

ShopTalk



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December 2015

Upcoming Classes:

Shop Owner

Leadership Mastery

Jan. 6, 7 & 8 | Feb. 17, 18 & 19
Mar. 9, 10 & 11

Staffing & Hiring

Jan. 14 & 15 | Mar. 7 & 8

Align Your Shop for Profit

Jan. 27, 28 & 29 | Feb. 10, 11 & 12
Mar. 2, 3 & 4

A.B.M. Always Be Marketing

Feb. 3, 4 & 5

Succession Planning

Feb. 17, 18 & 19

Service Advisor

Advanced Sales Service Advisor

Jan. 18 & 19

The Role of the Service Advisor

Jan. 25 & 26 | Feb. 15 & 16
Mar. 7 & 8

ATI's 7 Step Sales Process

Feb. 1, 2, & 29 | Mar. 1, 24 & 25

The Role of the Service Advisor - W. C.

Feb. 4 & 5

Service Manager Course

Feb. 22 & 23

ATI's 7 Step Sales Process - W. C.

Feb. 25 & 26

Collision

Leadership Mastery

Jan. 6, 7 & 8 | Mar. 9, 10 & 11

Staffing & Hiring

Jan. 14 & 15

Collision Repair Production

Jan. 25 & 26 | Feb. 8 & 9

Keys to a Successful Collision Business

Jan. 27, 28 & 29 | Feb. 10, 11 & 12
Mar. 2, 3 & 4

A.B.M. Always Be Marketing

Feb. 3, 4 & 5

Collision Estimating & Sales 1

Feb. 29 & Mar. 1

How to Hire the Wrong Person

by Eric Twiggs
ATI Coach

Imagine that you were opening a new location. You would be closing your current shop and staffing the new building with "A" players in each role who are great at fixing cars, answering the phone, and selling service.

This "dream team" would be so good, you could leave the country for two weeks, and return to a better business than when you left. Profit wouldn't depend on your presence.

Now, let's get back to reality and look at your current staff. Knowing what you now know, who from your crew would you rehire for the dream team? Would everyone make the cut?

When I ran shops, I was an expert in the art of hiring the wrong person! Don't laugh, because if you wouldn't rehire 50 percent or more of your existing team, you have the same expertise!

I believe in the importance of knowing what NOT to do, so today you'll learn the following two steps to hiring the wrong person:

Ignore the Red Flags

A red flag is a warning signal indicating you are about to make a bad hire. The most common red flag is "the job hopper." This is the candidate who has worked for five companies in five years and has something negative to say about each organization. If you hire him, you will be the sixth shop he hops from.

When referring to a mutual fund, the popular saying is "past performance is not an indicator of future results." Unlike mutual funds, the candidate's past is the best predictor of what they will do when they work for you.

Recruit out of Desperation

The ideal time to look for great people is when you're fully staffed. If you start looking after losing a key person, you'll be more focused on filling the void than on making a great hire. When you're desperate, the temptation will be to hire someone without checking their references, which will cause you to miss out on as much as 25 percent of what you need to know about them.

The "A" players aren't surfing CareerBuilder and Craigslist. They're busy doing a great job where they are. A recent LinkedIn study concluded that the majority of successful companies used referrals from their network to find people. Forty-five percent of the surveyed businesses relied on networking compared to 30 percent relying on job postings, 15 percent on resume searches and 10 percent making internal moves.

If you search when you're already staffed, you won't feel pressured, which will make it easier to follow up with references, and network with your current "A" players, vendors, and BNI members.

Summary

So there you have it. If you ignore the red flags and recruit out of desperation, you too can hire the wrong person!

I have created a set of phone interview screening questions that will increase your chances of hiring an "A" player, and allow you to screen out candidates that will waste your time. Email etwiggs@autotraining.net if you would like a copy.

The Coach's Corner

It's Not the 80s Anymore

Out of Date Habit #2: Fix the Car and They Will Keep Coming Back

Geoff Berman

Coach/Instructor

If you have been in this business since the '80s or earlier, I bet you remember a time when all you had to do was say you were a mechanic and the cars would be lined up for blocks. You didn't have to provide good service. Why would you? No one did. The thought likely never crossed your mind. You probably didn't have a service writer, and I'd bet frequently the phone went unanswered. This was just how things were because the shop was so busy with broken cars, it was all you could do to keep up. Add to that that it really didn't matter what you charged, people would pay it. You were a mechanic. You thought like a mechanic. You acted like a mechanic. All you had to do was fix the car, right? This was a business with far fewer headaches and far greater profits.

Does that business model work anymore? The fact is the consumer is far more demanding now than ever. Anything they want is at their fingertips. They are more educated, expect more, and know how to get what they want. Do you know what that is? Are you providing it? While fixing the car was enough 30 years ago, it is a low-level expectation today. There are so many more things I expect these days and if you are not providing them, I don't care how well you fix the car, I will go somewhere else next time.

If I had asked you what business you were in 30 years ago, you would certainly have said the car repair business. Would you say the same if I asked you now? Of course not. You would say you're in the people and relationship business. Here's a more difficult question: "What do you fix?" If you're thinking the answer is cars you would be wrong. You don't fix cars, you fix people. Think about it. Having my vehicle serviced or repaired these days is painful. It is a huge disruption in my regular routine. I need to recruit assistance from friends, family or co-workers, and I have to be flexible and conform to their schedule. This is hard for us to really understand because most of us have never been an automotive customer and have never really experienced this pain. If you have, you understand what I am saying on a much deeper level.

The next thing I'm going to say, I want you to really think about. It is the key to taking it to the next level and all it is, is a different

way of thinking. "If you fix me, I'll give you the privilege of fixing my car!!" Now I want you to pause for a minute before you go on, and read that to yourself a half dozen times and really let it percolate and sink in. Feel the power in this statement.

What Does This Mean?

Here is an example: I'm sure you have heard of Enterprise Rent-A-Car. You may remember their tagline "We'll pick you up!" What you probably don't realize is that that statement goes directly to the consumer's pain. I can't drive two cars at once so how do I get to the rental car? I need help because I can't do it alone. What's interesting about this is that any decent rental car company would pick you up, wouldn't they? The difference is they are the only ones that say it, therefore when I can't drive two cars at once, I'll call Enterprise. It's absolutely genius. So what Enterprise has done is fixed me, and as a result I use them.

One of the most important reasons people buy is convenience. I wonder, if you really think about it, how convenient are you? And if you are, do your customers really know it? Does that stand out in their mind? Do they see you as fixing their pain?

So How Do You Fix People?

The answer may seem simple. If you are thinking "be more convenient," you would be right, but it really goes deeper than that. Don't just be convenient, make sure I know it and I see you as the only or best option to fix me. So what are those things and how are you making sure your customer knows what they are? Here are a few off the top of my head. How many of these do you offer and how many of your customers know you do? Shuttle service, rental cars, loaner cars, car wash, interest-free financing, reminders when my service is due, exit scheduling, etc. There is one I didn't mention, and it is the most overlooked and probably the most convenient option for a lot of people. What I'm referring to is "pickup and delivery service." Like the Enterprise slogan, it is a service that most provide but few make a big deal about it. If you did, would you stand out in my mind? Would you be convenient? Are you fixing me? In addition to that, what I have seen is that the ARO on the vehicles that were picked up and delivered are two to three times that shop's typical ARO. Is it worth doing now? It is cheaper and easier than you might think if you go about it correctly. If you are interested in learning more, email me at gberman@autotraining.net and I will send you the details. I'd also like to hear your ideas on how you're the most convenient choice and how you make sure your community knows.



BRAIN TEASER

What number is hidden under the car?

26 | 16 | 06 | 68 | 88 |  | 98 | 58

Are You Keeping Your Service Manager Motivated?

I believe we all know how difficult it can be to stay motivated working the front counter. It can be a very stressful emotional roller coaster at times. But it is very easy for us to forget to give recognition and support to the folks that are responsible for generating all the revenue in our shops. I was reading a letter from Paul Ganster, the manager of Good's Auto Service on how he felt his 20 Group had helped save his career. Here was what Paul wrote: Let me start off by saying I am new to the service manager/advisor position.

I started 21 years ago as a technician and in October of 2014 had the opportunity to take over the service manager position. My shop owner immediately enrolled me in the ATI service advisor and advanced sales classes. I learned many new skills from my attendance at these classes, but I struggled greatly trying to work through those technical aspects I learned in class.

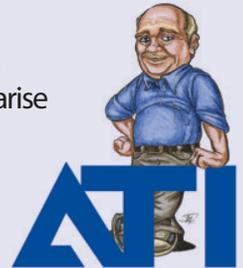
By February of 2015 I was starting to feel my career as a service manager was short lived. The shop owner approached me again and offered to send me to the Profiteers 20 Group, which was specifically for service advisors and managers. I agreed to go and I am so glad I did.

When I walked into the room I was greeted by long-time members of the group and they made me feel right at home, even though I was the newbie. When they went around the room and I heard the amount of experience I was surrounded by, I again started feeling somewhat intimidated. Throughout the two-day session we spoke of real-world issues and ways of overcoming them; if someone in the group had similar scenarios they would give their feedback. I started to realize I was not alone in my everyday struggles, and here was a group of colleagues that all had one thing in mind, being successful! I was eager to return to my shop and implement some of the things we discussed.

Our group recently had our fall session, and this time I was looking forward to attending. We had a whole new agenda, topics to discuss, and problems to work through. I came back from that one feeling recharged and ready for the next six months.

In closing, I feel these 20 Groups are a huge benefit to service advisors. It gives us a chance to connect with others in the same profession. This leaves us a little more at ease knowing that some of the situations that arise are not just concentrated to your local area, but nationwide. It gives me the opportunity to connect with others, not only on a professional level but also a personal one. I will say in closing that if it were not for the Profiteers 20 Group, I most likely would have had a very short service manager career.

C. L. Frederick



How Are You Spending Your Dollar?

Kim Hickey
ATI Coach

The basis for everything we do here at ATI is Chubby's mantra of "If we can measure it, we can manage it!" KPIs help us measure the success and profitability of your business model. KPIs take the emotion out of decisions. The math doesn't lie. You can make EXCUSES, you can make EXCEPTIONS, and you can make ALLOWANCES — but the math still doesn't lie. In case you don't have the ATI model memorized, here are some of the numbers. (There are of course other KPIs we measure, but for now we are going to concentrate on the ones below):

- **Fixed Costs** should be less than 30 percent of your total sales
- **Parts Costs** should be no more than 20 percent of your total sales
- **Service Advisors** total costs *LOADED* should be no more than 7 percent of your total sales
- **Technicians** total costs *LOADED* should be no more than 20 percent of your total sales
- **Net Profit** should be no less than 20 percent of your total sales

KPI	%	ATI	%	Random Client
Sales		\$1.00		\$1.00
Fixed Cost	30%	\$0.30	35%	\$0.35
Parts Cost	20%	\$0.20	27%	\$0.27
Service Advisors Wages Loaded	7%	\$0.07	11%	\$0.11
Technician Wages Loaded	20%	\$0.20	25%	\$0.25
Total	77%	\$0.77	98%	\$0.98
Net Profit	23%	\$0.23	2%	\$0.02



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How Are You Spending Your Dollars? (Continued)

Now that we know what your percentages should be, let's do a little exercise. Let's put your numbers up against what they should be if you are following the ATI model. Get a piece of paper out and make five columns (see below). To keep things simple, I used the sales amount of one dollar. For the first two columns, we are going to use the ATI model percentages and what that would translate to in money. For the next two columns, use your actual percentages from your portal and what that translates to in money. For the example below, I used the actual percentages from a random client's portal so you can see an example of a side-by-side comparison.

As you can see from the example in the corner using the ATI model percentages — if you started with one dollar in sales, after you paid your fixed costs, parts costs, service advisors and technicians loaded wages, you would have 23 cents in net profit left over for every dollar of sales. Using the random client's percentages, they would have two cents left over for every dollar of sales. It doesn't take a math genius to understand that 23 cents out of a dollar left in your pocket is more desirable than having two cents out of a dollar left in your pocket.

You can make excuses all day long about why you are not following the ATI model. Some of the more common EXCUSES are "Techs get paid more here than in the rest of the country," "We have to use a lot of dealers' parts," "Our expenses are higher here than in the rest of the country." The list goes on and there never seems to be any shortage of them. The cold reality is, the math doesn't care about your excuses. It is really pretty simple. You need X amount of money to cover your expenses and make a profit. If you want to pay your techs more than 20 percent loaded of sales, if you want to pay your service advisors more than 7 percent loaded of sales, if you want

to pay more than 20 percent of sales for your parts cost, you are going to have to sell more. The only way to decrease your costs and expenses as a percentage of your sales, is to increase your sales. Your sales have to be tall enough to carry the load.

Are your technicians and service advisors on an ATI compensation plan? Our pay plans are built specifically for your shop to keep your labor margins and percent of sales costs where they should be. Our five year budget is also a valuable tool that you can use in conjunction with the portal. If you are not using it, I highly recommend that you ask your coach to help you get started filling one out.

The ATI model is best practices, but there are situations when some shop owners are willing to make an exception or allowance. One of those exceptions, or allowances, is what I like to call the "Freedom Tax." For example, you may have a service advisor that can run things without you being there, and so after a discussion with your coach you decide you are willing to give up some of your net profit in exchange for freedom.

If you don't know where to find your percentage of sales in the portal, ask your coach to show you where they are. If you don't know if your tax and benefit load and/or fixed expenses are accurate, ask your coach to recalculate those numbers with you.

If you remember nothing else you just read, remember this:

You can make EXCUSES, you can make EXCEPTIONS, and you can make ALLOWANCES — but the math doesn't lie.