



Edwards & Associates
 Consulting • Training • Research
 Profitability Consultants to the Automotive Service Industry



Fixed Operations Digest

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Larry's Ramblings

Almost everyone I have spoken with this month said 2015 was a record year for fixed department sales profits. However, when I look at actual customer paid repair order count changes for 2015 over 2014 the number is less than 5%. Compare this to double digit customer pay repair order count increased in 2011, 2012, 2013 & 2014, the gains in 2015 came from warranty and internal instead of from customer paid work. We refer to this as "variable dependent" work because it is dependent on vehicle sales. If vehicle sales decline, variable dependent sales decline too.

While it is great to see sales and profit increases year over year you need to make sure your customer paid repair order counts and sales are increasing at least 10% year over year. When you look at your sources of service labor customer paid, warranty, internal, E&A's Goal is for 70% of service and parts revenues to come from customer paid labor and parts sales and 30% should be from internal and warranty sources. Also, our Goal for Customer paid labor and parts sales increase year over year is a minimum of 10%.

Labor Sales Increases are good... Sustainable Sales increases are better!

An abysmal attention span. "According to the National Center for Biotechnology Information, from 2000 to 2015; the attention span of the average American dropped from 12 seconds to just 8.25 seconds."

Based on my personal experiences I believe the people who did this survey are being overly optimistic!

See What Our Customers Have to Say

Difference Between Managing and Coaching... Everything!

Training teaches the skills necessary to complete a task or assignment. Coaching ensures that the person who was taught the skills actually utilizes the skills they were taught. In my opinion, the single largest problem dealerships face today is a "lack of coaching or worse, poor coaching" from managers and supervisors.

The purpose of coaching is to increase effectiveness, broaden thinking, identify strengths and development needs and set and achieve challenging goals. Skills that managers need to coach others can be divided into the following five categories:

1. **Building the relationship.** It's easier to learn from someone you trust. Coaches must effectively establish boundaries and build trust by being clear about the learning and development objectives they set, showing good judgment, being patient and following through on any promises and agreements they make.

2. **Providing assessment.** Where are you now and where do you want to go? Helping others to gain self-awareness and insight is a key job for a coach. You provide timely feedback and help clarify the behaviors that an employee would like to change. Assessment often focuses on gaps or inconsistencies, on current performance vs. desired performance, words vs. actions and intention vs. impact.

3) **Challenging thinking and assumptions.** Thinking about thinking is an important part of the coaching process. Coaches ask open-ended questions, push for alternative solutions to problems and encourage reasonable risk-taking.

4) **Supporting and encouraging.** As partners in learning, coaches listen carefully, are open to the perspectives of others and allow employees to vent emotions without judgment. They encourage employees to make progress toward their goals, and they recognize their successes.

5) **Driving results.** What can you show for it? Effective coaching is about achieving goals. The coach helps the employee set meaningful goals and identify specific behaviors or

steps for meeting them. The coach helps to clarify milestones or measures of success and holds the employee accountable for them.

Successful Dealerships have added "*the ability to coach and develop others*" to the ever-growing list of skills they require in all their managers. This means more employee development, more efficiently conducted. But, in reality, few managers know how to make coaching work. Coaching is a small part of the job description for most managers. Nearly half spend less than 10% of their time coaching others. With such limited time devoted to coaching, organizations need to be sure their managers know how to do it right.

To improve the quality and impact of your coaching efforts, start by giving your individual managers tangible information about how to coach their direct reports. Typically, managers meet their coaching obligations by giving reviews, holding occasional meetings and offering advice. For coaching to be effective, they need to understand why they are coaching and what specific actions they need to take. Take the Service Drive for example; a manager cannot coach the drive from their office. To effectively coach the manager must be standing on the sideline observing. When employees fail to execute the manager needs to call time out with that employee and "coach" them on the proper way to execute the process.

Bad habits are not like wine... They will not get better over time! Manager Coaches' must correct bad behavior as soon as it is observed.

Coaching focuses on helping another person learn in ways that let him or her keep growing afterward. It is based on *asking* rather than *telling*, on *provoking thought* rather than *giving directions* and on *holding each person accountable* for his or her goals.

Dealers need to provide their managers with guidance on the whys and how's of coaching, the goal should be to create a pool of manager-coaches who can be role models, supporters and sustainers of a coaching mindset within the dealership.

Managers have to know the business case for coaching and developing others if they're to value it and use it effectively; where is the department headed? What leadership skills are needed to get us there? Manager / Coaches must work with direct reports to provide the feedback, information and experiences they need to build those needed skills?

It's not surprising that managers feel they don't have enough time for coaching. Even if you make learning and coaching explicit priorities, time is tight for everyone. But as your coaching progresses and goals become more consistent so will your results! The highs and lows will disappear and consistent sustainable growth will be realized.

E&A offers a web based Coaching Program for dealership managers that teaches them how to become better coaches. For more information [click here](#).

Are You Looking for Technicians in the Wrong Place?

We are constantly being told by Service Managers that there are NO technicians available for hire in their market! If you are attempting to hire a factory trained and certified master technician then you are probable correct. But, if you are trying to hire technicians to perform maintenance and light repairs (the majority of work in most dealerships today) then you are fishing in the wrong place.

Aftermarket shops have thousands of technicians that are more than capable of performing maintenance and light repairs. And, the average technician in an Aftermarket Shop earns \$35,000.00 per year. About the same amount as a Lube technician earns in a Franchised Dealer shop.

If you are not having any luck finding and hiring Service Technicians, you might be fishing in the wrong place! And, you might need to change to a different type of bait too, salary pay plus incentives for example.

Edwards & Associates Fixed Operations Manager College

Upcoming Classes:

Service Manager College Course... March 15 - 17, 2016 Charlotte NC for more information [Click Here](#)

Collision Manager College Course... April 12 - 14, 2016 Charlotte, NC for more information [Click Here](#)

Parts Manager College Course... May 24 - 26, 2016 Charlotte NC for more information [Click Here](#)

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

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