



Driving Profits and Dreams Home

By Chris Frederick

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Upcoming Courses:

Shop Owners

August 8-10
August 15-16
August 22-24
September 19-21
September 26-28

Service Managers

August 6-7
August 20-21
August 27-28
September 10-11
September 17-18

Mastermind Group

September 13-14



Most of us have encountered low points in our life when we thought there was no light at the end of the tunnel. Some of us put our heads down and fought to survive when many a mortal would have said we had no chance. You may have been that person and rose to become the top shop owner in your market. You may be presently fighting the battle to take you and your family to the Promised Land. You know, the land where all your dreams are fulfilled and your bank accounts are full of profits. What makes this actually happen and if it hasn't happened to you, when will it take place? How long will you have to fight to insure a happy retirement & fulfill your family dreams? These are questions most shop owners face every day of their lives and the answer lies in only you and your commitment to hang in there!

So, let's see if I can help you hang in there for a while so you can increase your profits and fulfill some of those dreams that have been keeping you up at night. First, learn what makes you tick. Are you really money motivated? Is a healthy bottom line really that important to you or would you rather have

a hug from a customer for taking care of their family's car? You see, the latter is recognition dependency and I am addicted to this drug, because helping people grow is more important to me than the almighty dollar. The problem with this drug is it can hurt the one's you love the most. If you made enough money so you could afford great middle management, you could spend more time with your family and focus on helping your associates grow without you having to spend your entire life working.

I would like the opportunity to awaken the sleeping giant inside of you and allow you to drive all your dreams home, this year. I recently received a letter from a shop owner that was very near bankruptcy when we met him at a seminar six months ago. He had two employees and was about to throw in the towel when he decided he wasn't going to keep doing the same things that made him miserable and stressed out. He did something that has to be done to make things better; he changed. In six months, he increased his cash profits \$4,000 a week, hired two more technicians and was carrying a 25% net profit. As Will Smith said to his son in the movie, In "The Pursuit of Happyness", "don't believe anyone that tells you, 'you can't do something'".

If you look at the 30% profit model, you will see the best practice profit model that few

shop owners have been able to achieve. It is certainly not normal since typical net profit is running from 1-5% in the last 3000 profit and loss statements we observed in 2006. So what makes these owners more successful? The answer is their ability to spin all the plates in the air simultaneously. The plate for today is the net profit model and most of those that can achieve best practices are close to these numbers.



30% NET PROFIT MODEL
SALES = 100%
PARTS = 18.5%
TECHS = 20% LOADED
MANAGER = 7%
GROSS PROFIT = 54.5%
EXPENSES = 24.5%
Net Profit = 30%

In order to succeed at this model, you have to hold 53% gross profit on your parts pool. Maintain at least 90% shop productivity with a labor rate adequate enough to carry the techs benefit loads. Stabilize car count daily for a great relationship based selling service manager & don't spend over 25% of your sales on expenses. It can and is being done in every city in the U.S. and Canada, so why not your shop? In the months ahead, we will explore every detail & give you implementation strategies to change your business model.

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I have never seen a business that could not be re-engineered to net 20-30% if the owner wanted to change & was committed.

My wife; my financial coach made me focus on making money. One day she asked, when are we going to retire? I began to explain my plan & realized that if I was not making the kind of money that I needed to be happy, that I was just not focusing on it. When I got to work I called my senior managers in for a meeting and asked why we didn't net 20-30% since we had many clients that had accomplished it. They said the difference was the clients listened and changed and I only listened. They also said I had lots of "buddies" that needed to go, fees that needed to be raised & several other changes concerning me. I said, how long will it take you to fix it & they replied, about a day but they knew I wouldn't let them do it.

Motivated by my financial coach, I told them to implement everything today and walk the dead wood out of the building, but if it didn't work, I would shoot them one by one until I knew I would net what I needed. To my surprise, the next month the LOSER had done a perfect 30% net profit. This was not my greatest leadership performance but what a lesson I learned. FOCUS ON THE MONEY! I am not telling you this to impress you but to impress upon you most of us don't make the money we deserve because it is only important to us when we need money not for driving our profits and dreams home.

A healthy bottom line will make you, your family and your associates much happier. Maybe over 30% net operating profit is greedy, so give the money to your favorite charity and begin to help others with your good fortune, but money is not the root of all evil.

My associates and I live by a mission of driving profits and dreams home to shop owners. Enjoy the journey, buckle up!!

Accountability Trumps Skill

By Brian Canning



Well aware of the pathetic state of training out there, I would try to make the point that accountability is more important than knowledge or skill. Somewhere along the line, somebody has to be responsible and accountable to the results and training, knowledge or experience does not overcome this necessity. My point would not be to decry training but it would be to caution against seeing training as a cure-all for misbehaviors that are currently affecting your operation. Sending a bookkeeper who suffers lapses of inaccuracy or attendance to become a CPA will undoubtedly up her skill level but by itself does not change her behavior or work ethic or make your expectations any more important to her. She does not feel responsible, she does not feel accountable and training is unlikely to change that. In the automotive world we see technicians attend training classes with a genuine effort toward updating their skills, but this knowledge only rarely results in improved efficiency or productivity. We spend time and efforts reinforcing the selling process with our sales people, provide them with great point of sale material and phone training and accept their excuses that it is slow or that nobody is buying. Knowledge and skills are improved but the status quo is very much intact. If you are not asking for better I promise you will never get it.

Too often, I see business owners who spend little or no time training and keeping their people ahead of the skills curve. No matter the quality of the leadership, no matter the motivation and skill level, they will fall behind the industry and

its trends. My point is, that training and keeping our people's skills up is very important but not the most important thing we could and should do.

As part of our Owners and Service Advisors courses, we routinely call the shops represented in class as mystery phone shoppers. This is a universally painful exercise with virtually everyone getting to see the reality of what customers are experiencing at our counters. We hear our customers being treated rudely, of impatience & inattention. It is astonishing how poorly we are treating our customers or potential customers but even in our reactions to this, we are missing the point. Leadership and accountability are the issues here and though training might be an outcome, somebody needs to become responsible to the result, somebody needs to set those standards of excellence and somebody needs to make sure we are living them. Could that somebody be you?

I have had the good fortune of working with some of the most successful shop owners in North America. Even among these owners, who have great facilities, the very best equipment and the best people in their various markets, I see problems with accountability. With training and our setting expectations for excellence, it is entirely reasonable for us to be upset when we are falling short of our goals and to demand better. If we have managers we naturally expect them to manage and lead. If we have salespeople, we obviously expect them to sell. If we have hourly employees, we expect them to be efficient and productive in filling up those hours. Again, I would not decry training, but I would demand that we perform in the aftermath. Even in this

group, we struggle and too often settle for something less than the excellence we had intended.

It is not really one of those chicken or the egg things in that we cannot demand anything of our people until we have adequately trained them and gone to the trouble of setting expectations. I think to this point, most of us do a pretty good job. The problem arises here when in asking for great, we are getting something less and don't know what to do. As long as we can hang our hat on our expectations as being realistic, we need to make sure we are getting all that we have asked for and hopefully more. In hiring managers we need to be careful to get people who will deliver the goods. By description these people need to be driven leaders and somebody capable of taking the ball that you hand them and run with it. If we have to beg or are constantly having to reassure them, we've got the wrong person or someone who is confused about what we are asking for. Fix them or move on. Too often we hire based on experience alone and not temperament and a willingness to be accountable and in charge. This is far from a perfect science but for me a willing leader is a great place to start. From time to time, you may have to rein them in but getting them to move will generally not be the problem.

Never forget; leaders need to lead, everyone is accountable to the result and excellence is the natural result of accountability.



ATTENTION SHOP OWNERS AND MANAGERS:
If you have something you would like to share,
e-mail your coach or ATI at
office@autotraining.net.

Dysfunctional Leadership Styles, Pt. 4 of 4

By George Zeeks



We have reached the completion of this 4 part article. We are winding things up with the final 3 dysfunctional leadership styles and the organizational self-assessments needed to identify and correct the problems. We need to keep in mind, that in all of these situations, the main problem lies in the belief system of the owner/manager. That belief system needs to change but certain things need to be in place before that change can take place. We need to feel that the change is necessary, we must be willing to change (despite the stress associated with making a change), we need to confront the problem with the willingness to actually make a change, and we have to believe that the change is possible and will have a positive effect on them personally and the business as a whole. The following are the last 3 dysfunctional leadership styles:

4. Moving the cheese - this type of leadership is typically overly analytical. It continually changes the goals, tasks and reward systems for the employees. This can result in the best employees constantly striving to achieve the ever-changing goals set for them and can typically result in burnout because they are unable to ever keep pace with this type of management and the changes that are constantly being made. The result typically becomes one of apathy; the employees may end up becoming "clock-monkeys" doing their time to receive their paycheck with little personal involvement in the organization.

They are constantly reinvent-

ing the wheel in the attempt to find the best system for rewards and motivation. They are typically high on assertive behavior, low on sensitivity and low on trust.

5. Welfare state - this is an organization with poor personal leadership from the owner/manager. Typically this organization is static, and has been reluctant to make any changes. Goals are vague and seldom outlined or shared with the group. One example that can lead to this situation would be an inappropriate pay structure that does not reward personal



excellence in the automotive field. This is typified by hourly employees with little or no goals established for them. And no measurement or accountability applied to performance levels. These employees may have "retired on the job". This could be the result of many different personality types.

- This leader is not as concerned with change or the success of the organization as he is the acceptance & approval of his employees. "The inmates are running the institution."

- This leadership style is more interested in maintaining a social, family environment, is less concerned with specific goals than with the social aspects of the group.

- This leader will typically have a high base salary or hourly wage for his employees. He overpays his employees and then drives them to the point of apathy.

6. Defective organizational structure - this is the result of defective organizational architecture. It could be the result of physical limitations within the shop that impede workflow and productivity. It could also be the result of organizational layering with inappropriate employees which do not focus on goals, problems, or issues. The end results of both cases are flow restrictions, "bottlenecks," which causes the employees to feel ineffectual and apathetic. They are unable to make a difference, so why bother?

This can be any style personality. The larger the organization, the larger the physical structure that the group inhabits; the more likely this is to occur. The owner/manager may think the employees just need to work harder and may feel that the employees are the primary problem. This is a prime example of "cannot see the forest for the trees." In this instance, the owner/manager will have a high level of frustration and will find it very hard to lead or motivate with the use of praise and may end up becoming apathetic themselves.

Corrections Organizational Self-Assessments

Good leadership is the key in all of these situations to resolve the problems of the organization. In most cases, the owner/manager is unable or unwilling to make the necessary changes on his own. These are prime examples of why a coaching system by an outside firm is necessary to help the organization identify the problems and develop systems & processes to correct the situation. Some of the keys to developing a solution are to begin by identifying the leadership style. Each owner/

manager must be dealt with within the framework of their personality and belief system. It is important that the coach and the owner/manager learn to adapt to each others style in order to form a bond of trust that will enable the owner/manager to make the changes that, while necessary, may often be painful. In some cases, the firing of the owner may be necessary for the survival of the organization. In that case, new management systems must be developed and put into place before this can be accomplished. This must be done in positive cooperation with the owner.

1. Clearly defined mission and goals
2. All employees share in mission feedback
3. Employees at the bottom feel the ability to communicate up the chain of command
4. All employees have input into goals and systems
5. Rewards and praise must come from the top
6. All people have clearly defined goals, roles, & responsibilities
7. All employees must understand systems and processes as they relate to workflow (proactive planning, not fire fighting)
8. All employees must feel the goals are realistic
9. The right person must be in the right job
10. Employees need to feel management cares about their personal goals, desires, values, and advancement
11. The leader must lead by example
12. The organization must have the resources to meet whatever goal they have set. If not, management must be willing to make the changes in resources available to employees so that they can reach the goals.



Sam's Corner: Passion For Cars Led To Automotive Career

By Chubby

My passion for cars launched me in to the automotive industry which began in 1968. My dad was trying his best to make my mom and I happy so he decided to buy my mom a new 1968 427 ci Corvette. He moved her up from a Ford Falcon Squire station wagon which they gave to me for my first year in college. He made the fatal mistake of asking me whether he should buy her a 4 speed or an automatic. Of course, I said a 4 speed but it never dawned on me that

she couldn't reach the clutch pedal. Hah Hah! After several technicians tried to build up the pedal, he tried to teach her to shift but failed miserably and she hated it. My dad called me at school and asked me if I would like mom's car since he made a big mistake and didn't want to take the depreciation hit. I told him I couldn't afford the gas and it would be another mistake he would have to live with the rest of his life. He offered to buy the gas if I kept my grades up so I took his offer to help him out. The rest was history! After

flunking out of the first college, my father demanded we trade the Corvette in on anything with an automatic.

So, thinking of my mother, Sport Chevrolet had a plain Jane 1969 Camaro on the show room floor with an automatic on the column. What she didn't realize, was this was one of only 500 COPO Camaro's with a factory 427 cu. in. 425 hp. engine and was faster than heck right off the showroom floor. The salesman backed it out of the showroom and my mother climbs in with him in the front seat and me in the

back seat. When she turned on Rt 29 she punched it and lit the tires up scaring the heck out of the salesman. She turned to both of us and said this will do just fine! The COPO recently came back into my life from another friend that I gave it to when I got married. It will undergo a frame off restoration and should have a value of about \$175,000 when complete. This will be one of the very few COPO Camaro's owned by the original owner. There is a lot more to this story But I just wanted to share my excitement with you!

Seven At the Top, *Congratulations to All!*

This Month's Winners are:

Frank Palange & John Gentile
V&F Auto Service, Inc.
443 Springfield Street
Agawam, MA 01001

Keith & Diana Wolf
Keith's Car Care
78 Stone Hill Rd
Oswego, IL 60543

Bruce & Donna Nation
Westlake Independent Honda & Acura Service
31290 LaBaya Drive
Westlake Village, CA 91362

Ronald Kissane
All A's Automotive &
Transmission Repair
1300 S. Poseyville Rd
Midland, MI 48640

Toby Holland
Executive Park Tire
120 Executive Drive, SE
Calhoun, GA 30701

Scott Holton
Aero Auto & Truck Repair
4725 Canton Hwy
Marietta, GA 30066

Joe Russo
Russo's Downtown Auto Service
198 Oak Street
Buffalo, NY 14203



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