



Fixed Operations Digest

November, 2014

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Larry's Ramblings

We held our Fixed Operations Master Minds Meeting at the Charlotte Motor Speedway Club in October. This group is comprised of a cross section of dealers and fixed managers from all over the U.S. and Canada, two things everyone in this group have in common is that they have all participated in an E&A Profit Improvement Program and they all have a strong desire to be the best. Service department customer paid parts and labor sales for our group are running 25% ahead of 2013 results for the same time period and profits are up over last year by 380%. Clearly, 2014 is going to be a great year for those who devote every working day to continually improving their operations. I have had lots of request to hold my Two Day Advanced Service Selling Skills Course before the end of the year. I already had on scheduled for Naples Florida in January and now I have added a course for December 16 & 17 in our Charlotte NC Training Center. You will find a link to enroll in either course at the bottom of this newsletter. Remember class size is limited to 10 students, if you want to participate sign up now.

Words of Wisdom from Dr. Alan Weiss

"Richard Branson's rocket plane crashed a few days ago, a tragedy. But he vows to keep trying. He's seven years behind his schedule to take civilians into space, but he vows to keep trying. The path to success is seldom an unimpeded, high-speed romp. The roadside is home to those who hit a bump and decide the journey is too tough so they pitch camp where they are. If that were the rule, Lincoln never would have been president, there would be no polio vaccine, Apple wouldn't exist, and we'll never set foot on Mars. The greatest successes I know are people who have had to battle, overcome, and persevere. A lot of us have been broke, but we never felt that made us "poor." A lot of us are running the bases with speed and gusto, but there are some who were born on third who think they hit a triple."

November and December are your LAST CHANCE to make 2014 a Record Profit year!

December is also the time to begin planning your results for 2015 so that it will be an even better profit year than 2014. As you are reflecting on 2014 and planning 2015 I want to share with you some important things that you should be taking into consideration when preparing your 2015 forecast for your department.

Do you have enough staff to handle the projected growth for 2015? I find that staffing, having too many or not enough is the most often overlooked item in managers forecast.

The formula for staffing is: Tasks x Volume = Staffing.

Tasks are the steps required to complete each individual task that makes up the process required to satisfy a customer's needs. For example; list all of the tasks that must be done in order to handle one service or collision customer from the time that first customer contact is made until the customer's need is filled, the money is collected and the customer leaves. Next you must determine how much time is required to complete each task within the process. Finally you must calculate how many times each task must be performed each day.

Let's assume that it takes 30 minutes to complete each step in handling service customers from start to finish. If your shop is writing 30 customer pay repair orders each day then 30 R/O's x 30 minutes each = 900 minutes required to handle customer pay repair orders each day. 900 Minutes ÷ 60 minute per hour = 15 hours per day to complete customer pay tasks or at least two (2) service consultants.

Do not forget to allow room for growth, if you want to grow customer pay repair orders by 10% then you must have the employee capacity to handle the

projected growth. Many times during my consulting career I have encountered dealerships with customer satisfaction problems and profit loss problems that were directly traceable to the fact that they simply did not have a sufficient staff to handle the business that was coming in their doors every day. For your 2015 planning make sure you have enough staff to handle your forecasted growth or at least have a plan to hire enough staff to handle your projected growth.

Do you have a FARM TEAM within your organization? The most painful situation any manager can encounter is one where the manager has gotten everything going "right" within their department and one or more key employees becomes sick, injured or quits. The manager's failure to develop a Farm Team (Cross Training) of employees that could step up and fill the vacant slot absolutely destroyed all the good work done previously. In many cases the manager ended up losing their job because business was going backwards and the manager did not know how to deal with their situation. Following are some "Cross Training Pointers" to consider when doing your 2015 planning:

Every position in your department must have a designated and trained back up. They do not have to be the best person for this job position or have the best skills for the position. But, they must have a working knowledge of how to do this job and they must be ready to step into this job within a moment's notice.

Develop a RECRUITING PLAN NOW to avoid being put in the position of having to implement a HIRING PLAN! Consider this, every manager is going to either wait until a need exist, this usually occurs when least expected or they are going to be constantly and continuously recruiting people today to fill future open positions in their department.

Recruiting is not as hard as it sounds, first, you must project the future needs for your shop (five years out) and then develop an on-going plan to look for people to fill these positions. If you would like to see a sample five year staffing plan send an email to Dana@edwardsconsult.com and he will send you a sample of the plan that we teach in our Service and Collision Managers College Courses.

Does your 2015 Forecast include an increase in revenues? Will this increase be accomplished through Marketing or Merchandising?

Marketing is all the things you do to attract customers to your business.

Merchandising is all the things you do to encourage customers to purchase additional goods and services once they arrive at your business.

In almost every situation our consultants encounter we find sales being lost for lack of an effective Merchandising Plan. In Service we see Consultants

losing as much as \$50.00 or more per repair order because their Service Manager has not provided them with effective merchandising tools.

Merchandising Tools:

- Service Pricing Guide (that is up to date)
- Maintenance Menus that are manufacturer specific
- Worn Parts Displays (showing and selling v/s telling and selling)
- Effective Walk Around processes at write up
- In process follow up call(s) to customers
- Active delivery process with an appointment for the next service due at delivery

In collision we routinely encounter dealership estimators who tell customers when they call in to inquire about the process for obtaining an estimate for their damaged vehicle to "take your vehicle to your Insurance Company and let them write you an estimate"... This drives me crazy when I hear it! Another serious problem we encounter all too often are estimators' "who do not know" what they are entitled to be paid for when writing an estimate.

Supplements account for approximately 8% of collision repairs failing to request a supplement when you are entitled can mean the difference between making a profit and losing money in the collision shop. Another area we find lacking in the dealership collision center is estimators failing to check the estimate procedure pages. When writing an estimate failing to check procedures for each repair can cost a shop \$300.00 or more in lost sales. In parts we routinely encounter parts department displays that do not have prices on them or prices that are so small you need a magnifying glass to read them.

When developing your 2015 Projections be sure that your plan includes;

- Growth Projection by category C.P., Warranty, Internal
- Gross Profit Projections by category
- Staffing Plan (for future staffing needs)
- Farm Team Plan (for current staff)

- Marketing Plan
- Merchandising Plan

Finally do not forget to ask yourself that most important question when making future predictions...Do I have a KNOWING problem or do I have a DOING problem? Ask yourself this question do I know how to grow my business but simply lack the initiative to do what is necessary to grow my business. Or, do I lack the knowledge of how to grow my business and my department. If you have a knowledge problem then an Edwards & Associates Service, Parts or Collision Management College Course can definitely help you learn what you need to know in order to grow your department. Once every quarter we teach a three day College Course for Service Managers, Parts Managers and Collision Managers. Many of our course participants return to take the same class over and over. Taking this course for the second and third time helps immensely with the "DOING" as it provides motivation to go back to your shop and try some of the techniques we teach in these courses that managers have been putting off.

We also teach a four day Fixed Operations Manager College Course this course teaches Fixed Managers and General Managers how to get the most out of their Fixed Department Managers.

One Collision Manager has attended our Collision College Course five times the first time he came he was losing between \$10,000 and \$20,000 per month in 2014 he has averages over \$200,000.00 per month in department net profit!

E&A believes that **STRUCTURE** and **PROCESSES** are the keys to growth and profits and our dealer clients prove this for us every day!

If you are interested in enrolling in a 2015 College Course or having an E&A Consultant make an on-site visit to your dealership please contact our offices at 1-800-708-7587 or email Dee@edwardsconsult.com.

Want more Profit in your Fixed Operations...

Enroll in an E&A Manager College Course Today

If you have not participated in one of my Fixed Operations Manager College Courses or if you need a refresher, then I have some upcoming classes you need to attend.

Upcoming Schedule:

- Advanced Service Consultant Selling Skills Course December 17 & 18, 2014 Charlotte, North Carolina click here to [Enroll Today](#)
- Advanced Service Selling Skills Course January 7 & 8, 2015 Naples Florida click here to [Enroll Today](#)
- Service Manager College Course January 13 - 15, 2015 Naples Florida click here to [Enroll Today](#)
- Collision Estimator Advanced Selling Skills Course Naples Florida February 4 & 5, 2015 click here to [Enroll Today](#)
- Collision Managers College Course February 10 - 12, 2015 Naples Florida 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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