



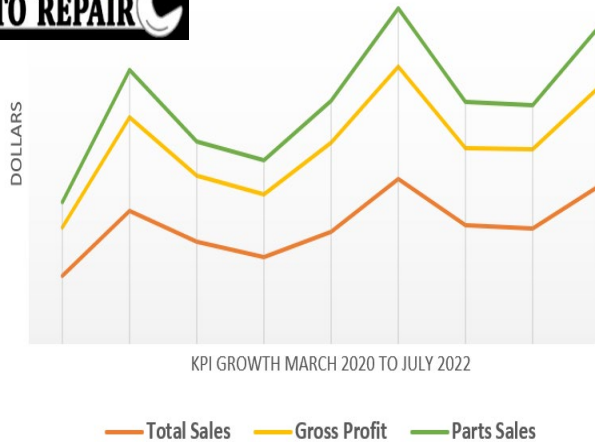
Case Study

Owner's Corner

Brian Griffin is a longtime technician who joined Absolute Air & Auto Repair as a general partner in 2012. Over time, Brian and his partner grew the business until Brian was able to execute a buyout of the partner in 2017. Brian is passionate about quality workmanship, efficiency of time, and his organization's success.

Why Seek Help?

There are a number of reasons to seek help growing your automotive repair shop. The accountability factor alone is what many shop owners point to as a success factor. Never assume you know everything! Reaching out to other shop owners, becoming a member of a 20 Group, hiring a coach, or engaging in a Virtual Coaching Program are all great ways of learning how to grow your shop into the



Executive Summary

Over the study period of March 2020 to July 2022, Absolute Air & Auto Repair shows an average monthly sales increase between 2020 and 2021 of 31% and another 16% between 2021 and 2022. Average monthly parts sales increased 32% between 2020 and 2021 with another increase of 27% between 2021 and 2022.

Shop Gross Profit showed similar trends although this was somewhat impaired in reporting by a software change during the beginning of 2022. Gross Profit will be discussed in the following pages. It is believed that the increase in sales is primarily due to a focus on Goal Setting, Process implementation, and Shop Productivity. The increases in business were accomplished without additional technicians (the shop has maintained an average of 2 technicians, although had three for a brief two-month period in 2022).

Absolute Air & Auto Repair contacted us via their AAP Commercial Account Manager (CAM) in March of 2020. The owner had recently acquired full ownership from a partner and was interested in growing the business such that it would provide a legitimate Exit Strategy. In March of

this study

Executive Summary **P.1**

Goals and Execution **P.2**

Results **P.3**

After a telephone conversation during which specific data points were established (number of technicians, number of service advisors, pay plan format, approximate number of repair orders per day, current gross profit percentage, etc.) Absolute Air & Auto Repair was set up in the Dashboard Virtual Coaching Tool. Expectations were established concerning daily tracking of Key Performance Indicators via Excel spreadsheet and the uploading of this data to the Dashboard Virtual Coaching Tool.

Over the course of the next 22 business days KPI data was entered into the system to establish a baseline performance level. After this the Goal Setting process was undertaken based on the previous month's data. This process was then continued on a monthly basis from then forward. Monthly Goal Setting consists of establishing goals for the primary KPI's of the business. The Dashboard Virtual Coaching Tool then uses the entered data to forecast Month End totals.

Average Total Monthly Sales have grown during the time period of March 2020 to July 2022 from \$62,000 to \$87,000 with Average Monthly Gross Profit increasing from \$43,000 to \$56,000. Average monthly sales of parts have increased over this time period from \$22,000 to \$38,000.

Principles for Successful Management

Managing people is one of the toughest things to learn.

Diagnosing and repairing automobiles can be a logical process that ends with expected results. Managing employees requires patience, time, intuition, and a tool set that must be learned.

Through the implementation of yearly reviews and pay increases Absolute Air & Auto Repair has created transparency for employees, set expectations in terms of growth and learning, and has put Absolute Air & Auto on a path of controlled expenses. Employees have responded well to this process and have recognized it as something that sets their organization apart from other repair shops.

Managing people is never easy, and it hasn't been for Brian either. There will always be constant surprises, unexpected challenges, personalities to manage and a need to cover for a sick employee. Overall, Brian has found success in his willingness to be transparent with his employees regarding his decisions about the business, why the goals are set where they are, what determines success of the organization, and a very caring attitude toward every employee.

GOAL SETTING FORM	
GOAL NAME June 2021 Goal	DAILY NUMBER OF RO'S 7
SELECT THE HISTORICAL DATE RANGE: 2021-05-01 to 2021-05-31	DAILY AVERAGE \$/RO \$544
SELECT THE GOAL DATE RANGE: 2021-06-01 to 2021-06-30	DAILY TOTAL SALES \$3,586
DAYS OPEN 27	DAILY LABOR SALES \$2,488
DAILY GROSS PROFIT 2321.5	DAILY PARTS SALES \$1,007
NUMBER OF RO'S 145	DAILY TIRES (RUBBER ONLY) SALES \$91
SOLD HOURS / RO 2.8	DAILY TOTAL GROSS PROFIT \$2,461
TIRES (RUBBER ONLY) SALES 2000	DAILY LABOR GROSS PROFIT \$1,930
TIRES GROSS PROFIT % 30	DAILY TOTAL PARTS PROFIT \$504
PARTS / LABOR RATIO 0.4	DAILY TOTAL TIRES PROFIT \$27
PARTS GROSS PROFIT % 50	PERIOD TOTAL GROSS PROFIT % 68.6%
EFFECTIVE LABOR RATE 134.82	PERIOD LABOR GROSS PROFIT % 77.6%
LABOR COST / SOLD HOUR 30.22	PERIOD PARTS GROSS PROFIT % 50%
Technicians Hours Sold	
BRIAN 0	TECH 0
ERIK 286	TECH 3 0
GEORGE 86	TECH 4 0
	TECH 5 0
	TECH 6 0
	TECH 7 0
	TECH 11 0
	TECH 12 0
	PERIOD SOLD HOURS REQUIRED 406.0
	PERIOD SOLD HOURS -34.0

The success experienced by Absolute Air & Auto Repair is due to a combination of factors including consistent Goal Setting, overall Productivity of the Shop, and a highly motivated Shop Owner who is willing to take proven processes and implement them intentionally. Although every market is a bit different there are common factors every shop can control and focus upon.

Absolute Air & Auto Repair engaged the monthly Goal Setting conversations with attention to detail and an attempt to understand the process of intentional Goal Setting. After a few month's time, the Shop Owner was able to set his own monthly goals taking into account factors including seasonality, open days, scheduling, growth factors (equipment and marketing activity), as well as technician production goals.

Each factor was analyzed to

A key to success was the understanding of the importance of Gross Profit to the overall organization. Because the Shop Owner was open about the process of Goal Setting and was able to focus on increasing production, as well as Gross Profit, he was able to hire a new Service Advisor after a few months, which then freed himself up to work on the business, rather than in the business.

“Gross Profit allows an organization to invest in its future success.”

The next step was focusing the Service Advisor on Gross Profit by educating them on the importance of this metric to the organization, and incentivizing the individual through their pay plan to focus on, and improve Gross Profit on each single repair order.

Goals and Execution of Plans.

Virtual Coaching works by focusing on real goals and implementing proven process.

Doing so then allowed the organization to have the financial resources to invest in new equipment (alignment machine and lift) further growing it's capacity for billable hours.

It is believed that success was also increased through the transparency the Shop Owner provided the staff in terms of shop goals, business process, and the “why” of what he was asking them to do.

The Dashboard Virtual Coaching Tool allowed shop employees to know exactly where they were in terms of their monthly goals and to access training on demand. This allowed for course corrections to be made in terms of focus on additional sales, an increase in scheduled vehicles per day, or modification of other processes and attitudes.

The combination of learning, management of processes, and Goal Tracking created a culture of continual



EYE ON IT Important Industry Metrics

Gross Profit – ensures you have the money for payroll and equipment.

Gross Profit Percentage – to ensure Gross Profit dollars, always strive to have a 65% Total Gross Profit on EVERY ticket written.

Hours per RO – this number influences your Gross Profit greatly. You make more money on labor than parts. A difference of just 0.5 hours on every repair order relates to making, or losing, \$200,000 each year in sales!

SOFTWARE Service Management Systems

When you look at switching up your Service Management System pay special attention to those functions that make your day easier. What is the reporting like? Can you track, and access, the data that helps you make decisions? Will it increase the efficiency of workflow at your service counter?



Exciting Results

As stated previously Absolute Air & Auto Repair experienced a tremendous amount of growth over the study period. The most significant increases occurred in these areas:

- **\$25,000** increase in Average Monthly Sales.
- **\$13,000** increase in Average Monthly Gross Profit.
- **\$16,000** increase in Average Monthly Parts Sales.
- **The ability to purchase new equipment and provide employee raises.**

The aforementioned increases in KPI's were accomplished without additional technicians. A Service Advisor was hired to focus on sales, gross profit, and customer satisfaction, thus freeing the shop owner to focus on marketing, equipment, and other business-related activities.

The Shop Owner now has the ability to create his own monthly goals with a strong understanding of the factors affecting his Total Sales, Gross Profit, and Margin % for both Labor and Parts.

This understanding has not only led to an increase in performance metrics but has resulted in the purchase of new equipment and software as well as a marketing program – all of which further drives business upward.

At the current time, the owner is in the process of searching for property upon which to build a second location allowing for a larger number of technicians, increased production and a viable Exit Strategy aimed at rewarding the time, effort, and learning he has put into his organization.

This Month's Q&A Growth Tips

Q: How do I increase my Gross Profit?

A: Gross Profit is a combination of Parts Gross Profit and Labor Gross Profit . Parts Gross Profit is affected by where the part is purchased and how your Parts Matrix reflects your markup. Labor Gross Profit is a function of how much you pay your technician, which technician does the work on the vehicle, and how many labor hours are charged for the operation. Remember, Gross Profit is calculated by subtracting what you paid for the part, and what you paid the technician, from the total amount you collected for the job.

If you want to increase Gross Profit, pay attention to each and every Repair Order. If you assign the job to a different technician, does the GP increase? If you source the part differently will it increase?

Can you add a tenth of an hour to the job and increase Gross Profit? The goal should always be to get the entire job as close to 65% as possible. This ensures you will likely hit your monthly Gross Profit goal.





Professional Development

Just because someone is awesome at fixing cars, doesn't mean they are equally awesome at running a business. Successful owners and managers constantly seek professional development opportunities and surround themselves with like minded individuals.

Virtual Coaching Includes:

- **Dashboard Virtual Coaching Tool.**

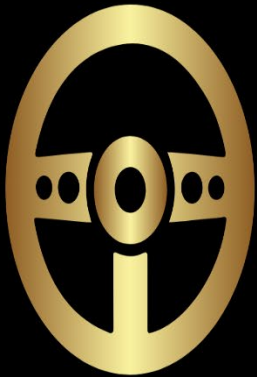
This tool assists in Goal Setting, Performance Tracking, and Employee Education. It can be used with any Service Management System and only requires entering fewer than 10 daily KPI's. Once KPI's are entered the algorithms forecast exactly where a shop's numbers are likely to end up at the end of the goal setting period. The dynamic nature of these forecasts allows for corrective action to be taken during the goal setting period.

- **30 Day Challenge Programs.**

These programs provide participants with short, guided, intentional lessons, on a daily basis. The Service Advisor Skill Challenge focuses on selling at the Service Counter, where the Gross Profit Challenge and Business Development Challenge work together with the Dashboard Virtual Coaching Tool to teach you everything you need to improve your KPI's and organizational culture.

- **Additional Training**

In addition to the Challenge Programs, Service Advisors have access to the Endorsed Service Sales Professional Program that will grow sales and management skills over a 3 year period. The 3-year, three endorsement level, program includes 74 online classes and 9 instructor led programs.



Driven To Succeed

CREATING THE BUSINESS OF YOUR DREAMS