

ATI Shoptalk



Issue 8

March–April 2010

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Upcoming Classes:

Shop Owner

April 7–9
April 14–16
April 22–24
May 5–7
May 19–21

Service Advisor

April 12–13
April 26–27
May 3–4
May 17–18

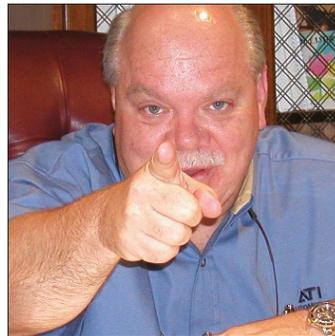
Advanced Service Advisor

April 19–21

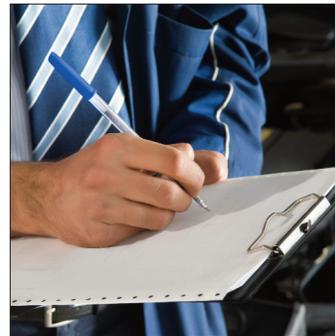
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We Cannot Survive If We Can't Sell

By Chris Frederick



If you don't believe in performing courtesy checks on your customer's cars to insure their safety and their vehicles reliability, don't waste your time reading this article. If you believe in helping your customers see the benefit of investing in their car through relationship-based selling this will be a great article for you to keep reading. I want to help you by giving you a new tool today to diagnosis how effective your associates are at courtesy checks and give you some suggestions to help them grow. One of our coaches, Brian Canning, will explain how he helps literally thousands of shop owners every week find the hidden profits in their shops. Spending an awful lot of time analyzing and inspecting the courtesy check process, especially as it relates to the average repair order and labor sales, I am going to suggest a slightly different approach in determining where the problems are in our shops. Though underneath it all, the courtesy check process and average repair order are functions of leadership, very often it is unclear as to whether the issues we are having in these areas is in back with the technicians or up front with our service advisors. If you are going to lead, it is always preferable that you lead the right people in the right direction. Looking at how



tall your estimates are will give you great clues as to where the issues are and who needs to be led in a new direction.

Audit Your Estimates

I would have you look at and audit the size of the estimates you are generating from day to day and week to week. This number will very quickly tell you if you have buy-in, training or consistency issues with the number and quality of courtesy checks we are doing in the back of the shop or it will tell you if we have training, buy-in or sales competence issues up front on our counters. If the estimates we are seeing are consistently short, consistently lacking in recommendations for maintenance services and consistently centered on the gravy, the chances are very good that the techs and the quality of their courtesy checks are the issue. If the estimates are tall, with all the appropriate recommendations for maintenance and efforts to be true to the courtesy checks with broad recommendations for maintenance and service but we are not seeing the expected sales results, you likely have a sales competence issue.

It matters very little if our technicians are doing great courtesy checks on every car that we pull into the shop, if we are putting a hatchet to them and



failing to present the items the techs are finding. It is a further problem if we are careful and thorough in building great estimates if we are seeing a lack of selling success. Not everyone is capable of standing in front of another human being and getting them to see the value in the repairs and services we would recommend. Selling is a very tough, unforgiving business, full of rejection and some of us just cannot sell, however, selling is a learned skill not something you are born to do. You may have personality traits that help or hurt the learning curve, but if you like selling, anyone can be trained to do it. It doesn't matter if they are hard working or smart nor if they are really nice guys. Your business demands some level of selling success and if they are trained and understand the expectations we have set and we have given them a reasonable amount of time to succeed and they are still struggling, we need to find somebody else who can sell. We cannot survive if we cannot sell.

The quickest way in the world to turn techs off on the need for courtesy checks is in our consistent failure to sell the items they have recommended. They are very aware of the recommendations they have made and know very quickly

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if we are eliminating these recommendations from the estimate or if we are consistently failing in our efforts to sell the repair and service items they have uncovered and recommended. We need our techs bought-in and believing in the courtesy check process and selling is the greatest way to assure their reliable best effort, especially if we have a compensation plan in place that will support the effort and pays them for their improved performance. Encouraging a thorough and consistent effort from your techs helps assure the integrity of your process.

Audit Your Courtesy Checks

A great tool in the beginning to measure tech compliance to the courtesy check process and service advisor efforts toward estimates and selling is what we call a Courtesy Check Tracking Form. As high tech and life changing as it sounds; it is little more than a log we keep on the repair orders we are generating. In fairly short order it can verify whether or not we are doing courtesy checks, whether or not we are up selling from what customers are coming in for, are we creating estimates, what services are being denied and what technicians are recommending which service. As much as anything, this log measures our efforts and buy-in toward maintenance, our attention toward the inspection process, the quality of our estimating process and our willingness and core ability to sell the repairs and services we identify. This last item is key and typically the greater challenge maximizing the service and selling opportunities represented by our existing car count. Too many of us do not believe in maintenance, do not believe in inspecting our customer's cars for repairs and services above and beyond what they had come in for and too many of us just can't sell.

It is an unfortunate truth that many among us immediately want to blame our technicians when average repair order is low, when tech productivity is low and when the number of courtesy checks we are doing is low. There is no doubt that sometimes the techs are to

blame but the vast majority of the time it is the leadership and our process that is the root cause of our poor performance in these areas. Techs mostly will do what they are asked, though often with the obligatory objection and whining. Strong leadership and expectations that are clear and understood will almost always solve issues in the back shop and from time to time, when somebody will not adapt or change, they will need to be replaced. There can be no compromise in what we are asking from our technicians but the very good news is that we are not asking for things that are unreasonable. Defining the journey and setting those expectations is certainly important but more critical is holding the techs accountable to the results and in our insisting on adherence to the process. In my own experience, technicians nearly always object right before they give me everything I have asked for. Get past these objections and the rest of it will generally take care of itself.

I spend a lot of time talking up the importance and necessity of doing courtesy checks but an important next step to both verify the quality of these inspections and to verify the selling process is to look very closely at the estimates we are creating. If our estimates are consistently tall we can be confident in our courtesy checks. I would then begin to look at the close rate, how we write our estimates and what is not being sold. Customers cannot buy what they are not told about and we can't expect to sell it without asking for the business. If you inspect the cars you are seeing you will find the work. If you find the work, you need to estimate it. Having estimated it, we need to confidently ask for the sale.

Try My Tracking Form

In the world of estimates, tall is where it starts. Sales are where it needs to end. What they don't buy can be presented in recommendations for the next visit. If you would like a copy of our Courtesy Check Tracking Form to help you find the hidden profits in your shop just ask your coach for the audit form.



Avoid Marketing in a Field of Dreams

By Eric Twigg

One of my favorite movies is Field of Dreams starring Kevin Costner. In this classic movie the character Ray, who is played by Costner, is told by a mysterious voice "If you build it they will come". At the end of the movie, you could see a trail of cars lined up for miles making their way to see Ray just like the voice had predicted. Ray did not have a marketing plan or marketing calendar, but still had cars. Well, this might have worked for Ray, but it will not work for you the shop owner. Simply building it and hoping for cars is not enough. If you do not know how many additional cars you need, where you will find them, how much marketing you will send them, and when you will communicate, your plan is a Field of Dreams marketing plan. We will answer each of these questions in this article. It would be a good thing to have your calculators handy because I will show you by the numbers, how to create a sound marketing plan.

Before beginning any marketing effort, we must first determine the number of additional cars that we want to attract each week. The first step in determining how many cars is to know your desired weekly net operating profit target. This is the bottom line profit number that you have set as a target to determine if your business was financially successful that week. For this example we will use \$3,000 as the target net operating profit. Next, you will need to know your total weekly average fixed expenses. These are those reoccurring expenses such as rent and utilities that are constant from week to week. We will use \$3,000 as an example here as well. If we add our weekly net operating profit target to our fixed expenses we come up with \$6,000. Next, we will take the \$6,000 and divide by our average gross profit as a percent of sales trend. This will tell us the amount of weekly sales needed based on our desired net operating profit target. If we divide \$6,000 into an average gross profit percentage of 50% we come up with \$12,000 in weekly sales needed to generate the bottom line net profit target we established. Now that we know our desired weekly sales, we can calculate how many cars we need by dividing that number into our current Average Repair Order (ARO). For this example our ARO will be \$300. If we divide 12,000 by 300 we come up with 40 cars. We have now determined that we need 40 cars a week to achieve our desired net operating profit target. The final step is to subtract your current weekly car count average from your target car count number. If we average 37 cars a week currently and have a target of 40, the math tells us that we need three additional cars each week.

Now that we know we need three additional cars based on our example, we are ready to determine where we will find the three cars. The two places we will find these are through existing customers (retention marketing) and new customers (acquisition marketing). First we will address the exiting customers. For us to be effective in determining how many of the three cars needed will come from existing customers, we want to focus on those customers that have visited the shop only one time during a 12 month period. Your Visit Frequency Report in your computer system will tell you what percentage of your customers only visited one time. In this example, 33% of our customers were one time visitors. When we multiply the three cars needed by 33% we determine that one out of our three cars will come from our existing customers. Simple subtraction tells us that the remaining two cars will come from new customers.

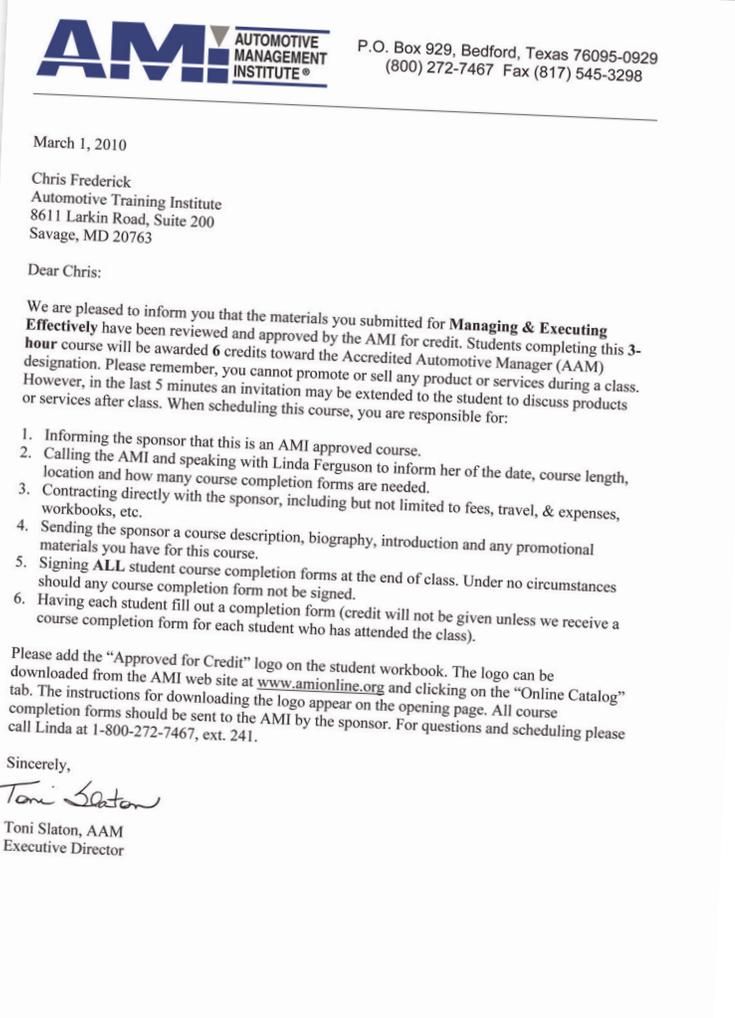
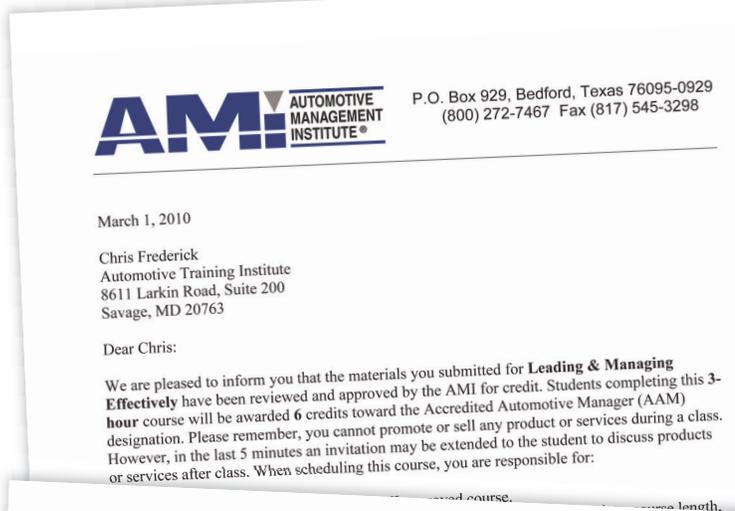
Now that we know how many cars we need each week and where they will come from, we are ready to determine how many pieces we need to send out each week. Marketing is a numbers game. If we do not understand the average retention and acquisition marketing response rates, we will not be able to effectively attract the three additional cars we needed from our earlier example. The average retention marketing response rate is 15%. Earlier we established that we needed one additional car from our existing customer. Dividing 1 by 15% tells us that we would need to send out seven pieces a week to existing customers at a minimum to attract one additional car. That seven can include birthday cards, oil change reminders, appointment reminder cards, etc. The average new acquisition marketing response rate is 1%. To attract two additional customers through new acquisition, you would need to send out 200 pieces a week (2 divided by 1%). Successful marketing requires an investment of time. **Based on the response rates you must be willing to invest the time and effort required or be willing to delegate this critical function to someone that has the time to do it right.**

Having a marketing calendar will help us to determine when we will communicate with our customers. We will want to determine what activities we will do on a daily, weekly, monthly, quarterly, and seasonal basis. Making thank you calls could be a daily activity that you have planned on your calendar, sending birthday cards would be a monthly event, while sending holiday cards would be seasonal. The biggest advantage of a marketing calendar is that you can have planned events around those times of year that historically have low car count. Having a back to school event that is planned in advance and put on a calendar can drive cars into your bays while your competitors are using this time of year as an excuse for low car count.

Finally, just building it was an effective strategy for Kevin Costner. For you, knowing how many cars you will need where to find them, how much marketing you will send them, and when you will communicate, will work much better.

Two new ATI classes are AMI approved.

Our two 3-hour sessions for ASA ATE Washington Show.



ATI Course Outline

Shop Owners Management Course

Shop Owners Management Course Day 1 Agenda

- P & L Statement Analysis
- Profitability Analysis
- ATI's Profit Model
- Improving Profitability

Shop Owners Management Course Day 2 Agenda

- Increasing Labor Profits
- Technician Productivity
- Technician Compensation

Shop Owners Management Course Day 3 Agenda

- Staffing & Recruiting
- Increasing Parts Margin
- Sales Management
- Service Manager's Workshop
- Service Manager Advisor Compensation

Shop Owners Management Course Days 4, 5 & 6

Leadership Mastery

- Dysfunctional Leadership Styles
- Creating a Tribal Environment
- Effective Communication
- Human Behavior Styles
- Time Management
- How to Build Effective Employees
- Personality Profiling
- How to Apply Discipline & Praise Effectively
- How to Provide Superior Customer Service

Shop Owner Management Day 7 & 8

Position Your Shop for Success

- Understanding & Building the Brand for Your Shop
- The Choreography of Your Shop
- How to Separate Yourself from the Other Shops in Town
- Understanding the Demographic & Psychographics of Your Customers
- Understanding Customer Retention –vs– Acquisition
- Defining Your Marketing Needs
- What is Our Vehicle Win Number
- Basic Marketing Plan & Marketing Calendar
- How to Determine the Return on Your Marketing Investment

Shop Owner Management Course Day 9

Maximizing Your Presence On the Web

- Understanding Social Media
- Establishing and Applying Social Media to Your Shop
- Understand the Future of Marketing
- Understand the Internet & How It Applies to Your Shop
- Steps to Help Maximize Your Internet Presence

Advanced Shop Owner Management Course – 2 Days

- Working On the Business
- Sales Management
- Financial Planning
- Increasing Tire Sales & Profits

The agenda for the Advanced Shop Owners class is determined by the attending owners.

Service Manager Course

Service Manager's Course Day 1

- Increasing Profits
- Increasing Repair Sales

Service Manager's Course Day 2

- Increasing Maintenance Sales
- RMS
- Selling Maintenance
- Phone Skills
- Motivation & Goal Setting

Service Manager's Course Day 3 & 4

- 7 Step Sales Process
- How to Sell Yourself
- Invite Them In
- Information Gathering
- Buying Personalities
- Bridging to Add-On Services
- Selling the Company
- Facts – Benefits – Sales Aides
- Presentation
- Closing
- Handling Objections
- Cement, Thank You, Follow-up
- Handling Irate Customers
- Action Steps

Advanced Service Manager Course – 3 Days

- The Tools of Service Leadership
- Review Increasing Profits
- Review Relationship Based Selling
- Tires

The smell of Bengay in the morning!

By George Zeeks



The second annual beach Olympics has officially come to a close and Bengay is apparently the approved cologne for the last day of the Super Conference 2010. I do not know if I can bring myself to say that any of the rules were broken during the games yesterday, but I can safely say that they were bent like bamboo in a Typhoon. As your humble narrator, I will try to bring you some of the highlights without prejudice and as objectively as I possibly can. I must add one note, in that no animals were injured during the course of the games. The damaged Hamstrings, Knees, Backs and Egos are all part of the story.

The sun was squinting bright and the sand was pleasantly warm. It was a nice reprieve from the overcast and cold wind of the previous day. The contestants were in fine form and eager to start as

the selection process began. I must, at this point, mention that at no time, that I can recall clearly, did I attempt to recruit for my team. The rumors are purely hearsay and are not admissible in any court that I would care to listen to. There had been an upset the previous year and your Humble Narrator was able to lead the Green team to victory. This year, alas, it would not be so. Brian Hunnicut and his Red team were able to emerge victorious, despite valorous if not completely honorable attempts to defeat them.

The amazing thing is the competitive drive of the contestants. Please remember that we are playing children's beach games with no cash prize in sight. The first event was a simple relay race, up the beach and around a bucket, than back to the start. I watched in shock as a saboteur, grabbed our bucket and hightailed it down the beach with our determined runner in hot pursuit. Ten yards, Twenty yards and finally Thirty before he realized that he could safely turn around and come back without having reached the bucket. This was the example of our team's determination to follow the rules; this could not be said of the other teams. Grown men were applying choke holds and arm bars in an attempt to protect their own

buckets. If the UFC would have been present, I am sure that many Ultimate Fighter contracts would have been signed on the spot. The screams of battle echoed down the beach and competed with the sound of tourist feet slapping in the sand to establish some safe distance from the conflict.

The Hula Hoop contest was an example of the perfect "Ringer", please forgive the pun. A young woman, obviously recruited specifically for this event, took her place at the start. Grown men were weeping, including your humble narrator, as the Hula Hoop spun one time and fell into the sand. No amount of effort, on our part, could make this cursed thing work. The young woman, on the other hand, was able to Hula her Hoop with no visible effort at all. It is reported that she did her nails, texted several of her friends, updated her Facebook account and did her tax return during the event. Needless to say, the "Ringer" swept the competition and emerged victorious.

I approached Geoff Berman's Yellow team, in an attempt to form some sort of an alliance to fend off what seemed to be certain defeat. Once I had crossed the invisible turf barrier, I was attacked by his rabid mob. A small man child, eight years of age and reportedly

called Ethan, was literally launched onto my back by this mob in retribution for crossing into their turf. I found the event amusing at first, as this was indeed a family event. Amusement turned soon to alarm as I realized that he had crawled to the top of my back and it seemed that he was attempting to claw through and sever my spine with rabid determination. It was a Tasmanian Devil in a child suit, I am sure of that now. He dropped off as I was finally able to cross out of their self appointed turf. It reminded me of the first Alien movie when the spider thing dropped off after completing its job. I wonder if that man child bleeds acid. Thank goodness we will never know.

There were no major injuries, in that the helicopter did not have to land right on the beach, but minor aches and pains would become the cost of grown men and women playing children's games. The determination was incredible and I have become convinced of one thing. I am inviting the Taliban to come to the next Beach Olympics and after they have competed with the Shop Owners, they will surely lay down their arms and all try to open auto repair shops. If they refuse, we always can launch the man-child at them.

