

# ShopTalk

**ATI**  
Automotive  
Training Institute

www.autotraining.net

8611 Larkin Road, Suite 200, Savage, MD 20763 • 1.888.471.5800

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## More Money From Better Margins

I just got another email from an auto repair shop complaining about car count. I answered, “It’s one thing to have a busy shop; it’s another thing to have a profitable shop.”

There are a lot of things you can do to boost car count, and you should do them, but busy doesn’t always equate to profitable. In fact, being too busy can create a lot of stress and missed opportunities. It’s more important for you to focus on your margins and on making the most for the cars that are actually within your bays.

*Instead of driving with worry about when their cars are going to break down, you are selling the confidence that their cars are fixed right the first time.*

I know, I can hear it already: “But, Chubby, I’ve got a cutthroat shop up the street that’s always cutting prices. If I don’t compete, I’m going to lose out.”

You are a little bit right, but only a little bit. Customers don’t want to spend any more than they must to get their cars repaired. In fact, they don’t want to spend anything.

But you aren’t selling repairs—you are selling confidence. Instead of driving with worry about when their cars are going to break down, you are selling the confidence that their cars are fixed right the first time. There is a big margin when you are selling confidence instead of repairs.

Your customers aren’t the problem when it comes to charging premium prices. If you are operating a good shop and building strong relationships with your customers, 80 percent of them won’t care what price you charge. They’ll authorize the job whatever you quote because they trust you and are confident you can make the right repair. And the 20 percent who don’t trust you? It’s better for you if those customers go to your competitors. Let the other repair shops deal with the jerks who are never satisfied and always complaining about paying too much.

No, your customers aren’t the problem; your employees are. Your employees are scared they’ll get rejected if they ask for a fair price for a repair. It’s much easier to lowball and get a “yes” with every quote. Also, with lowball prices, they don’t have to work hard to get the job. So, it’s your employees that you have to convince to charge prices that provide you and your family a better lifestyle.

Many shop owners automatically assume they have to create a new compensation program for their teams. In fact, that is a good option for many, and half of our Reengineering Clients do create new compensation programs for their team members.

But more importantly, you have to change your employees’ belief system. Maybe they look macho, but deep down they are scared. They may have been decent mechanics, but now they are behind the counter. Just because they can turn a wrench doesn’t mean they are good at diagnosing people. Also, they may not have the best answer to a given situation.



That’s why there is nothing better than live training. As an ATI Reengineering or Coaching Member, you have a very valuable benefit: we’ll train your counter guys for you. Our program provides a comprehensive pricing and sales training that speaks to them in “technican language” to help them understand what you need out of them. Also, because they may have stopped listening to you long ago, we can get results even if we are just telling them the same things you are.

Get your people the training they need to charge higher margins so you can generate more profit from the cars you have. I’ve seen it work in hundreds of shops before, and it’ll work in yours if you focus on your margins and get your people the skills they need to build trusting relationships with your customers. **ATI**

# RE-ENGINEERING PROGRAM HELPS DENVER AUTO SHOP GO FROM RAGS TO RICHES

Even before the recession hit, Harley Rognmoe's Denver, CO service and repair auto shop, Harley's Autotech, had been struggling financially for years. "We were merely maintaining but not making any real money," Harley recalls. "I didn't know how to turn the business around."

Then, in 2006, a sales person from Automotive Training Institute (ATI) came to the shop to talk about boot camps, which ATI holds across the country every year. "I was impressed that he explained the program for me, but wasn't pushy," Harley says.

In the boot camp, Harley learned about the next step, the Re-Engineering course, but, he admits, he wasn't totally sold on the idea of committing to a 27-month program.

"I have been in this business for 40 years and thought I knew it all already, so they couldn't teach me anything new," Harley says. "As a matter of fact, I thought I could probably teach them a thing or two." What finally convinced him to give the program a try was an offer he just couldn't refuse.

"Their guarantee was that if the course wouldn't help me double my profit, then I wouldn't have to pay them a dime. I thought this sounded so good that I'd better pay attention, and it made me more confident that I would learn something valuable."

He did. Since Harley joined the program in September 2006, and started to implement changes suggested by his coach, his average weekly sales increased by \$2300, gross profit

went up by 20 percent, labor margin by 23 percent, and average car count rose, on average, by 12 percent a week.

"We went from a zero balance to \$30,000 in the bank," Harley relates. "We also were able to purchase a fair amount of equipment, and we paid cash for it."

## Money-yielding changes

One improvement Harley has made, which proved to be a breakthrough in terms of money, was implementing a better courtesy check. "We had this service before as well, but, based on the program's teachings, we made it more appealing to the customer," Harley explains.

How? Pre-program, technicians filled out a check sheet but the clients were not privy to it. Post-course, the sheets have been revamped to be oriented more toward the customers – to make them aware of what services or repairs needed to be done to optimize their cars' condition. This approach, which is more inclusive of the customer, has yielded positive results, both from the profit and client satisfaction standpoint.

At the same time, Harley also implemented internal changes in the way he runs his business, something he didn't know how to do before. For example, he now inputs weekly data into a portal called the Client Performance Tracking System, so that ATI can produce reports that monitor whether Harley and other auto shop owners in the program are charging enough for their work.

This system helps Harley see "where I am in relation to where I want to be," he says. "It's a great way to keep track of my operations and stay on top of everything."

## Obstacles resolved

Although Harley was eager to implement what he had learned, the process was not entirely painless.

Keeping his staff of five accountable as well as "committed and focused" on implementing new services and measures like the streamlined courtesy check and keeping rigorous track of numbers, needed some persuasion. And that was another challenge for Harley – to show his employees that the



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revamped business model was in everyone's best interest.

"People object to change, even if it is beneficial to them in the long run," Harley says. "In our case, it took three months to convince them, create a buy-in, and get it to where it is now."

This is where another ATI-inspired innovation made a considerable difference in getting everyone on board and cooperating: Harley established a pay-plan system, under which employees have a financial incentive in being more productive and efficient. "This way, they know that the more money the shop makes, the more money they will get," Harley notes.

***"Their guarantee was that if the course wouldn't help me double my profit, then I wouldn't have to pay them a dime."***

## **Satisfaction guaranteed – and received**

Since "graduating" from the re-engineering course, Harley is now in ATI's Alumni program, where he continues to meet with his coach to ensure that his business stays on the right track and keeps generating profits.

And, he says, he wouldn't hesitate to recommend the re-engineering course to other auto shop owners who are trying to rev-up their slacking business the way he was before joining the program.

"I would tell them where I used to be and how much I have accomplished since then," Harley says, admitting that even 40 years in the auto service and repair business didn't teach him as much as the re-engineering course did. "I can't imagine how I could have achieved as much as I did without ATI's coaching." **ATI**

## **The Coaches Corner**

# **The Psychology of the Phone Shopper**

**By George Zeeks**



The automotive industry is filled with contradictions. We spend thousands of dollars and untold man hours of effort to make the phone ring, but many of us fail to understand how to make the most of the call when it comes. A potential customer, calling and asking for prices on services, is often viewed as a price shopping bottom feeder whose only concern is the cheapest price. When you understand that the call concerning the question of price is the most natural and predictable question of all, then you are on your way to having more customers walk through your door.

## **The mind of the phone shopper: what is going on?**

Many times, if a customer is calling a shop and has never been there before, their motivation could be that they have already been to another shop and did not make the purchase. This could be due to a lack of trust, the amount of the purchase, maybe they just didn't like them— or perhaps they do not have a shop to call "home." The resulting calls are at the least an inconvenience for the shopper, and for a good many people it can be almost painful to sit down and make all those calls and talk to all of those people. Remember that the customer, many times, is as uncomfortable asking the question as you are trying to answer the question.

## **Why do they make the call?**

It is clear that when customers are calling you, someone else has failed at the sale. Either they did not build the Relationship or they did not establish the proper Value for the service. We all understand Relationship, or think we do: people will not buy from you unless they feel comfortable with you. The higher the ticket price the more comfortable they need to feel. Another major sales hurdle is to establish the Value of the service. Simply it means that the amount of money you are asking for the service matches the perceived value of the service. Telling someone that they need brakes is not enough. You have to paint a picture and explain the process of the repair so they can see that Value. If you fail in either area, you will probably not make the sale, and any other shop the customer has been to will not make the sale either. Next thing that happens, your phone starts to ring.

## **Why do they ask about price?**

Most potential customers do not really know what they are asking about. They do not have the same technical background that we have so they ask about the one thing they do know. How much does it cost? The trick is that this is not what caused the problem in the first place. It is not really the answer they are looking for. If the first shop failed to establish a Relationship, then that is what the customer is really looking for. Giving a price, even a low one, without building a Relationship on the phone will not get you that new customer. If the first shop failed to establish Value, then things become a bit more difficult and must be handled the proper way. We must agree that it is very hard to quote any type of accurate price without knowing all of the details. Even if you quoted a price, the customer will probably not come to you since there is always someone who is willing to quote something less just to get them in the door. The Value you have to establish is all about you and your shop. Show them the Value of dealing with a professional shop and the Value of the appointment and they will come in to see you.

If you keep in mind what is going on inside the head of the customers that are calling, you will increase the capture rate of those calls. You will have more people coming through your door. Invest the time to create a process that will increase your capture rate and measure it so you know how well you are doing. The phone is one of our most valuable tools—learn how to maximize its potential.

We have Teleseminars on the "Psychology of the Sale" and "The Psychology of the Phone Shopper" in the Teleseminar Library. Listen to them and make copies for your staff. The time invested will increase your capture rate and your car count. For additional phone tips, please contact your Coach and mention this article. Have fun on the phone!



# Your Available Training Programs for August and September

## August 2010

## September 2010

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday/Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday/Sunday
					1			1	2	3	4/5
2	3	4	5	6	7/8	6 Labor Day	7	8 Shop Owner 	9 Rosh Hashana Shop Owner	10 Shop Owner	11/12
9 Service Advisor 	10 Service Advisor	11	12	13	14/15	13	14	15 Shop Owner	16 Shop Owner	17 Shop Owner	18 Yom Kippur /19
16	17	18 Shop Owner 	19 Shop Owner	20 Shop Owner	21/22	20 Service Advisor 	21 Service Advisor	22	23 Master Mind 	24 Master Mind	25/26
23 Service Advisor	24 Service Advisor	25 Shop Owner	26 Shop Owner	27 Shop Owner	28/29	27 Service Advisor	28 Service Advisor	29	30		
30 Service Advisor	31 Service Advisor										

## Sam's Corner

### Teaching Your Loved Ones to Drive



**Andy Pilgrim**

I have had the DVD for awhile for the grandchildren to watch and I bought it because Dale Earnhart Jr. was in the video. Quite

If you want to help protect your young drivers and teach them how to avoid distractions, I suggest you invest in Andy Pilgrim's DVD titled "The Driving Zone" at [www.andypilgrim.com](http://www.andypilgrim.com).

honestly, I didn't know who Andy Pilgrim was until yesterday. As some of you know, I have recently become interested in collecting cars and road racing in my old age thanks to all of you. Five years ago I lived in a townhouse with a one car garage happily downsized – then I decided to embark on my family's bucket list while I was healthy enough to enjoy it.

I have been attending track days and driving schools with my ZR1 Corvette to ensure I make it to old age. An unassuming man came

up to me yesterday at the track and said he had never driven a stock ZR1 since he worked for GM. I asked my instructor if it would be alright if he drove me around the track and he said, "You really don't know him, do you Chubby?" Andy has back-to-back Le Mans race wins in the C5R Corvette that was on exhibit at the Smithsonian Museum. I have the model next to my desk with his name on it and NEVER noticed! Take time to smell the roses and protect the kids!



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