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Larry's Ramblings

Let me ask you a question...
What are you going to do differently in 2017 to obtain a better result than you did in 2016? The years end is always a good time to reflect on last year's accomplishments and make predictions about how you will **"do better next year."**



The fact of the matter is, you are not going to obtain different results until you change the way you are doing it. Getting *different* results requires a *different* approach, it also requires a *different* mindset about what is acceptable and what is not acceptable performance. This is where it gets difficult for your Employees to understand. In the past, they have always approached each situation in the same way and you accepted their performance either directly, or most likely indirectly, by not pointing out to them that their performance in this area was below par.

Let me give you an example: Everybody agrees that you need to do a thorough Walk Around on every vehicle and you probably told your Advisors that you wanted this done in the past. The first day they did 80%, the second day 60%, by the end of week one they were down to 10%. You got

distracted and failed to follow-up. Now it is 2017, your hours per R/O are down to less than one hour per ticket and you have to fix it.

How will you get it done in 2017 when you couldn't in 2016?

The answer is very simple, you have to do something different than you were before. Most likely, this will disturb and confuse your Employees, but if you want to get different results in the future you will have to do something different than you did in the past!

Thus my original question... *What are you going to do differently in 2017 than you did in 2016? What new strategies, techniques, or procedures are you going to implement to ensure that your results this year are different from last year?*

Let me share a couple E&A's Consultants ideas:

1. Our Consultant suggested that the customer put a sign up in the Service Drive that says *"If we fail to do a thorough Walk Around review of your vehicle at the time of the write-up, we will give you a free Oil Change."* Guess who gets to pay for the Oil Change?
2. In the Collision Shop, our Consultant suggested to put up a sign that says *"If we fail to offer you a CD with pictures of your vehicle's damage when we prepare your estimate, we will give you a free wash job with your repair."*

Both of these signs had the **desired effect**. It put the Service Advisors and Estimators on notice that Management was serious and it offered the customers an incentive to participate in our program.

If you are thinking *"Why do you want to take pictures of a damaged vehicle when preparing an estimate?"* It is because you want to take pictures so the customer doesn't come in to pick the vehicle up and say *"You fixed my car but you put a dent in the other side."* Taking photos while writing the estimate and sharing them with the customer will eliminate this problem.

Making New Year's resolutions is a good thing! But if you actually want to accomplish your resolutions you *must* implement new tactics, rules, procedures, and guidelines. Otherwise, your resolution is just a dream!

Here's a suggestion, take one item that is performing at sub-par levels in your Department. Run a Pro-Forma to determine how many more dollars it would bring into your Department if you can get it working right this year.

Example Pro-Forma:

Current FRH per C.P. R/O = 0.9 target FRH = 1.4 a potential gain of .05 hours per R/O

You wrote 9,867 C.P. R/O's last year x .5 = 4933.5 additional FRH at \$110.00 per = \$542,685.00 additional Labor Sales in 2017. At 75% Gross Profit this is \$407,013.75 in additional income

Now develop your plan for example:

- Install signs in the Service Lane that read; *"Free Oil Change if no Walk Around is done when your vehicle is written up"*
- The Service Manager will take the first customer write-up each morning for three weeks and use this write-up to show the Writers that you can indeed up-sell from the Walk Around
- Establish a quarterly bonus of \$2,000.00 to be split between the Advisors if the Shop average FRH per C.P. R/O is at 1.4 or higher

For the next step, meet with your Employees and review all of the times in the past when you failed to enforce your own rules, discuss how you plan to approach this problem differently this year. Give them the plan and discuss how much the bonus would mean to each one of them. Challenge your Employees to be better than they were last year.

Remember, great coaches are constantly challenging their team to reach for higher goals!

Success also requires that you inspect what you expect, make this a priority on your daily action list of items to review every day this year.



E&A's Continuing Education Groups are Back!

Continuing Education Groups were developed specifically for Graduates of the E&A Service, Parts, and Collision Manager College Courses as a way to help graduates of our training courses

to continue to make positive improvements in their departments.. Groups are made up of already **successful** Managers and Dealers who want to continue improving their *Sales, Profits, Customer Retention*, and most importantly their own *net worth!*

Collision Group 1 First Meeting is Scheduled for April 6-7, 2017

Service Group 1 First Meeting is Scheduled for May 4-5, 2017

**Click HERE for more information
or to ENROLL**

**These meetings are not confirmed until we receive 10 members*

Enroll in *E&A's* First Courses of the Year!

Collision Manager

College Course

*February 21-23, 2017**

Enrollment Deadline is February 10, 2016

Click here to

ENROLL

Service Advisor

Advanced Selling Skills Course

*March 14-15, 2017**

Enrollment Deadline is February 27, 2016

Click here to

ENROLL

**These classes are not confirmed until we receive 5 enrollments & then we will notify you that the classes are confirmed*

The Five R's of Forecasting

Every year at this time we find reasons to remind ourselves just how great last year was, all things considered of course, then we tell ourselves that this year will be our "**BEST**" year ever. However, 97% of you will then forget about it and only 3% of you will actually make forecasts and set goals of exactly what you need to do in order to ensure that this year will in fact be your "**BEST**" year ever!

I have written this article for the 3% of you who will actually take time to plan your 2017 results by making a forecast. Forecasting can be a difficult task if you do not have any guidelines to follow, so I have prepared the "*Five R's of Forecasting*" to assist you. This is a five-step process that will ensure you achieve your forecast.

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, check to make sure that all of your data is up to date and correct. 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.

Some of the items you definitely want to look at are customer retention, individual earnings and Sales, Expenses, Gross, and Net. 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 tell you how well you have managed the key variables under your control.

Recap

Now that you have all your data and you have properly categorized it (i.e. market share, Sales, Gross, Expenses, and Net) 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 current 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 my goals written out, I always 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 the 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, perhaps before you decide to let them go, you should first counsel 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.

I have seen this more times than I can count. I go into a Dealership and review their history. I see spikes in their results and ask, "*What did you do to cause this sudden increase in Sales, Gross, and Net?*" They say "*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 that 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.

I have developed an Excel Worksheet that aids Managers in developing forecasts for Service, Parts, and Collision. If you would like a complimentary copy of this, send an email request to larry@edwardsconsult.com.

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.



NADA/ATD Convention & Expo

DATE: January 26-29, 2017

LOCATION: Booth 3444

If you would like to make an
appointment,

email Larry@edwardsconsult.com

Attend our Seminars!

Larry Edwards will be speaking for NADA on
"Collision Myths versus Collision Facts"

Gary Edwards will be speaking for ATD on
"Increasing Service Profits"

<u>Speaker</u>	<u>Day</u>	<u>Time</u>	<u>Room Number</u>
Larry Edwards	Thursday 1/26/2017	1pm-2pm	348-349
Larry Edwards	Thursday 1/26/2017	4pm-5pm	214
Larry Edwards	Friday 1/27/2017	10:30am-11:30am	220
Gary Edwards	Friday 1/27/2017	10:30am-11:30am	263
Gary Edwards	Sunday 1/29/2017	10:45am-11:45am	262

For a complimentary *Profit Potential Analysis (PPA) Report* on your Service, Parts, or Collision Department click below:

[Service](#)

[Parts](#)

[Collision](#)

**Executive Learning Resource for Top-of-the-Line Fixed Operations Managers
or those who want to be *Volume 170, January 2017***

A free monthly newsletter about Automobile Dealership Fixed Operations. Based upon the Consulting, Training and Research work done by Edwards & Associates and its Chairman, Larry Edwards CMC.

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