

# Hometown Motors

## Service & Sales



**We Service Everything...**  
and Sell New & Used Cars

# I Believe That...

***“If you treat your customers with everyday, ordinary, garden variety courtesy you can OWN the market because you will be **ALONE**”.***

*Tom Peters*

# ***How's Your Service Traffic?***

Traditional Thinking Will Not  
Bring You New Service  
Customers

Don Tipton



# Outline of Workshop

- What is Traditional Thinking
- Where we are Today
- How we got There
- What to Do about it
- Performance Measurements Worth Watching

# *What Is Traditional Thinking?*



# What Is Traditional Thinking?

- Accepting Functional instead of Memorable
- Doing the Same – Expecting Different results
- Examples of Traditional Thinking:
  - “Saturdays are a waste of time”
  - “Parts doesn’t stock it..so we don’t sell it”
  - “Service doesn’t sell it..so we don’t stock it”
  - “who’s paying the freight?”
  - “there’s no profit in selling tires”
  - “they rarely complain about shop supplies”

# What is Traditional Thinking?

- “I must have 45% gross profit on parts”
- “I must have 75% gross profit on labor”
- “we schedule LOF’s & rotates, we have to”
- “when would you like to bring it in?”
- “when would you like it back?”
- “it will be \$90.00 and will take about an hour”
- “just see the Cashier when you return”
- “I can order it”
- “ballpark price...”
- “we can’t compete on price..our quality is better”

# What Is Traditional Thinking?

- “they never leave Midas for \$89.95”
- “yeah we can do it if; there’s not too many waiters ahead of you and we have a stall open and a lube guy is available”

– ***Can you add any?***

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# What Is Traditional Thinking?

- What I hear:
  - “our customers are different”
  - “you don’t understand that won’t work here”
  - “hey, I’m just working my pay plan”
  - “the tech’s want an hour”
  - “everybody would quit”
  - “we tried that once”
  - “the Parts Department won’t cooperate”
  - “but we’ve always done it that way”

# ***Where We Are Today***



# Where We Are Today

- Shop is empty or not full all day
- Tech's not busy all day
- Wrong type of work coming in
- Quality up...Warranty down
- PDI/UVI down
- Less recommended maintenance
- Menu's full of "fluff"
- Vehicle needs not identified

# Where We Are Today

- Customer RO count flat or down
- Expenses up
- Too much support staff..not enough production
- *Either “swinging for the bleachers” or “just taking orders”*

# Where We Are Today

- Too much focus on Traditional Key Performance Indicators
    - Labor Gross Profit Margin “%”
    - Parts Gross Profit Margin “%”
    - Parts to Labor Ratio
    - Hours per Repair Order
    - Effective Labor Rate
- “Good performance indicators may equal fewer customers”*

# Where We Are Today

- The pressure is on:
  - Payroll cuts
  - Reducing expenses
  - Employees seeing lower paychecks

Which leads to...

Low Morale

*“Show them a way out”* – Have a Plan

# ***How We Got There***



# How We Got There

- Full Shops (remember those days?)
  - Poor quality vehicles
  - Abundant recalls
  - Shortage of Technicians
  - Rental/loaner cars

***The good (gravy) work went somewhere else!***

# How We Got There

- Customer (In) Convenience
  - Scheduling (or lack of)
  - Quick Service (not really)
  - Cycle Time (what's that?)
  - Waiters (good or bad?)
  - Status (#1 customer complaint)

# How We Got There

- Pricing
  - Competitive pricing on Quick Service (do you know?)
  - Diagnostic charge (that much just to touch it?)
  - Parts (yes they really serve the same customer)
  - Too much information given to the customer (they really don't understand flat rate)

# How We Got There

- Arrogance
  - CSI Surveys
  - Take it or leave it attitude (67% leave for this reason)
  - “We’re the best” (does the customer know it?)
  - “They gotta pay” (only if they are on-site!)
  - “Who’s doing who a favor?” (this one’s easy)
  - “Go away..I’m too busy working” (guess what they will)

# How We Got There

- Arrogance
  - Pay plans
  - Battle of the Empires
  - Ineffective marketing
  - Lack of customer follow up
  - Accepting “NPF” & “Cannot Duplicate”
  - Good ideas implemented but rarely maintained

# ***What To Do About It***



# What To Do About It

- Priority #1...Change The Thinking
  - Get the customer on-site
  - All jobs important
  - Focus on growing the CP-RO count
  - Can't be selective any longer
  - No reason to go to Jiffy Lube
  - Be easy to do business with
  - Every car that comes in today, leaves today...repaired!

# What To Do About It

- The Platform
  - Have a written process – The Hometown Motors way of doing business
  - Train..Coach..Train..Coach
  - Put your front line people in charge
  - Grow “laterally” with front line people
  - 4 Technicians to 1 Service Advisor
  - 15 to 17 Customers handled

# What To Do About It

***It's not just about Marketing to  
Drive customers to your  
store.***

***Instead***

***Create the Environment that  
Attracts customers to your  
store.***

# What To Do About It

- The Environment
  - Identify the “roadblocks”
  - Clearly communicated, shared goals & visions
  - See what Technicians can do with just 4 or 5 vehicles a day
  - Encourage “legitimate” up-sells
  - Make it easy for them to sell:
    - Easy to price
    - “We’ll get it” attitude by Parts Dept
    - Consistent job price

# What To Do About It

- The Environment
  - Review compensation plans for all customer related positions
  - Determine the production required to make a profit
  - Control the Schedule
    - Quality time with the customer
  - Status Time
  - Make the visit memorable...not just functional

# What To Do About It

- The Proactive Service Lane
  - Maintenance Menu
  - Service History
  - Appointment Pre-writes
  - Competitive Pricing awareness
  - E-mail marketing
  - Contact missing customers
  - New customer packet
  - Follow up call by Service Advisor
  - Next service due scheduled now
  - Follow up declined services

# What To Do About It

- The Weapons
  - Complicated phone systems
  - Unanswered phone calls
  - Voice Mail
  - Complicated Web-Sites
  - The “BOX”

# ***Performance Measurements***



# Performance Measurements

- Customer Pay repair order count
  - Trend the last 3-years
- CP-flat rate hours per repair order
  - By Technician
- Variable Dependency
- # Job lines per repair order
- Total \$ value per repair order
  - By Service Advisor
- Trend Quick Service Op's

# Performance Measurements

- Multi-Point Inspection
  - Representation %
  - Closing %
  - Total \$ sold – average per RO
- Customer Retention
  - New/Used sales – last 5 years
  - # of those vehicles in for service a minimum of 2-times annual
- Market Penetration
  - Units in Operation
  - VIN's serviced last 6-months

# Performance Measurements

- Total shop production vs. forecast
- Parts filled from stock

# Performance Measurements

- Continue Watching:
  - Open repair orders
  - CSI
  - Flat rate sold per CP-RO
  - Customer Effective Rate
  - Fixed Coverage



The  
Beginning



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