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

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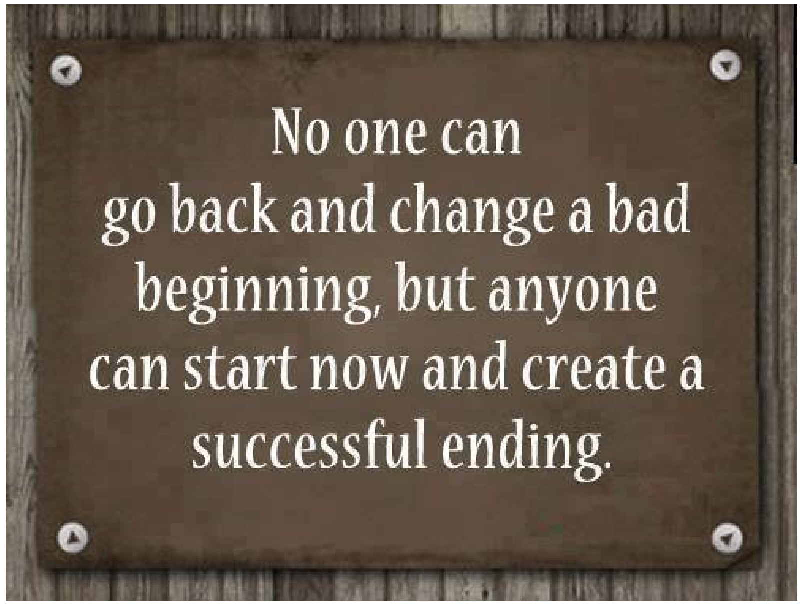

Larry's Ramblings

Gary Edwards and Larry Edwards have both been chosen by NADA to give Workshops at the 2017 NADA Convention in New Orleans. If you are planning to attend the Convention, please add our Workshops to your list of things to.

Do you know the 5-P Rule?

1. Proper
2. Planning
3. Prevents
4. Poor
5. Performance

Consulting with Dealers and Managers for over 30 years has taught me that
Too often Managers *prepare for failure,* ***in fact****,* very few Managers *prepare for success*.

Let's break down the 5-P's and see how they can help you be better prepared:

1. Proper means that you must be looking at the right things in order to make an informed judgment about how your Department is doing. Here is a small list of the *proper* items Managers should be looking at every day:

- Advisor Performance Report for MTD and the previous day
    a. Pay close attention to E.L.R, Sales, Gross Margins and Discounts
- Work In-Process (open Repair Orders), this is the most likely place for a problem job to hide out. You must investigate this list by asking everyone involved "why is this Repair Order still open?"
- Department DOC Report; many Managers do not use the DOC because they

say it does not have *all* the information on it. Well, if your DOC does not have the information you need then you have to get off your chair and go ask someone to re-program your DOC to give you *all* of the information you want.
- Technician Performance Report; how many clock hours did each Technician work yesterday and how many hours did they flag? If they flagged less than 90% of their hours available, you need to get out of your chair and go ask them WHY?

2. Planning requires that you determine where your Department is going, versus where you want it to go. The second step in planning is figuring out where the breakdowns are occurring; is it staffing, skills, knowledge or experience that is preventing your Department from achieving the goals you have set?

3. Prevents; the best laid plans are going to encounter obstacles. By monitoring *all* key performance indicators in your Department, you can fix the small problems and prevent them from becoming HUGE PROBLEMS!

4. Poor is a number that Managers have the luxury of determining. For example; the Manager can set the performance bar for their Employees so low that the poorest performer can get by. Or, the Manager can raise the bar slightly higher than the best performer then continuously challenge every Employee to be a high performer. Great Managers do not settle for poor performance. They figure out what is needed to improve performance, then they share it with their Employees.

5. Performance is ultimately what everyone is judged by. A Manager with poor performance is likely to try and convince the world that they *could* be great, but there are *forces beyond their control* (market conditions, customer expectations, NO talented Employees in their market, etc.) Managers who consistently produce outstanding performances are the ones who never make excuses. Instead of excuses they make changes!

Losers Have Excuses... Winners Have Plans

It's NOT too late to get your **Collision Manager** enrolled in the

Collision Manager College Course on August 16-18

Class is ALREADY CONFIRMED

Click Here to Enroll

Don't forget about other upcoming courses...

Parts Manager College Course on September 27-29

Click Here to Enroll

Advanced Selling Skills College Course on October 11-12

Click Here to Enroll

NEW From E&A

Be on the lookout for upcoming information on our ***new products***...

1. Advisor CSI Desk Signs
2. Production Boards
3. Recruiting & Hiring Guide

Managing Millennials

It is important to understand that each *person* is a product of the environment in which they develop from early childhood to age 20-25. My generation, the "Baby Boomers", matured at an earlier age 18-22 years old. My father's generation matured at an astounding (to me) age of 13-17. Obviously, the age of maturity is getting longer with every generation. Some variables that are likely shaping people in this age category today are: two working parents instead of one working parent for baby boomers, income-level of parents, perceived opportunity for advancement in life, perception of what success is, if employed...the experience on first job, current experience on latest job, etc.

Managers today are having to deal with multiple generations in their workforce. The generation often perceived as the most *troublesome* for Managers is composed of folks born in the 1980's and 1990's- the children of the Generation X parents (**Millennials**). As one generation drops off the age distribution chart, a new one arrives.

Here is what Managers need to understand about Millennials, they do not like or respect hierarchical organizations (most organizations are hierarchical). This can be traced back to challenges to school rules from the 1990's-today. Students want grievance procedures in public schools and participation in decision-making at University Board of Regents meetings.

Millennial's will not "work till you drop." They do not live to work, they work to live. Managers have often come to expect their workers to finish a job, even if it extends beyond your stated work hours. Paying overtime or opportunity to receive special compensation for extra efforts rarely works. Millennials crave extra time off. Previous generations wanted added compensation, Millennials want time off!

Millennials also expect their work to be meaningful. Millennials who graduate from Trade Schools anticipate challenging assignments, only to find they are given "grunt" work. Managers want to start newly minted Technicians with easy jobs (like Oil Changes) and buildup the work once they prove themselves. The key to success or failure with a new Employee depends on how long this buildup takes and what communication was given to the new Employee about expectations. I have found many instances in which Employees feel greatly underemployed. Here is a challenge for you, meet with your entry-level Technicians and ask them if they believe their skills are being utilized to their fullest?

Millennials want to excel, and to do so, crave feedback. Remember, they grew up in an environment where they had a room full of trophies. Many of these trophies were for participating...but, they have forgotten that! They only remember that when they were younger they *always won a trophy* after every event and they *got a prize* with every meal!

Now, they can't even get a "good job" comment from their boss. Getting no feedback causes a lack of loyalty and commitment. Annual performance appraisals are frowned upon by Millennials and generally do not provide the motivational impact expected by Managers of a different generation.

Surprisingly, they hate email and voice mail. (For Millennials, these are old technologies.) Instant messaging of different varieties, like texting and Snapchat, are more respected. By the way, what is Snapchat...and where can I find it? Because I want to Slap Chat some people!

Statistical goals (use of numbers at all) usually will turn off a Millennial. This person normally would rather get the message by means of a **story**, showing various implications from someone they respect. They need to be taught what good their individual efforts will do for the whole company?

Society matters; in the 1970's the concept of "*social responsibility*" of business began its development as an academic discipline in Business Schools. Graduates of any Business Program have become acquainted with this concept. It has expanded into Consumer Affairs Programs. Essentially, the company may be seen as an enemy if it promotes/empowers behaviors that may be viewed as anti-consumer or unethical.

One example I have encountered with a Millennial relates to an Engine repair. A Technician spent 1.5 hours diagnosing and repairing an Engine malfunction. The Advisor billed the customer for three hours (the Flat Rate Guide charge). The Technician complained about overcharging for the work they did and the Technician tells the customer they were overcharged. Management dismisses the Technician, leading other Technicians to walk out and the Dealership suffers in more ways than one.

Millennial Employees will become monitors of **social responsibility** within the companies where they work. *Are you ready for that?*

The experience of the human race indicates strongly that the only person in abundant supply is the universal incompetent. - Peter Drucker

Average Collision Repair Cost is Up 13%

Collision Repairs have increased from an average of $2,400 in 2008 to $2,766 in 2015.

According to CCC Information Systems, since the end of 2008 the average cost to repair a damaged vehicle has risen more than 13% from $2,399 to $2,766 in 2015.

Greg Horn, a Vice President at Mitchell International, attributes most of the increase to the rising cost of parts. "Even when adjusted for inflation," Horn wrote in Mitchell's latest report, "we found that new, popular passenger cars do cost more to repair than they did five years ago. Despite multiple variables, including the cost of service hours, parts has had the highest impact on collision repair costs overall."

Horn cites one example- "*the rising demand for trendy and more expensive headlights, like LED 'halo' lighting."* But he might as well have mentioned almost any number of other kinds of parts, from Air Bags to Sensors that feed data to the dozens of computers in the typical late model car and truck. These control things such as Engine timing and Emissions, Passenger Restraint Systems, Cruise Control, Backup Cameras and Warning Systems.

In fact, Mitchell reported late last year that its Collision Parts Price Index reflected an increase of 2.7% in prices for all kinds of parts; including OEM, aftermarket and used parts. But that came after a spike of 5.9% in parts prices from 2013 through 2014.

What does this mean for your Dealership's Collision Shop? You need to compare your average collision repair and determine if your Shop is more than 10% above or below the new average repair of $2,766.00
If you are below average, then you are getting more of your own customer's vehicles that are drivable (Bumpers and light hits). Our experience is that Insurers try to steer (yes, I know that steering is illegal) customers away from Shops that do poor quality work and who have longer than normal cycle repair times.

If your Shop's average repair is greater than the national average, we usually find that Insurance Companies are using these Shops to send their heaviest hits to. Their logic is simple, they would much rather have a Dealership standing behind a larger repair job than an Independent Shop. In other words, if your averages are very *high,* you are probably being taken advantage of!

Executive Learning Resource for Top-of-the-Line Fixed Operations Managers or those who want to be *Volume 165, August 2016*

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