

PROFIT MOTIVE: YOUR COMPASS TO FINANCIAL SUCCESS

The power of two

BY TOM MCGEE | CONTRIBUTING EDITOR

How many times have you watched your son's or daughter's game, or even your favorite college or professional team lose with a final score of 1-0? With a score of 1-0, most likely the game was competitive and the game was exciting.

When you look back at the game, it is rare that you could say your team played a bad game. What you would find, however, is that there were a small number of plays or situations that could have been improved upon to prevent one point from being scored, or for your team to a score a winning point of its own.

If you were watching a hockey game and broke it down, the team didn't play three bad periods of hockey. They probably didn't even play one or two periods of bad hockey. Most likely they took an unnecessary penalty, didn't get the puck out of their zone as effectively as possible, made a mistake that resulted in a turnover or some other small error that resulted in that one goal being scored.

At the next practice, the coach works with the team to improve in that area of their game. It could be additional training and coaching on their power play, penalty kill, passing, face-offs or shooting. They focus on the one small area where they could do better.

A collision repair business is no different from that hockey team. If we find that we have an area that needs improvement, we most likely don't need to start over. We just need to determine where the opportunity is, and focus our efforts on one or more

minor improvements in that area to make a positive impact on the business.

Case in point

In most collision repair businesses, you can find additional profits simply by making a small improvement in a particular operation.

Let's say you wanted to improve your profits on paint and materials. You could focus on the purchase price of the materials, on increasing the revenue generated or on cost control. How much improvement could you make if you were able to:

- Reduce your paint waste by 2 oz. per vehicle?
- Increase the refinish labor time by 0.2 hours per vehicle?
- Increase your paint and materials sales by 2%?
- Reduce your paint and materials costs by 2%?

Once you have made an improvement in the paint and materials area of your business, move on to another segment needing your attention. This may be labor, parts, average repair order or something totally different. Work through each one in a similar manner. What would you gain if you were able to:

- Increase the average repair order by 2%?

- Increase your labor margin by 2%?
- Increase your parts margin by 2%?
- Increase your gross profit margin by 2%?
- Improve your CSI (Customer Satisfaction Index) score by 2%?

Involve your team

When looking to make a change or improvement, don't overlook communicating with your team. It can be very beneficial to let your team know the area you are trying to improve and the impact that the improvement would have on the business — and ultimately, on them. Once you have identified your goal, get their opinions and feedback. They know what is working and what is not, and can help you make the corrections necessary to improve the operation. If the team is involved, they begin to share your vision and goals and take ownership in the process.

IMPROVEMENT WORKSHEET

Visit www.atonlinetraining.com/abrn1401 to download a worksheet that you can use as a model to determine the financial improvements your business would gain through the power of two.

Most shop operators will find that there is an opportunity for improvement in several areas of their business. Just like the hockey team, we are not playing three bad periods of the game. We can make improvements by focusing on our power play to score some goals — and win the next game 2-1! 🏒

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