.

Where do most shop owners fail? They fail to plan. Worse yet, they fail to commit the time to plan. They focus more on that \$1,000 ticket in the bay than they do on the hundreds of thousands of dollars needed to support the business this year and next.

I do get it; you need to get the work out to make money. But that is "surviving the day." And the making money part, that would be a great bar stool

conversation. Are you making money or moving cash? There is a difference.

As a shop owner, you are the CEO of your business. No matter how large or small, you are the CEO, and if you expect to survive, you need to plan. You need to commit the time to plan. And please don't throw the "I don't have time to plan" at me. Sorry, I just had a Bryan moment: How many of you remember the movie "Predator," when Jesse "The Body" Ventura says, "Bleed, I ain't got time to bleed." Still laughing at that one.

But I'd bet that if you looked at what you did today, you could have had 30 minutes (somewhere) to focus on your business. You just chose to do something else with it.

So, what would 30 minutes a day, five days a week, focusing on your business do you ask. Let's break it down day by day.

Monday

We'll make Monday repair order audit day. Every Monday, take 30 minutes to review repair orders, courtesy checks and final service orders from the previous day and week.

Do the courtesy checks match the car? Are the inspections complete or just pencil whipped? Do the courtesy checks match the final repair order? Did the information the techs gave you or the service writer make it to the customer? Is it lack of communication



QUESTION OF THE MONTH

QUESTION:

If you are working in your business and too busy to plan ahead, how can you grow?

Make yourself take 30 minutes a day to work on your business and this month's article will teach you how to grow!

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

or lack of sales skills causing a low average repair order?

Look at your pricing policy, from parts invoices to the final repair order. Is the management system or your pricing policy doing what it is set up to do? Are parts missed on the final repair order? Are there discounts on the RO and if so, why?

Look at the labor on the ticket. Are the combination times, along with the R&R times, correct? Was the estimate built correctly, was it priced correctly and so on.

There is so much to learn (discover) in this area that it is worth 30 minutes of your week to do so. Then from this, what will you start doing on Tuesday to improve the performance of your crew and your shop?

“If you lose a tech, do you have someone on the bench to replace them or are you dead in the water?”

Tuesday

On Tuesday, review your five basic control factors: total sales, car count, average repair order, weekly gross profit margin and shop productivity

Did you hit the sales volume (previous week) needed to hit your win number? Notice I did not say break even. I have written about this in a previous article. Did you have the car count and ARO to do so? Did you hit the gross profit margin for your financial model? If not, which profit center did you drop or need to work on: parts, labor, sublet, etc.? Was the shop productivity where it needs to be to drive the sales and labor profit needed to support your financial model?

These are all targets that need to be broken down to the ticket, the hour and the day for the service writers, and reviewed by you, the CEO. Then from this, what will you start doing

on Wednesday to improve the performance of your crew and your shop?

Wednesday

Next up is to review your organizational chart. There are (at the least) two violently moving targets in today’s business: staffing and marketing. Wednesday is the day to focus on your organizational chart, for today’s and future roles to be filled and maintained.

If you lose a tech, who do you have on the bench to replace them? Or are you dead in the water? If you lose a service writer, who do you have on the bench to replace them? Or are you back on the front counter? Where are your future techs and management staff coming from? And for future growth, how many do you need?

Wednesday will be the day to start recruiting, interviewing and maintain-

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ing communication for the roles that need to be filled or someday will need to be filled. At ATI, we call this “building your bench.”

Thursday

Review your marketing plan on Thursday. This is the other violently moving target, car count.

Thursday is the day to focus on your marketing plan. How many cars do you (really) need to hit your win number? How many marketing pieces or efforts are needed per day, per week, per month? What are your response rates for each, acquisition and retention? What is your customer visit frequency and dollars spent? What are the sales and the return on investment for each?

Unfortunately, most shops do not track or measure this. The good thing is most management systems have the ability to produce customer reports. Thursday is the day to review the reports, measure results and create/focus/measure your marketing plan.

Then from this, what will you start doing on Friday to improve the performance of your crew and your shop?

Friday

Finally, it's time to bring it all together. From what you discover over the four days (two hours), create your checklist. You will actually create two, one for all the things that are performing well, that need to be monitored and managed. The second is the list that needs improvement.


From the example above (Monday through Thursday) review each area of the business, implementing and improving what you discover. Once those areas are performing well, you move it to the good list. Then it is just a matter of measuring and managing.

Wrapping It Up

That's what two and a half hours a week focused on the business can do for you. For those that have more time, get down and dirty with each of these

and really drive your business. For those that don't, hopefully this is a step in the right direction to grow the business, and to grow the staffing and organizational structure needed to find the time.

And don't ever forget that the decisions you make today aren't about surviving the day. They're about surviving the future.

If you want to survive the future, download Chubby's Leader's Operations Checklist by going to www.atonlinetraining.com/2011-10. 

Chris “Chubby” Frederick is CEO and president of the Automotive Training Institute. He is thankful for assistance from George Zeeks, Brian Hunnicutt, Bryan Stasch and Matt Winslow in preparing this monthly column. Contact Chubby at cfr frederick@autotraining.net.

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