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If you're in business, you need a responsive market, competency, and passion to succeed. If you're not succeeding, don't blame others or the fates. Change your market, change your skills, or change your attitude.

Alan Weiss, Ph.D. Balancing Act®

Larry's Ramblings

A recent survey showed that the average new vehicle dealership needed to hire three (3) additional technicians just to keep up with current demand. Service Managers who responded to the survey indicated they were looking everywhere to hire more technicians but " *there just aren't any out there!*"

Apparently, the traditional method of "stealing" technicians from competitive dealerships by offering them a raise is no longer working... Imagine that?

Another startling result of this survey was that only 15% of currently employed dealership technicians would recommend others to become a dealership technician. Plus, 65% were strongly against recommending their profession to anyone else!

Flat Rate Pay Plans were the number one reason technicians would not recommend anyone to enter their profession.

Let's look at this from the technician's viewpoint, dealership technicians are paid Flat Rate the true meaning of flat rate is "Straight commission". When anyone accepts a job based on commission "only" they must have confidence in their own ability to repair vehicles. And, they must also have confidence in the abilities of the manager they are working for. Confidence that the Service Manager has Marketing and Merchandising plans in place that will deliver to the technician a sufficient amount of work for the technician to earn a decent commission. Technicians must also have

confidence that the Service Manager has a dispatching system in place that will distribute work fairly to all of the technicians in the shop.

I believe technicians would not recommend that people consider becoming a technician because they do not like being a mechanic. I believe they would not recommend anyone to become a technician because they *do not like* working in a straight commission environment where their income is dependent on a Service Manager who does not employ sound marketing, merchandising and work distribution processes.

Flat Rate pay plans for technicians has served dealerships well for over 70 years. However, when 65% of currently employed dealership technicians are strongly against recommending anyone to join this profession, you can rest assured Flat Rate Pay Plans will change!

Maximizing Parts Wholesale Gross Profit

Wholesale gross percentage is an area where I see a lot of differences from dealer to dealer. This is also an area where, by implementing a variable pricing or discount structure that you can greatly improve your profit margins.

I suggest you view wholesale customers the way real estate developers view tenants in a shopping mall. Whenever a real estate developer is planning to build a new mall the first thing they do is find an anchor tenant for the project. The anchor tenant is usually a well-known high profile type of business. One that other less high profile business will want to be associated with. Generally, the developer will give their very best (lowest) offer to the anchor tenant, thus the term "anchor". Once they have their anchor in place then they go to other businesses in the area and sell them space at a higher rate. Generally it works on a graduated scale with the larger users getting a better price than the smaller users.

You can apply this same strategy to your wholesale business. If you are trying to develop more business, use the anchor strategy. First try and put together a wholesale account that is a high volume purchaser of your parts. Give this account your very best prices. Once you get your anchor in place, then you should sell the other lower volume wholesale accounts that are on the way from your business to your anchor customers place of business. You can sell these other shops on the value of the personal service you will be able to provide them. After all, you will be going right by their business every day to deliver to your anchor shop.

Another important wholesale issue is to constantly be looking for an opportunity to improve gross profit percentages on each individual item. For example, stripes and moldings used in collision repairs. Computerized estimating databases do an outstanding job of tracking manufacturers suggested retail prices for fenders hoods and doors. However, since there are literally thousands of different molding and

stripe options, the estimating databases are not so great at tracking the list prices on these items.

Profitable Parts Managers utilize variable discounts when pricing trim items out to a wholesale customer. If you are applying the same discount to all customers and to all types of parts, then you are probably giving up several points of gross profit potential. Over the course of a year, 3% to 5% added to your overall wholesale gross profit could mean thousands of dollars of "found" income.

Marketing for Direct Repair Programs written by Gary Edwards

Direct Repair Programs have become the backbone of most successful Collision Centers across the country. No matter what part of the country we live it is essential that we learn to build relationships with Insurance Companies. These relationships are important in the life cycle of our business, very few Collision Centers can rely on customer pay business alone. In order to remain profitable we cannot put all our eggs in one basket, it is always best to rely on several avenues to help achieve this task. I have found persistence is the key in acquiring direct repair insurance business, this can be a challenging task with the other responsibilities we have as Managers.

One successful way to market to Insurance Companies is to schedule 2 days a week to visit with insurance Agents in your area. Compose a list of Agents within a 30 mile radius of your facility, once you have this list we recommend you begin scheduling appointments to visit them personally. E&A has had a tremendous amount of success marketing with candy jars and coffee mugs. I would have a promotional company design these with your logo or company name and phone number. I have found the candy jars will sit on the receptionist desk at the Insurance Companies eternally as long as you visit weekly to refill and say hello. This is powerful when it comes to referrals, after all who does everyone speak to when they call their Insurance Agent after an accident. This person can and if properly motivated will refer work to your collision shop!

After arranging meetings with the agents talk with them about your cycle times, loaner vehicles, and specialty equipment your facility has to offer. Invite them to your facility and have a technician demonstrate the frame machine, or have them suit up and enter the paint booth and shoot a panel. Managers must sell yourself and your facility and the business will happen. Most important item to remember when it comes to marketing DRP accounts is persistence and patience.

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