



## In this issue

- **Larry's Ramblings**
- **Dealing with a Lack of Qualified Technicians**
- **Upcoming Fixed Operations Manager College Courses**
- **Complementary Profit Potential Analysis**

Disciplines, departments, employees and their agendas are "grooves in which managers minds get stuck". They relieve us of the need to steer our own minds. They also deprive us of the ability to control our own destinies!

--- Alan Weiss PHD

## **Larry's Ramblings... Happy Birthday to E&A 23 years strong!**

*October marks Edwards & Associates 23rd year of Consulting with Dealers, Auto, Truck, RV, Marine Manufacturers, Industry Associations and Industry Suppliers to improve their bottom line results. To the thousands of customers who have done business with us everyone here at E&A want to say.*

***Thank You for your Business!***

## **Dealing with a Lack of Qualified Technicians**

There has been a lot of hand wringing lately about the lack of qualified technicians. Several companies have done studies in an attempt to determine why the average dealer is unable to hire qualified technicians for their service department. I have been interviewed by several industry magazines recently writing articles about this industry wide problem.

Everyone agrees there are not enough highly trained service technicians out there. Yet, everyone seems to be waiting for "someone else" to do something about this problem. I am not certain but I think that waiting for someone else to solve your problems is not the best pathway to solve your dealerships technician shortage problems.

Technician shortages are the direct result of two things;

1. Service Managers failing to have a training development plan for every technician in their department.
2. Flat Rate Pay Plans that reward a B-Level Technician at or near the same level as an A-Level Master Certified Technician at the same dealership.

When I ask managers to show me their annual training plan for technicians 95% of the time all I get is a blank stare. You know that Deer in the Headlights look! I find it difficult to sympathize

with a Service Manager who loses their shops "only" A-Level Master Certified Technician. Especially when the same manager has not done one thing to develop their shops second best technician in terms of training and certifications to be ready to replace their "only" A-Level Technician when they lose them.

And, I cannot blame the A-Level Technician for leaving a dealership where the A-Level technician is paid at or very near the same hourly flat rate as the other lesser skilled technicians. Why should a technician go to the trouble to get themselves trained and certified when the pay is the same or only a few percent more than the pay for all the other lesser skilled technicians in the shop?

Far too many Service Manager try to compensate their best trained technicians by giving them "gravy" work instead of paying them an hourly rate commensurate with their skills. Feeding gravy to your best technicians destroys your gross margins and when the gravy work stops coming in you have no way to keep these "best technicians" from leaving for greener pastures.

Straight commission "flat rate" pay plans are destroying dealership service department abilities to recruit and hire top level technicians. The number one problem with flat rate is the difference between A-Level, B-Level and C-Level Technicians. My experience is that over 80% of the shops we encounter have less than \$1.00 per flag hour difference between all three levels. When we ask managers "why are you paying the C-level technician the same flat rate as you're A-Level Technicians the answer is always the same; *"that is what I had to pay the C-Level technician in order to hire them"*.

When we ask the Service Manager, how does your A-level technicians feel about this, they always respond with; I have to feed more gravy-work to my A level Tech's to keep them from leaving.

If the problem is poor training and development on the Service Managers part, combined with a flat rate pay system that does not work. *You can solve this problem by fixing this broken system?*

First every Service and Collision Manager should be required by the dealer to submit an annual training and certification development plan for every Technician along with a five year staffing plan to ensure that five years from today their Service Department will have a full complement of trained Technicians to fill every slot.

Secondly dealers must change their Flat Rate Pay Plans if they want to keep technicians. Consider this there are over 65,000 independent and chain repair facilities in this country the majority of these shops pay their technicians a salary with performance bonuses based on revenue generated. There are approximately 18,000 dealerships and the overwhelming majority of dealers pay their technicians Flat Rate. DUH!

Some of our dealers have implemented the E&A Hybrid Pay Plan for Service Technicians. This plan pays Technicians an hourly rate based on training, skills, length of service and abilities (type of work they can do). Additionally this plan pays them a bonus based on either flat rate hours produced or total labor revenue produced. The percentage of clock hour rate to commission rate is proportional to the above listed items. For example an A-Level Master and ASE Certified Technician who has been with the dealership for more than ten years receives approximately 70% of their pay in the form of clock hourly compensation with 30% in the form of commissions.

A C-Level Technician with only three years of service and only a few certifications might receive 40% of their pay in clock hours worked and 60% of their pay in commissions.

We live in a world today where everybody just wants the answer. Unfortunately the E&A Hybrid Technicians Pay Plan does not include easy answers like a 60/40 split in pay for example. In order to develop a pay plan that ensures you are rewarding your technicians for their skills as well as their loyalty to the dealership we must evaluate each technician based on their individual contributions to the overall success of the shop. Plus we need to incentivize it so that current technicians have the proper motivation to get certified and remain a loyal employee to the dealership.

Once we implement our Hybrid Pay Plan for Technicians we must then monitor it closely in order to make sure it is delivering the desired results.

If you are interested in developing a compensation plan to help your dealership retain your best technicians and encourage entry level technicians to obtain the training and certifications that your dealership and your Technicians need send an email to [larry@edwardsconsult.com](mailto:larry@edwardsconsult.com)

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One Day

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Charlotte, NC

November 14 - 16, 2017

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## Parts Manager College Course

Charlotte, NC

December 12 - 14, 2017

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

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### **Executive Learning Resource for Top-of-the-Line Fixed Operations Managers or those who want to be *Volume 179, October, 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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