



# Fixed Operations Digest

## January, 2015

*What happens when you combine a brilliant consultant, an engaging speaker, and a renowned executive coach? You get Larry Edwards the "Sherlock Holmes" of Automotive Consulting. Larry has been described as having "the perfect combination of experience, industry knowledge, best practice theory and practical implementation"*

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### Larry's Ramblings

A quote from Steven Jobs Biography describes the managers role best; "It is not my job to make you happy with your work. My job is to make you a better employee."

If you have attended one of my classes I am sure you remember me suggesting that at the end of each year you should take the bottom 5% of your employees and gift them to your competitors. Companies who adjust their operations to accommodate their poorest performing employees always fail. And, allowing your managers to make "excuses" for poor performing employees will also ensure failure. Instead of making excuses, managers should be making plans for turning poor performing employees into high performing employees.

Human competition is healthy and creates excellence. Capitalism is based on the principle of trying to provide the best, fastest, most desirable products and services. Companies should not give awards to non-performers who show

up. They should fire them!

Companies that give awards to bolster self-esteem are despicable. Great companies encourage employees to compete with other employees and to gain what they deserve from excellent performance.

My wish for you in 2015 is for YOU to make your dealership an Excellent Performer!

## **Do you know why New Year Resolutions are so popular?**

People love the idea of a "Clean Slate" an opportunity to begin anew. Of course the one thing that makes New Year's resolutions so popular is that there is no consequences for not living up to them! It is very easy to make bold and wild resolutions when there is not going to be any pain for not meeting them.

If you really want to make changes in the New Year I suggest you:

- Make evolutionary changes instead of radical new choices.
- Create accountability and consequences for not behaving or acting as you plan.
- Make your resolutions public so that others can see your improvement, or lack thereof.

Remember Resolutions do not fail in their formulation they fail in their implementation.

Additional items that you should address in the New Year;

- Will you develop a Farm Team within your department? Every position must have a backup person trained to step in if the person in that position is out of work for any reason.
- What personal development activities will you invest in?
- What annoyances and stressors will you remove or eliminate?
- What unexpected acts of kindness will you engage in?
- How will you improve your financial security?

- How will you increase your discretionary time?
- How will you be different in 2015?

*From the Archives*

## **The Five R's of Forecasting**

This is a five step process that will ensure you achieve your forecasts.

### **Report**

Always begin forecasting by pulling together reports of your previous year's performance. You are going to need several different reports, Sales, Gross, Expenses, Individual sales and earnings for each employee, market share and customer retention just to name a few. You will also need trending reports for the last five years. Have your sales gone up or down, what about repair order counts and sales per repair order. Before you can predict where you are going it is necessary to know where you have been. It is important to know your last five years trending before you begin making predictions of future performance. Compiling the reports I have listed and others that you may already be keeping will tell you everything you need to begin predicting your future.

### **Review**

First you need to get all of your previous financial data, then verify that all your data is up to date and correct. Customer retention tells you how well you are doing at retaining the vehicles you sold as repeat new vehicle buyers. Individual earnings and sales tells you who is and who is not performing up to your expectations. Expenses, gross and net tells you how well you have managed the key variables under your control.

Review each of your performance reports and determine what items had the most impact on the results of each report. This helps you filter out any unexpected or "one time" events that impacted your results.

### **Recap**

Now that you have all your data and you have it properly categorized it is time to look at the data and ask yourself this question. What is this data telling me? For example: How was my total sales affected by my current market share? What will I need to do in order to gain more market share? How is my employee's performance affecting my market share? Are my employees over or under compensated? Are my numbers in line with industry standards?

Answering these questions will guide you as to what new goals you will need to set for next year. Don't forget to write all your goals down.

Once I have all of my personal goals written out I always take this and place it in the top drawer of my desk so that every time I open my desk I am reminded what my goals were for this year.

### **Reload**

This is the fun part, now you get to implement all the changes you determined were needed in order to achieve your next year's goals. Of course some of these may be things that are not so much fun like replacing underperforming employees or placing greater demands on current employees. To avoid talking yourself out of doing it always keep in mind why you are making changes. If you have given the employee sufficient time to correct their issues and they have failed then it should not come as a surprise that you are parting ways. If, on the other hand, you have not been counseling with them then, perhaps, before you decide to let them go, you should first council with them and give them an opportunity to correct any job deficiencies.

### **Relax**

Don't Worry...Be Happy! The main reason plans fail is because managers do not give them enough time or support to allow the plan to gain traction. They implement a plan and immediately begin worrying that they have made a mistake this worry turns into doubt then doubt turns into regret.

As a consultant I have seen this more times than I can count. I go into a dealer and review their history. I see spikes in their results and I ask, "What did you do to cause this sudden increase in sales, gross, net and they answer, "We implemented a new plan". So how is that plan working out for you now? Oh, we dropped it! Why? It didn't work!

It did not work because management did not make it work. I have said repeatedly "Any plan will work, provided you work the plan." Plans fail when management fails to stick with the plan. Sometimes this happens slowly over a long period of time and sometimes it happens quickly. Success depends on the manager (YOU) ensuring that all employees are sticking to whatever plan you have laid out.

The Five R's of Forecasting have served me well over the years. I hope they will serve you as well as they have served me.

I have updated my forecasting worksheet to make it easier for managers to forecast sales, expenses and profits if you would like a complimentary copy of this worksheet send me an email request to [Larry@edwardsconsult.com](mailto:Larry@edwardsconsult.com) with the title Forecasting Worksheet.

## Want more Profit in your Fixed Operations...

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

#### Upcoming Schedule:

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- Service Manager College Course January 13 - 15, 2015 Naples Florida click here to [Enroll Today](#) This course is Sold Out Next one is in April
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- Collision Managers College Course February 10 - 12, 2015 Naples Florida click here to [Enroll Today](#)
- Parts Manager College Course March 17-19, 2015 Charlotte, NC click here to [Enroll Today](#)

### **Executive Learning Resource for Top-of-the-Line Fixed Operations Managers or Those Who Want to Be**

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