



Fixed Operations Digest

April, 2015

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Larry's Ramblings...

I wonder why so few people are comfortable in their own skins these days? On Facebook, there is a bizarre request made by way too many people to "prove" their posts are read by forcing people to make a response. Excuse me, but I will decide if whether or not I want to read your post and I will *not* confirm for you that I read it!

Conformity in dress, language, icons, and experiences is like the gravitational pull of the smallest planet in our Solar System. We are being pulled toward a lowest common denominator of mediocrity. The people I've seen become most successful are those who aren't afraid to stand out in a crowd. They don't march to the beat of a "distant drummer," they beat their own drum. They create respect, they don't crave affection. If you want unconditional love, get a dog!

And, while I'm on the subject, here are some other things that are bothering me:

- If you are bothered by others' bad habits and unfortunate behavior, stop enabling them. That includes telling them they bother you instead

of passively accepting it

- This "favor forward" stuff is nonsense. If you want to do something for me, just do it, but don't make it a ransom conditional on my doing, something you *insist* I do for someone else. (It's like being upset when you allow someone to turn in front of you in traffic and resenting the fact that they don't wave to thank you. Is it a good deed or are you trying to collect something in return?)
- We're in an age of debasement of credentials. Everyone is "best-selling"; everyone has "rave reviews"; everyone is a legend in their own mind. Ask peers you trust for references and referrals. Don't believe the noise being blared from self-aggrandizing loudspeakers
- Working hard is not a laudable characteristic. Working smart is.
- Wisdom is the culmination of experience, education, talent, knowledge, and judgment. We have a lot of smart people, a great many talented people, and even highly knowledgeable people, but when we think of "wise", we tend to default by millennial to Aristotle, or Plato, or Socrates, or my all-time favorite, Confucius!

"By three methods we may learn wisdom: First, by reflection, which is noblest; second, by imitation, which is easiest; and third by experience, which is the bitterest."

- Confucius

Eliminate "Unapplied Time"

Every time I teach my Service Manager College Course and I ask the Service Managers how many Technicians they have, I always get the same question: "Do you count Lube Technicians?". Well, do you bill Customers for the work they do? Do they perform work on vehicles? Do they have to "turn wrenches"?

The only difference between a Lube Technician and any other Technician is the fact that the Government will not let you pay them a flat rate - That's right! If a Technician's job duties do not require them to diagnose, i.e. Detailers, Lube Technicians, and Apprentices, you cannot pay them on a straight, flat rate; AND, they are not exempt from overtime pay!

You can, however, pay them "production" incentives and *this* is what you *must*

start doing today! Adding incentives to their pay plan will significantly reduce or completely eliminate "unapplied time". First let me define "unapplied time"; this is time (wages) purchased by the Service Department from a Technician that was not sold. Look at "unapplied time" like this; it is the same as a part that has been sitting on the parts department shelf for over one year and has not been sold. The Parts Department purchased that part to sell, but, for whatever reason, it has not sold. "Unapplied time" is labor purchased but not sold.

How do we eliminate "unapplied time"? Give your Lube Technicians an incentive to sell and produce additional labor. The Government does not allow us to pay Lube Technicians a flat rate, but they have no problem with us paying them additional "incentives" above their base pay. E&A recommends that you pay your Lube Technicians variable incentives for producing billed labor. The incentive increase as their hours billed increase.

By the way, I do not want to get you off track here, but E&A also recommends that you employ a team of three Lube Technicians on each lube rack. Send me (larry@edwardsconsult.com) an email if you want a copy of our lube rack process.

Here is an example of how much a Lube Technician was costing one of our Dealer's clients.

Lube Technician pay = \$11.00 per clock hour
Technician averaged 5 overtime hours each week
40 clock hours
X \$11.00
= \$440.00

5 over time hours
X \$16.50
= \$82.50

Total pay for one week = \$522.50
Total billed hours for the same week = 11.3
Cost per hour billed this week = \$46.24/Per hour billed
Also, the average hourly rate for oil changes for this Dealer is \$47.00 per hour.

E&A Recommended Lube Technicians Bonus Plan

Base Pay

\$7.75 to 12.00 per clock hour based on skills level

Bonus based on Hours Flagged Each Week Pay Period

Flag Hours Produced:

0 to 20	No Bonus
20.1 to 30	\$6.00/Per hour flagged
30.1 to 40	\$10.00/Per hour flagged
40.1 to 50	\$15.00/Per hour flagged

Example

40 Clock Hours and 21 Flagged Hours	Clock Hour Pay
Clock Hour Pay @ \$11.00	\$440.00
Bonus Pay	\$126.00
Total Pay	\$566.00
Cost of Sales	\$26.95

40 Clock Hours and 31 Flagged Hours	Clock Hour Pay @ \$11.00
Clock Hour Pay @ \$11.00	\$440.00
Bonus Pay	\$310.00
Total Pay	\$750.00
Cost of Sales	\$24.19

40 Clock Hours and 41 Flagged Hours	Clock Hour Pay @ \$11.00
Clock Hour Pay @ \$11.00	\$440.00
Bonus Pay	\$615.00
Total Pay	\$1,055.00
Cost of Sales	\$25.73

I know somebody is going to look at this and say, "This bonus plan can pay the Lube Technician up to \$25.73 per hour!" - Yes, and please go back up and look at how much this Dealer was paying the Lube Technician for each hour billed *before* this plan was implemented.

Here is my challenge to you - Take the number of hours your Dealership's Lube Technician(s) turned in the last four pay periods and divide that amount by the number of billed hours they produced over the same period.

I guarantee you that right now, your Dealership is paying more per hour to get oil changes done than you are paying your best A-Level Technician to do repair work.

It *does not* have to be this way. Implement the E&A Lube Technician incentive plan and get rid of "unapplied time".

Fixed Operations Manager College still has seats available!

Fixed Operations Manager College Course is all new for 2015! Instead of five intense, jam-packed days, the course has been split into two, three-day courses. This will allow students an opportunity to go back to their Dealership and implement the items they learned in the first session, and then return four months later to benefit from three *additional* days of learning. This course also includes six months of personal coaching *from me*. If you purchased the coaching alone, it would cost you over \$15,000! [Click here to enroll today.](#)

Also, if you wish to join our Master Minds Group, send an email to libby@edwardsconsult.com for an enrollment form!

Want *More* Profit in Your Fixed Operations?

Enroll in an E&A Manager College Course Today...

Upcoming Seminar Schedule:

- Service Managers College Course April 21 - 23, 2015 Charlotte, NC; Click here to [Enroll Now](#)
- Fixed Operations Manager Course I of II May 12 - 14, 2015 Charlotte, NC; Click here to [Enroll Now](#)
- Collision Manager College Course May 19 - 21, 2015 Charlotte, NC; Click here to [Enroll Now](#)
- Parts Manager's College Course June 23 - 25, Charlotte, NC; Click here to [Enroll Now](#)

[Executive Learning Resource for Top-of-the-Line Fixed Operations Managers or Those Who Want to Be](#)

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