

# ShopTalk



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## May 2016

Upcoming Classes:

### Shop Owner

*Leadership Mastery*

June 15, 16 & 17

*Staffing & Hiring*

June 6 & 7

*Align Your Shop for Profit*

May 11, 12 & 13

June 1, 2 & 3 | July 13, 14 & 15

*A.B.M. Always Be Marketing*

May 25, 26 & 27

*Succession Planning*

June 8, 9 & 10

### Service Advisor

*The Role of the Service Advisor*

May 23 & 24 | June 13 & 14

July 11 & 12

*ATI's 7 Step Sales Process*

June 6 & 7 | June 30 & July 1

July 18 & 19

*The Role of the Service Advisor - LAX*

July 21 & 22

*Service Manager Course*

June 9 & 10

*Service Advisor Advanced*

June 23 & 24

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

May 19 & 20

### Collision

*Leadership Mastery*

June 15, 16, & 17 | July 25, 26 & 27

*Collision Repair Production*

May 9 & 10

*Keys to a Successful Collision Business*

May 11, 12 & 13 | June 1, 2, & 3

July 13, 14 & 15

*Hiring & Staffing - Behavioral Interviews*

June 6 & 7

*Estimating & Sales Course Pt 1.*

July 11 & 12

*Estimating & Sales Course Pt 2.*

July 18 & 19

## The Seven Factors That Lead To Failure

By Erik M. Twiggs ; ATI Coach

*“Nothing external to you has any power over you.”*

—Ralph Waldo Emerson

It was August of 2009, and I was the new guy. As a rookie coach, I was curious about why some shop owners experience great success, while others lose money on the bottom line each week. As I would get new clients, I would ask: “What’s your biggest challenge?”

The most common responses were the economy, customers not having enough money, and being in a small town.

Several months later, my heart sank as a client that fit this description was transferred to me. He had a four-bay shop in a rural part of the country that had a low median income with a high unemployment rate. The local economy was bad because of massive layoffs.

His location was four blocks from the main road and on a dead-end street. If you were to Google the phrase “my shop is different,” a picture of his building would come up! We were in big trouble, right?

Before you answer, let’s fast forward to the present. This “unlucky shop owner” averages \$41,000 in sales, 82 cars and \$15,000 of Gross Profit Improvement per week. His name is Bryan; and his shop, BG Automotive, consistently ranks in the top 25 out of 1,200 locations in the ATI Top Shop rankings! His story teaches us that the factors leading to failure are not external.

The reasons for both success and failure can be found within your four walls. So what are the real reasons that shops miss the mark? Based on my experience, there are seven factors that lead to failure. Let’s start by reviewing the top three.

### Unclear Standards

Standards are the minimum acceptable levels of performance in a particular area. Do your technicians know what the standard is for productivity? Do your writers know how much they need to do in gross sales every day? Do you and your team know what your WIN # is?

Having a consistent meeting routine is a great way to communicate your standards. Daily huddle, weekly one on one and monthly team meetings give you a platform to keep everyone on the same page.

### Lack of Training

Demanding results without verifying know-how leads to frustration. I recall a time when I coached a service manager that struggled to sell maintenance. Each week, he promised to do better, but the results never changed. Out of frustration, I put him on the spot by asking him to sell me a brake flush as if I were a customer. After an awkward silence, he admitted that he didn’t know what to say!

If I had role played with him from the beginning, we could have implemented the training plan, and gotten the desired results much sooner. Have you been struggling to get your **(Continue on back page)**

# The Coach's Corner

## It's Not the 80's Anymore

### Out of Date Habit #7: Are Parts All You Have in Your Inventory?

Geoff Berman  
Coach/Instructor

I'm guessing you probably didn't hear the words preventive maintenance much back in the 80s. Cars broke. You fixed 'em. Clearly things are different now. Vehicles are made much better, and if taken care of properly, will last as long as you want them to. Back then, vehicles were much more disposable than they are today. Because you were replacing so many parts, a 60/40 split of parts and labor where 60 percent of the sales were parts was a good business model that worked. The profit from the parts was solid and you could make a good living this way. The paradigm has shifted though and things are different today.

So what else is in your inventory other than parts?

Truth be told, most shops still put too much emphasis on parts, and because parts don't break as much, it has impacted their bottom line. Now don't get me wrong, parts are still an important piece of the equation and are still a big part of the profit we all make, it is just not where your focus should be. The parts you sell are really a byproduct of the labor you find in the new maintenance business you find yourself in today.

Let me give you an example of what I mean. When you sell a battery, what do you sell? Is there labor associated with this sale, or did you just charge me for the battery and send me on my way? If you only sell me the battery, that is because our focus is not on labor. Did you do a system test when selling a battery? I hope you did. If so, was I charged for it? What about a battery service? That corrosion isn't going to go away on its own! These are all labor items that will get overlooked if you are only focused on the battery and not the service. You will never bring those hours up (hours up = sales up) if your focus is not on the labor. In my book, when you think maintenance you should be thinking labor. If you are in the maintenance business you are in the labor business. It is your labor inventory that matters most. Do you pay your tech staff off of the parts you sell? I hope you don't. They are there to turn hours, period! The focus needs to be 100 percent on that. The interesting thing is that if you focus on the labor, the parts will follow. You may actually sell more parts by focusing on labor, where the opposite is not always true. Finding more parts does not always mean finding

more labor. Do you sell a brake service with a brake job? a coolant flush with a water pump? a throttle body service with spark plugs? You will if you focus on labor. We need to continue that 60/40 split of parts and labor sales but turn it on its head so that the 60 percent is labor.

What else happens when you focus on labor?

Production goes up, technicians make more money, ARO increases and customers' cars are better maintained to name a few. This leads to the vehicles lasting longer and customers staying happier. Would you prefer the alternative? They buy a new car! If they do, and you are lucky enough not to lose them completely, what just happened to your ARO when they start coming in with a new car? Consider this. Service is predictable, maintenance is service, and maintenance brings you labor. If you understand the power in that formula you will see that the predictable part is the key. If you look at my driving habits and you look at recommendation intervals, it should not be hard to figure out when I need to come back for whatever maintenance I need. It doesn't matter if it is an oil service, transmission service, tire rotation, timing belt, cabin air filter or anything else you can think of. It is all predictable. The shops that truly understand this principle have much higher labor sales as a percent of their sales. You should also be able to see now how this makes your overall business healthier, because higher labor sales mean more maintenance and maintenance is what is consistent and predictable. Can you predict a breakdown? And if you could does that happen every 5,000 miles?

In conclusion

None of this mattered in the 80s. We didn't care because it didn't matter. Does it matter now? How often do you work on broken cars these days? If you want happier employees, if you want happier customers that keep their cars even longer, if you want to see more vehicles through your shop, if you want to make more money with more predictable service, then make labor your focus, and all of that can happen.

Like what you have read? Want more? Email me at [gberman@autotraining.net](mailto:gberman@autotraining.net) and I will send you more information to help you get started focusing on labor and using predictability to bring them back.



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# Sam's Corner

## Richard Simmons Is Alive and Well

If you missed SuperConference this year, you missed Chubby dressed up in a Richard Simmons costume demonstrating the passion many business owners have for their businesses. The point was if our employees carried the same passion as a shop owner, managing them would be a lot easier.



This year I had the opportunity to speak on stage with the author of “The Passion-Centered Person,” Gary Zelesky. Gary is an expert on creating passion in ourselves as well as in our employees. I really liked his model where passion leads to productivity, which leads to pleasure and ultimately profitability! Our coaching staff feels that 80 percent of our clients are passionate about their business, 50 percent communicate it — but only 20 percent of your employees feel the same way. So I asked Gary how we can help our employees become more passionate about our business, and his answer was most of the time you cannot! He did say, however, that if we become more passionate about our associates’ passions, they just might become more passionate about our passions. This led me to ask: “How many of us understand what our associates are really passionate about in their lives?” How can we learn their passion, remember it and then help them achieve it? Approximately a week earlier I received an email from Coach Eric Twiggs explaining a new electronic application he was using to replace the ole goal poster. It only took five minutes to create, you could download your photos, type in the text, and store what your employees are passionate about so you could offer your interest in helping them achieve their passions. I am not very computer literate; however, I did my new goal poster in ten minutes. The app is called the Success Vision Board, and it was created by Jack Canfield, the author of “Chicken Soup for the Soul.”

So, get your people together and sell them on helping themselves. When you see a screen saver every day of the things that are important to you physically, mentally, spiritually, career, etc., your reticular activating system helps keep you on track to accomplish the vision. I can't tell you how many service managers have called their coach thanking them for making them create a goal poster that enabled them to achieve things they believe they would never have accomplished without seeing the goal as a reminder every day.

It is our job as owners to help our employees achieve the things in life they want, or they will go somewhere and work for someone who they think will! This leads me to a reminder that most of your employees are probably more recognition dependent than money motivated. They need you as a source of recognition on a regular basis, not just at the annual Christmas party once a year. I have witnessed the best shop owners in the business forget to do this even though you might think how easy it is to do. Most of us, including myself, can be so wrapped up in our business we forget to constantly thank the people who help us make it great. So why Richard Simmons? Gary delivered a wonderful speech about the difference passion can make in our business, and he talked about doing things you don't want to do that are ultimately good for you. His wife took him to a Slimmons Exercise Center where he met Richard Simmons; and although he initially hated it, eventually it changed his life! This was my experience as well. I did not want to wear a Richard Simmons costume and jump around on the stage. I had to change clothes behind the stage in the restroom while Gary was speaking and sneak back on stage. I forgot my tennis shoes in my room on the eighth floor so Karen Dee had to run a county mile to get them. While I was undressing in the handicap stall I put my costume in the sink since there was no other place. The damn automatic faucet drenched the wig and costume before I knew what had happened. Nobody noticed the wet look but me!

Why am I sharing this with you? I will always go to any extreme to help you and your business. Sometimes we have to do things we are uncomfortable with to grow, demonstrate our passion and help our people grow. Would you please stop what you are doing and download the app. You will be happy you did someday soon!

*C.L. Frederick*





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## **(Continued)**

writers to exit schedule, overcome objections or answer the phones correctly? Conduct role play sessions with them this week to see where they really stand.

### **Missing Motivation**

Training and motivation are often confused. To resolve this confusion I use the “gun to the head test.” Here’s how it works: If an armed criminal broke into your location, demanding your writer to execute the phone script, could he or she do it?

The “gun to the head” would motivate them to use their know-how. If they have the know-how, but are still failing on the phones, a lack of training isn’t the reason!

Do you have a performance-based compensation plan to provide monetary incentive? Are there consequences in place for any employee who fails to follow through? Do you have a recognition program to provide public praise to your top performers?

If you answered “NO” to any of these questions, you may have a missing motivation problem!

### **Summary**

If the economy, the customer’s wallet, and being in a small town determined success, Bryan and the other Top Shops would never make the list!

If you commit to clarifying your standards, investing in training and providing motivation, you will overcome the factors that lead to failure!

Sincerely,

Eric M. Twiggs  
[www.autotraining.net](http://www.autotraining.net)

PS. I only gave you three of the seven factors. For a complete checklist of the seven factors that lead to failure, email [etwiggs@autotraining.net](mailto:etwiggs@autotraining.net) and I will send it.