



Fixed Operations Digest

June, 2015

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This month's focus point: You can teach people the content of a business, but you can't teach them enthusiasm. You can instruct them in the rules and regulations, but not optimism. You can delegate authority but not self-directedness. What kind of people are you hiring, and what type of environment is created to sustain the behaviors you most need? Enthusiasm, optimism, and motivation will be extinguished or driven away by those who fear these traits and try to manage and control them. But they will lead a business forward when sought and nurtured.

"It's tough to live when you're not enjoying life"
Dr. Alan Weiss

Are you the Leader of Your Ship?

Leadership is a combination of two words Leader of your Ship. As a manager of a dealership or a department within a dealership you are the leader of your ship. Every day your employees come to work, they get on board your ship. Just as a ship leaves port, the lines are cast off, the ship drifts away from the pier and your employees look to you.

They want to know; what is our destination, what course will we take, what speed will we be expected to operate at? The leader of the ship must answer

these questions. If the leader fails to tell their employees the destination, the course you want them to take to reach this destination or the speed you want them to operate at then, you are in effect, leaving it up to your employees to define their own course, set their own speed and decide for themselves how they will get there.

All too often I see employees who for lack of direction from their manager have set their own standards of performance. The problem gets worse when the manager attempts to establish new or different standards of performance.

Employees have been doing things their own way for so long (and getting away with it) they see no reason to change course or pick up the pace. The problem now becomes a battle of wills between the manager and the employee. This situation usually ends with the employees going to the GM or worse Dealer expecting the dealer to override the manager's decision or directive.

Effective leadership requires that you define your vision for your department for your employees.

Your vision must be clear and concise;

If your vision is a road the employees must be able to see where it is headed.

Look at successful leaders in our recent history. John Kennedy was able to sell Americans on his vision of America as the technology leader of the world. Ronald Reagan was able to sell Americans his vision of America as the champion of world freedom.

In order to sell your vision, you must be able to sell your employees your vision. You have to be able to paint them a picture of what you expect your department to be.

Do you want to be?

- The Lowest Cost?
- The Highest Quality?
- The Friendliest?
- The Fastest?

In my Managers College classes we use this as an exercise to provoke managers to really stop and think about what they want their department to be recognized for. In many cases I have managers who want to be all of the above. These managers do not understand that "you cannot be all things to all people". You are managing a for-profit-business, not a charity! Having A profitable business dictates that you will not be able to make a profit and satisfy every customer, it is simply not possible! Compromises have to be made. This is why we need leaders, leaders decide what compromises will be

made in order to achieve their vision. They then communicate this to their employees in the form of performance goals and processes expected from each position. They communicate this to their customers in the form of prices charged and level of service offered.

Great managers spend a lot of time studying their charts (tracking). They know where their ship has been, how well it is progressing towards their goals and who or what is preventing them from achieving their goals. They then determine the best method(s) to use in getting back on track. Sometimes this means more advertising, or changing sales methods, or hiring more staff, or training their current staff to do a better job.

Leadership is a journey through constantly changing weather (market) conditions. Great leaders are the ones who have the ability to sell their vision of success to everyone involved, and then establish realistic and achievable goals for success. They then spend their time plotting the course for success by constant monitoring every result. Then leading their staff to achieve the manager's goals.



Two distinct ways businesses market their goods and services;



Are you the "Lowest Cost" provider?
Are you the "Highest Quality" Provider?
Would your current customers agree with your perception?

Too many dealership service managers are attempting to be "both of the

above". They are not doing this intentionally, but, the marketing and merchandising messages they send to customers are confusing. For example; how many different service coupon specials do you have going on right now? I was in a dealership recently that had 11 different discount programs all going at the same time. Nowhere in their materials did they mention the factory trained technicians they employ, the free shuttle service, low cost or free loaner cars, free manicures, free ice cream for the kids or their extended service hours.

Everything the manager was sending out to customers was low price based offers. They had discount coupon offers that included 10% off, 20% off, 30% off, \$50.00 off, and a \$200.00 discount on a timing belt. In addition to all these discounts they offered a very low priced oil change less than \$25.00 and low prices on alignments, brakes and tires.

The reason I was looking at this particular service department was to determine why their repair order counts had fallen by over 30% in the last year. Apparently the manager lost touch with his primary objective, "Retain Customers for Life, while producing a Profit". When repair order counts began dropping the managers response was to offer the customers lower priced offers, when this did not get the desired results he gave his customers more, lower priced, offers. In one month alone his service department gave away over \$20,000.00 in discounts. That's a quarter of a million dollars spent each year to attract customers to the service department then fail to sell them any profitable services.

Low priced specials are a very slippery slope for any type of business to get involved in. Dropping your prices may bring in more customers however in most cases it tends to primarily attract "bottom feeders" customers whose only concern is price. Next thing you know income declines and then the dealer wants you to get your expenses in line with your revenue. This requires that you reduce headcount which in turn leads to a diminished level of service that always results in lower repair order counts, lower revenue, and lower profit margins.

You can offer your services as a commodity (price based) or you can offer your services as a value added service (features based). Our dealer clients who promote their service department as a "value added" service are producing net profits in excess of 20% to sales (not gross). These dealers offer and heavily promote value added features to their customer's.

For example;

- Free pick-up and delivery

- Free loaner vehicles
- Free wash (including tire dressing and window cleaning)
- Modern service drives
- Comfortable service write up offices
- Service employees in uniform that are very friendly and accommodating
- Service Greeters
- Appointment Coordinators
- Manicures
- Massages
- Continental Breakfast

Businesses cannot offer the above listed amenities and try to compete on price at the same time! Unless, you want to lose money in your Service and Parts Departments!

Want *More* Profit in Your Fixed Operations?

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

Upcoming Seminar Schedule:

- Parts Manager's College Course June 23 - 25, Charlotte, NC; Click here to [Enroll Now](#)
- Collision Mangers Course July 21 - 23, Charlotte, NC; click here to [Enroll Now](#)
- Service Manager College Course July 28 - 30, Las Vegas NV; 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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