

# A Guide to Shop Success

©2025 Endeavor Business Media

A GUIDE TO SHOP SUCCESS

PA

PA

PA

PA

PAC PAC PAC



GES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
GES 7-11	BUMPER-TO-BUMPER EFFICIENCY
GES 12-14	TRUST BUILDS A BRAND
GES 15-17	EVERY MINUTE COUNTS
GES 18-20	IMPROVISE, ADAPT AND OVERCOME
GES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
GES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVING



# TABLE OF CONTENTS



7 Tax Prep Tips for New Shop Owners	4
Bumper-to-Bumper Efficiency	7
Trust Builds a Brand	12
Every Minute Counts	15
Improvise, Adapt and Overcome	18
Adding Value to your Customer Experience	21
Budget, Effective Labor Rate, and Cost Savings	23



## SHOP MANAGEMENT SUCCESS

#### **BY IVAN RIOJA-SCOTT**

ftermarket auto repair has evolved immensely in the past decade. The modern auto repair shop operates in a dynamic environment where profitability is no longer solely about turning wrenches, but about optimizing every facet of the business, from customer interaction to technician efficiency, and leveraging technology to gain a competitive edge.

The standardized use of the Digital Vehicle Inspection (DVI) and other technical advancements, including AI, has allowed shops to streamline operations, increase sales opportunities, and offer comprehensive services that entice customers. As shop owners across the country face numerous challenges, including stiff competition, technician shortages, and fluctuating car counts, their focus has shifted toward working on the business rather than in it. This new landscape requires owners to become more efficient, develop stronger management skills, and understand the auto repair business in ways they never had to before.

These selected articles from *Ratchet+Wrench* offer practical advice for auto repair shop owners to enhance financial management, operational efficiency, customer trust, and brand development:

- Key tax tips include choosing the right business structure, tracking deductions, and saving for retirement.
- Operational strategies like effective scheduling, streamlined checkin, and time management help maximize shop productivity.
- Measuring cost per minute reveals the true value of time, while building a consistent brand across locations fosters customer loyalty.
- Understanding your market, using CRM tools, and enhancing the overall experience adds long-term value.

Together, these strategies create a strong foundation for profitability and sustainable growth in the repair industry.  $\bigcirc$ 

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





<b></b>	
	PAY

### 7 TAX PREP TIPS FOR NEW SHOP OWNERS

A primer for new auto repair shop owners and a refresher for the rest.

#### BY ALISON JOHNSON — ORIGINALLY PUBLISHED JAN. 31, 2024

or the vast majority of new automotive repair shop owners, fixing cars is the easy part of running a business. Preparing for tax season is not.

The name of the game, of course, is to take advantage of all available deductions and only pay the money you truly owe to the government. That requires plenty of planning and, ideally, a close partnership with a knowledgeable Certified Public Accountant (CPA).

"Most people who start a shop understandably have little to no background in financial compliance," says Eric Joern, a partner with Kaizen CPAs & Advisors, a five-office practice in Illinois and Wisconsin that specializes in working with auto repair shops. "If you're not careful, you could end up losing a lot of money."

"Every shop has very individual goals and needs that need to be taken into account when decisions are made," adds Hunt Demarest, a senior accountant with Paar, Melis & Associates in Maryland with a similar focus. "You want to be proactive and avoid big surprises."

A GUIDE TO SHOP SUCCESS



PAGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
PAGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
PAGES 12-14	TRUST BUILDS A BRAND
PAGES 15-17	EVERY MINUTE COUNTS
PAGES 18-20	IMPROVISE, ADAPT AND OVERCOME
PAGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
PAGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



Here are some of their top tips for owners:

#### SELECT THE BEST TAX STRUCTURE.

Determining if your business should operate as an S corporation, Limited Liability Company (LLC), partnership, or sole proprietorship for tax purposes is a crucial but often-overlooked piece of planning.

In some cases, simply switching how the Internal Revenue Service views your business as a legal tax entity can result in significant savings.

And what works well for a small shop might not be the best answer for a larger one. If you begin as an LLC with a sole proprietor, for instance, once you pass an approximately \$60,000 profit benchmark, you likely would benefit from tackling the paperwork to convert to S corporation tax status. Note: you will remain an LLC for banking and operational systems.

#### AVOID BUSINESS DECISIONS BASED SOLELY ON TAXES.

"Ask yourself these questions: 'Will this purchase or investment make me or my team more money, or make our lives easier and more efficient?'" Demarest advises. "If it makes business sense, don't let taxes be what stops you."

On the flip side, don't make choices only because of taxes, either. If you need new equipment, purchase it. If you don't, you shouldn't buy anything just to score a write-off. Ditto for capital investments and physical expansions.

If you're already planning on making an acquisition or doing an upgrade project soon, however, consider acting before the end of a tax year.

#### PLAN AHEAD.

Many new shop owners make the mistake of waiting until year's end to review their financial statements, which can lead to unexpected tax bills.

Instead, look at statements monthly and provide your accountant with six months of financials in the summer for a mid-year review. Use a separate bank account and credit card for all business transactions to capture everything that could qualify for a deduction.

By October or early November, submit the rest of your documents to date. "That will give you time to make decisions before the end of the tax year," Joern says. "If you've had a strong year of profits, for example, you might opt to spend some money to mitigate your tax bill."

After Jan. 1, turn in all financial information for the year as soon as possible. If your taxes are completed earlier and you owe more than expected, you won't face a last-minute scramble. Finally, ask your accountant to help you develop a rough tax plan for the new year.

#### ALWAYS FUND YOUR RETIREMENT ACCOUNTS.

While tax-saving strategies generally involve spending money, contributing to a Traditional IRA, Roth IRA or 401(k) amounts to getting a tax deduction for putting money in your own pocket.

#### UNDERSTAND DEDUCTION RULES FOR ACQUIRING EQUIPMENT.

Whether you pay cash-in-full for an item, sign a lease-to-own agreement, or obtain a bank loan with monthly payments, all count just like upfront cash for tax purposes, in whatever year you sign an agreement.

#### A GUIDE TO SHOP SUCCESS



PAGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
PAGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
PAGES 12-14	TRUST BUILDS A BRAND
PAGES 15-17	EVERY MINUTE COUNTS
PAGES 18-20	IMPROVISE, ADAPT AND OVERCOME
PAGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
PAGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



In other words, if you buy a Hunter Alignment Rack for \$100,000 but don't have enough cash on hand, you may decide to spread out the expense with \$2,000 monthly payments. You can still write off the entire \$100,000 in that year.

**Purchasing shop vehicles.** New and used vehicles are no longer considered differently for tax purposes. Instead, size matters: any-thing with a gross vehicle weight rating above 6,000 pounds qualifies for accelerated depreciation, meaning you can write off the entire purchase amount in the first year.

Unlike those bigger SUVs, pickup trucks, and vans, cars and small SUVs have a first-year write-off limit of \$18,000, with the rest depreciated over five years.

**Doing renovations.** Work that improves your buildings or grounds but doesn't expand existing square footage or acreage is defined as a Qualified Leasehold Improvement and again offers a one-time write-off opportunity.

That includes repaving parking lots, replacing flooring, roofing or siding, painting interior spaces, and renovating waiting rooms. Expansions, on the other hand, usually must be written off over a much longer period.

### FOLLOW STATE-SPECIFIC SALES TAX AND PAYROLL DEDUCTION RULES.

Charging the incorrect amount of sales tax or not remitting enough money back to the state can lead to large penalties.

So can errors involving payroll withholding, including late payments to the government, Joern notes: "The IRS takes that particularly seriously. It's considered to be stealing." Be sure to have a good payroll system in place before ever hiring your first employee.

#### **REWARD YOUR TEAM.**

Salary bonuses, which are taxable, are not the only way to boost employee morale. You might reimburse technicians for tools that they buy, host staff parties, or send out gift cards, which are tax-deductible for you and not considered reportable income for recipients. Just be sure to do so before the last payroll of the year.

\*Contact your tax advisor or CPA for more details on the Section 179 deduction. Financing is provided by third parties who are not affiliates of AutoZone. All of the advertised loan programs, rates, terms, and conditions are subject to change at any time without notice. An extra charge may be imposed at the end of the lease depending on the residual value of the leased goods.

**A GUIDE TO SHOP SUCCESS** 

**BROUGHT TO YOU BY** 







### BUMPER-TO-BUMPER EFFICIENCY

From scheduling to supplier partnerships, metrics and data can help you understand where you have efficiency valleys.

#### BY IVAN RIOJA-SCOTT — ORIGINALLY PUBLISHED DEC. 6, 2024

ur industry first heard about the concept of bumper-to-bumper as a marketing concept developed to describe—in quite a literal way—the full coverage nature of a car warranty. The reassurance that this concept provided to the consumer allowed many manufacturers to make many sales, with the confidence that customers would not have to worry about their new vehicle's repairs for years to come.

Applying the concept of efficiency to the shop setting can create challenges, but the proper end-to-end (or bumper-to-bumper) application can have many, even unexpected, benefits. The obvious one is the bottom line, but happier employees, a smoother-run operation, and better supplier relations, are just the beginning. A good start can be focusing on the jobs you do most of, on the throughput, and on putting systems in place.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





#### SCHEDULING

According to the 2024 Ratchet+Wrench Industry Survey, 60% of auto repair shop customers in the U.S. schedule their appointments online. Shop owners specify that younger customers not only prefer to book online, but also make the booking after regular business hours. The survey also points out that 33% of customers make their appointments using mobile devices, and that 29% of shops that use automated reminders experience a reduction in the frequency of no-shows. Choosing the correct CRM system for your shop becomes even more relevant. A proper scheduling process utilizing the correct tools will help the shop run smoother.

David Askwith, managing director of Autostream Car Care, a multi-store company with 10 shops based out of Maryland, notes: "You have to have a CRM platform and make sure that your team is checking that throughout the day, and fully utilizing the tools these platforms offer as a way to communicate with your clients." This becomes even more necessary when it comes to weekend scheduling requests, "over the weekend clients are putting in appointment requests when we're not working. On Monday morning we need to be able to confirm those appointment requests or to reach out to the client and find a suitable scheduled time."

Working with the right system and software providers and adjusting the system as much as possible to the needs of the shop will result in a more streamlined booking process. Askwith also reiterates the known idea of morning scheduling, "you want to schedule as much as you can before 10:00 in the morning. The more that you can schedule on the front load, and understand that you're going to get these vehicles checked out ahead of time, the better you're going to be able to manage your day." This heavy-loaded morning scheduling strategy will allow a shop to evaluate, in that moment, whether they can take walk-ins, afternoon appointments or just forward-schedule to another day.

#### **RECEPTION AND DVI**

The auto repair shop industry grapples with finding a balance between the car count and a high enough ARO. Increasing one of these measurements can often lead to decreasing the other, and vice versa. When it comes to car count, the emphasis should be on the speed of service. According to Askwith, "We see that speed of service is a highly pressing issue. We benchmark ourselves versus other shops, and there are shops out there in which there just isn't that sense of urgency to get a car in and out. We aim for one hour and 10 minutes from the time the car is handed to us until it's decided what service will happen, and it's in the hands of the tech for the work to be performed." Autostream Car Care has the advantage of having one of their ten locations generate enough volume to support hiring an estimator, who is working alongside the technician and service advisor, with the latter being the one in charge of selling. As Askwith refers to this: "We call it the rotting banana, the longer the car is in our hands without communication with the clients, the less like you are to have a win."

#### A GUIDE TO SHOP SUCCESS



PAGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
PAGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
PAGES 12-14	TRUST BUILDS A BRAND
PAGES 15-17	EVERY MINUTE COUNTS
PAGES 18-20	IMPROVISE, ADAPT AND OVERCOME
PAGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
PAGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



#### SERVICE ADVISORS AND WRITING UP ESTIMATES

Preparing the estimate, making the sale, and doing so in a timely manner is one of the main challenges of a smaller shop. Reaching a sale conversion rate equitable to the industry standard while keeping up the car count can be difficult for smaller shops. Service advisors need to be more and more independent as shops aim to operate at a higher level. When service advisors require authorization for lowering certain estimates, or other procedures, the process is slowed down, it can affect them in making the sale, and ultimately, this affects the rest of the shop's workflow.

Kathleen Callahan, owner of Xpertech Auto Repair in Englewood, Florida, has a different approach, "my service advisors and technicians work together to prepare the most accurate estimates possible." Of course, this depends on each shop and the way in which they maximize the time of their employees. In a recent column for Ratchet+Wrench, "Budget, Effective Labor Rate, and Cost Savings," Callahan emphasizes the calculation of the effective labor rate as an important KPI for technician productivity and efficiency. These KPIs can sometimes be affected by their role in assisting the service manager. According to the 2024 Rathcet+Wrench Industry Survey, 42% of auto repair shops hit an efficiency rate between 80% to 100%, and 37% hit productivity in the same range. According to Askwith, there's not a single set way to approach this: "The challenge that you have is that there are different philosophies out there. Some shops are concentrating on fixing what's broken, then coming back for a second swing to talk about safety, and lastly coming back again

to talk about maintenance, and trying to forward schedule that. The way that we operate at Autostream, and I have firm belief in this operating concept, is that we understand that the client needs to make an educated decision, and that educated decision cannot be made by piece mail. For example, If I told the client that we're going to take care of a starter, and it's only going to cost \$750. The client agrees, and after that, when we perform the DVI and find that it actually needs \$5,000 worth of work, then that client may not have made the decision to spend the \$750 knowing that he would need to spend an extra \$4,250. We make sure the client is presented with 100% of the information." The fact that this process takes more time is the reason why some shops may "cherry-pick" the items they present to the client, leaving them open to having undiagnosed or unreported issues.

#### **TECHNICIAN EFFICIENCY**

Efficient shops are profitable shops. As reported by survey respondents, shops that have a car count of over 300 have 51% of their AROs at over \$600. Under the hood, 58% of technicians spend between 2 to 3 hours on a repair.

Some of the most efficient technicians in the industry apply simple organizational principals. As Askwith states in regard to one the most efficient at his shops: "This technician treats his work as if he were a doctor. He has every single tool, machine, and piece of equipment ready before he gets into the actual job." But that's just the beginning, according Askwith: "This technician walked twice as fast as any other technician in the shop, and he could bill up to 150 hours per week." Askwith

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





acknowledges that most of the technicians that he sees don't operate at this level of efficiency or apply that thought process. Autostream is not immune to the industry-wide technician shortage issue. In fact, the Maryland-based company has an apprenticeship program. "Within our apprenticeship program we have a lead technician that creates flat rate technicians for us at a very high rate. This process has to start young, and as this industry has talked about, we do need to grow our own technicians. When these technicians see what right is from the beginning, it's easy for them to parlay that into normal process when they are on their own," says Askwith.

Technicians are likely to be passionate about cars, but they too can suffer from the fatigue of working on the same vehicles, and doing the same jobs over and over again. Being able to incentivize them can help their day-to-day workload and improve overall job satisfaction. In addition, proper training, especially within the current wave of new EV and hybrids in the market, is an asset to their ability to perform their jobs in a more efficient manner.

#### PARTS SUPPLIER(S)

The relationship with your parts supplier(s) is often overlooked in terms of efficiency. The availability of parts within a reasonable amount of time will influence both the amount of time that a car spends occupying a bay, and the space within the shop that could be occupied by another vehicle. Some shop owners have the expectation of parts delivery under 20 mintues, but that can often be impossible depending on the location of the shop. Forging a strong working partnership with part suppliers can help improve time and supply. Callhan takes an additional step in assisting Xperech's parts suppliers to become better. She shares, on a monthly basis, her parts spend with other their other suppliers so that they can better complement their offering to Xpertech. This kind of communication transparency helps parts suppliers understand the shops core and secondary lines of business to better serve them in the future.

With a much larger operation at Autostream, the bargaining power with suppliers is much stronger, however Askwith requests, on a monthly basis, that his managers inform him of any parts supplier issues: "Without getting too much in the weeds on our part suppliers specifically, we have we have a 1 and 1A. So because we have the 1 and the 1A, it allows us to create accountability on multiple aspects. The first one is pricing, in which we run a quarterly analysis on ten random items. The second, also very important, is the speed of service. We want to create that accountability and make sure that we are getting parts in timely manner."

"If I have one parts source that's delivering in 45 minutes, and another parts source that takes one hour and 15 minutes, this time split allows me to put pressure on the second source. You just have to be able to discern where the information's coming from and what's driving it, and if you have valid information then it's really a partnership with your parts vendors. Whether you're a single operator or a multi-store operator, most people are not putting enough pressure on their parts supplier. However, I do think there's some organizations that do a nice job of partnering."

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 

IIIAutoZone®



When it comes to speed of service, partnering with your supplier is a two-way road, as the benefits of being more efficient affect both parties. Askwith implements systems that make sure there's a steady and consistent monitoring process so that it can constantly improve the partnership, and maintain accountability: "Every week I send out what our spend is with our primary and our secondary parts house, and then I encourage my team. I need to know; are there any delivery time issues? Are there availability issues? Is there anything that I need to know? And then I'm pressing that button with those relationships to make sure they're delivering on the promise."

#### A GUIDE TO SHOP SUCCESS









## TRUST BUILDS A BRAND

A strong auto repair brand is the steppingstone into multi-store ownership and a way to reach a entire generation of new potential customers.

#### BY IVAN RIOJA-SCOTT — ORIGINALLY PUBLISHED FEB. 14, 2025

reating and maintaining a strong automotive repair shop brand starts with trust and continues with consistency. Our industry continues to suffer with a lack of trust and a bad reputation. Earned or not, it's a major issue faced by many shops and the industry as a whole. Having strong brands in the industry is a starting point for helping build the trust to overcome this challenge. Strong brands come with one commonality,

trust. Without trust in our automotive repair shops, we cannot properly tend to our customers' needs and requirements.

Scott's Automotive & Tire Centers is a family-owned and operated brand with ten stores across Colorado and Arizona. Established in 1993, it's been a trusted automotive repair brand for over 30 years. But that trust has been built over time, with a strong value system of service to the community, honesty,

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 



PAGES 4-67 TAX PREP TIPS FOR NEW SHOP OWNERSPAGES 7-11BUMPER-TO-BUMPER EFFICIENCYPAGES 12-14TRUST BUILDS A BRANDPAGES 15-17EVERY MINUTE COUNTSPAGES 18-20IMPROVISE, ADAPT AND OVERCOMEPAGES 21-22ADDING VALUE TO YOUR CUSTOMER EXPERIENCEPAGES 23-24BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



transparency, and quality work. Over the past year the shop has been through some brand consolidation, unifying small aspects of the brand identity to reflect equally at all ten locations.

"As I think about our brand, my mind goes right to the question that I'd asked myself, 'what do we want our brand identity to say about our business?' For Scott's Auto it was clean, quality, trust, attention to detail, consistency, and community," says Julie Larson, Chief Marketing Officer at Scott's Automotive & Tire Centers, Inc. Maintaining consistency across a multi-store operation is one the aspects that qualifies successful brands. This consistency has several different branches, and one of them is the visual aspect of the multi-store shop. Scott's Auto decided on gold and black, with gold representing the gold standard in auto repair. "We had slightly different logos for each of the locations and we were lacking that visual continuity," says Larson. Of course, the logo is just one step into building a strong brand identity. "In all of my marketing pieces, and in store, this has to be, again, consistent in look and feel," states Larson.

#### A DEEP DIVE INTO UNDERSTANDING YOUR CUSTOMER

Successful shops always understand who their customers are, they understand what their needs and concerns are, and how to effectively communicate with them. "You can do all the brand recognition and marketing you want, but if the owner isn't invested in his/her people, it's a waste of money. After all, we're in the people business." Shop staff are the visible face of a brand, and how they interact with customers, suppliers, and the community as a whole, is what can make that brand relatable.

"Two things I believe strongly in. One, your employees are your best advertisers (if treated properly), and second, find ways to make people want to represent your brand! We've done a lot with apparel, which is an awesome way to be seen by clients and prospective clients," says Larson.

Brands speak to people, and catering to today's multigenerational customers has obligated auto repair shops to adapt to different forms of communicating with these customers, opening new channels, and creating 24 hour and seven day per week convenience.

"Everything in and around your shop says something about your brand," says Larson. Adapting to newer ways of customer interaction also speaks to the value of an auto repair brand.

#### WHAT STAGE IS YOUR SHOP IN?

Whether your shop was started from scratch, you took over an existing shop, or the brand has handed down to you, you already have multiple stores, when it comes to building a strong automotive repair brand, it's important to know what stage your branding is at. Sometimes your brand may not match the time of operation of your shop. Many newer shops are in the process of establishing a brand in their community and their area. Other brands are in the process of expanding, and all too often, shops are fighting a lack of trust or a bad reputation.

Brands require trust and consistency, especially when it comes to a multi-store shop, where customers will expect the same level of

#### A GUIDE TO SHOP SUCCESS



PAGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
PAGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
PAGES 12-14	TRUST BUILDS A BRAND
PAGES 15-17	EVERY MINUTE COUNTS
PAGES 18-20	IMPROVISE, ADAPT AND OVERCOME
PAGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
PAGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



service, the same convenience, and the same pricing for the service offering. Understanding the stage at which your brand is at takes time, and effort, and a deep delve into how you are perceived in your area of operation.

Most shops start with humble beginnings, it's rare to see shops open with large capital backing, and this means that limited resources available to owner are not spent on marketing efforts and building up a reputable brand. Building a brand takes time, and while there are parts of the process that can be designed, such as building a website, and a logo, ultimately, the brand values and daily values for interacting with the customer base are what establishes the brand.

"Some shops just have a name, not a brand," says Larson. Many older shops in the industry have relied on word of mouth as their main source for new customer growth. At the expense of investing time and money into building a brand.

#### THE DIGITAL FOOTPRINT

According to experts, if you are not on the first page of a google search, your visibility drops from 75% to 25%. Google has become one of the most important search tools for consumers looking for auto repair shops, and reviews are a fundamental part of maintaining a positive brand presence. Whether it's Google, Yelp, Facebook, or any other online platform, understanding and responding to potentially negative reviews shows active engagement on behalf of shops. Not all reviews are always going to be positive, and everyone will have an unsatisfied customer from time to time. Addressing these reviews in a constructive and positive explanatory manner can help other consumers see how your shop addresses issues.

According to the Ratchet+Wrench Industry Survey, 79% of shops use Facebook as their main social media tool. And yet, this platform is not the preferred channel for gen z customers. Only 39% of shops use Instagram, and even less, only 7% use Tiktok (\*information provided prior to de jure nationwide ban in the United States on January 19, 2025). There's a clear disconnect regarding the channels used to communicate with younger generations. According to a recent column by Ratchet+Wrench columnist, Mike Bennett, a nationally certified executive trainer, and former shop owner, "younger generations-millennials, Gen Z, and even "digital-adopter" Gen Xers, have entirely reshaped purchasing decisions." According to Statista, 62% of Gen Z and Millennials made a purchase due to branded social media or influencer content.

Scott's Auto has taken a proactive approach to social media. Their presence can be seen across social media platforms showcasing staff at a very personal level. This strategy appeals both to the younger generation as well as serving a brand recognition platform. Utilizing social media should be seen as an opportunity to showcase a shop and strengthen the brand it represents. According to Captiv8, 85% of gen Z shoppers say that social media influences their purchases. Shops need to be present in these channels if they want a strong brand and further reach.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 







### **EVERY MINUTE COUNTS**

George Witt Service has a different approach to understanding what an effective labor rate means, calculating the costs for each minute the shop is open.

#### BY IVAN RIOJA-SCOTT — ORIGINALLY PUBLISHED DEC. 27, 2024

eorge Witt Service opened its doors back in 2002. The idea behind the shop was to specialize in two Japanese brands, Toyota and Honda, and while the area in which is stands today was not in the desired location, it did have the right amount of space and parking.

Becky Witt, the founder, started the shop with a wealth of experience as service manager at different dealerships. While working at these dealerships she had shown her skill at implementing several measures to improve efficiency both with time management and with cost-effectiveness. As she recalls: "When I was working at local Honda and Acura dealership, we had a lot across the street which required the technicians to spend time moving cars back and forth. When I realized how much billing time was wasted by technicians, I created a plan to hire a driver and proposed it to my

#### A GUIDE TO SHOP SUCCESS

BROUGHT TO YOU BY





manager. When it was implemented, we were able to bill \$5,000 more per month."

Understanding the monetary value of time has driven George Witt Service to focus on the efficiency of billing hours, delving into the calculation of the cost of operation per minute. As Witt states: "We take all of our costs, salaries, overhead, parts, rent, electricity, and we calculate how much we need to make per minute to cover these costs."

#### THE METHOD AND THE SYSTEM

In order to be able to achieve the given revenue goal per minute, George Witt Automotive has developed a series of systems that make the cost per minute achievable. As Witt says: "The two main timewasters are late customers and empty working bays." To address these issues, especially the latter, the shop loads up the early morning appointments, not allowing for many more later on in the day, and if availability is limited, the customers are scheduled for the following day.

Once the appointments are made there are two actions that the staff at George Witt Service perform, the ticket (estimate) is written up when the appointment is set, and the expected parts are pulled from the shelf, labeled, and prepared for the technician to start the work immediately. In Witt's experience, customers will have more time to discuss the issues or problems with their vehicles when they call to make an appointment than when they drop off their vehicles for service or repair. This allows the shop to have a deeper understanding of what each vehicle will require upon their visit.

Keeping the correct amount of regular-use

parts in stock requires a finite balance of understanding the needs of your customers, making sure your shop is not overstocking and therefore potentially wasting money, and assuring you have the required space and inventory system to accommodate the parts. At George Witt Automotive there's a policy of carrying more stock parts than those required. Witt doesn't mind having obsolete stock in exchange for not wasting time waiting for parts to arrive, "We carry thousands of parts in our regular inventory, even if some become obsolete. We build that into our cost structure." For Witt the cost of stocking parts is not the problem, it's the cost of not having parts immediately available and the wait time incurred when this situation occurs.

#### **INSPECTION AND PROPER FACTORY MAINTENANCE**

The expertise and know-how George Witt Service has in regard to the makes that they work with is a fundamental step in achieving the desired cost per minute benchmark. At George Witt Service the inspection process starts with the call for the appointment. While Witt assures that DVI's are not required, and waste time, the shop's process for the cost of inspection is built-in to the cost of the annual service. As Witt states: "The first thing we do is take a road test with the car. We then bring the car in, look under the hood, put in the air and pull the wheels, check suspension and actually measure all eight brake pads."

Witt believes that proper factory maintenance with OEM fluids and parts is the best way to optimize billable hours. Becky Witt began Witt's optimization by researching oils that could last up to 8,000 miles or one year.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





This way, her customers only need to come in one time per year. This single visit, which has the oil change as the main component, has additional service items included, all following proper factory schedules. Therefore, the once-a-year visit has now become an annual maintenance visit. As she says: "We do exactly factory-scheduled maintenance, nothing more. We don't any "wallet flushes" or additional non-scheduled services." By following the principle of scheduled maintenance, the shop has managed to make 80% of their business regular maintenance, and only 20% repair visits. As Witt confirms: "Doing it the way we are doing it, the cars are well maintained."

#### FROM A FULL WEEK TO 2.5 DAYS OF WORK

At George Witt Automotive the office staff starts 30 minutes before the technicians do. Prior to this, customer cars have been scheduled in short increments, and when the technicians arrive, there are already cars in the bays ready to be worked on.

When Becky Witt started George Witt Service back in 2002, she had a clear idea of wanting to find work life balance for herself and her employees. The first measure she implemented was deciding to open just five days per week—most shops at that time were open six days per week. Witt has always looked at the business by the numbers and she soon realized that over any given Monday, the shop would receive, on average, 47 phone calls for appointments. The number of appointment requests would gradually decrease as the days of the week passed, and by Friday, there would be almost no appointments at all. "We've thrived on receiving cars early in the morning and having them out of the shop that same days", as Witt states. It was soon clear to Witt that Friday afternoon was not productive enough to stay open, so she decided to close Friday at midday, and sales did not drop. As time progressed, the shop evolved into a 4-day week—removing Friday from the schedule completely—and again, sales did not decrease. At this point, Witt had also decided to work "by appointment" only on Thursdays, but she knew that she needed the right personnel to be able to shorten the schedule even more. After some creative hiring practices based on the hiring teachings of Bill Haas, she was able to secure the right technicians for this type of schedule. As Witt says: "We bill out 1.6 hours of labor per one hour of actual labor." This effective labor rate is what has allowed George Witt Service to open, as of the past two years, from Monday morning to Wednesday at noon.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 







### IMPROVISE, ADAPT, AND OVERCOME

Learning to be proactive can help you stay relevant when times, people, and technology change.

#### BY NOLAN O'HARA — ORIGINALLY PUBLISHED MAY 15, 2024

he world is rapidly evolving. Times change, people change, feelings change and processes change. And that change continues as days, months and years go by.

That's particularly true within the automotive industry. New technologies as well as other factors have made it evolve quite rapidly.

Matt Oldenburg, the director of operations at Silver Lake Auto & Tire Centers, which have several locations across Wisconsin, is regularly tasked with implementing changes. And it often reminds him of something their owner, Dan Garlock, has told him multiple times.

"If the rate of change outside of your organization is faster than the rate of change inside your organization, you're dying," he says.

Implementing changes isn't about responding to the factors outside your control, it's being proactive in finding ways to develop and improve before you're forced to or it's too late.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 

IllAutoZone®



The rapid development of technology and what people are looking for in a workplace are some of the biggest changes the industry is addressing currently.

#### INDUSTRY CHANGES AND STRATEGIES FOR IMPLEMENTATION

First and foremost, it's important to build relationships with your employees, get feedback from them, ask for input, and do something with it.

"I think the biggest thing is just to be open to change, be open to feedback, and be able to shift gears and be fluid with your approach," he says.

That's a concept that's guided his approach to implementing changes. One of the biggest differences Oldenburg has noticed since he entered the industry is just how different vehicles are from one another than they were when he started his career.

There used to be more of a one-size-fitsall approach with vehicles. There were a lot of things that were pretty universal from car to car. And package pricing was the standard for a lot of different vehicles. For example, a transmission flush for a Ford F150 would cost the same as a transmission flush for a Toyota Camry.

That's no longer the case, and that's something that has prompted changes at Silver Lake Auto & Tire Centers. Instead of the one-sizefits-all approach, each vehicle must be worked on with more of an individual approach. That's led to the elimination of the majority of Silver Lake Auto & Tire Centers' package pricing.

For a while now, Silver Lake Auto & Tire Centers has also stopped giving out estimates over the phone, a big shift that required additional training for service advisors. But because of how different vehicles have become, there was no longer an accurate way to give estimates without getting under the hood of the car.

"A big change was equipping our employees with the tools to not give out prices over the phone but ... to get them to come in so that we can actually put our hands and our eyes on that vehicle to give them an accurate estimate," Oldenburg says.

That's one of the keys to implementing change: making sure employees are given the tools to effectively take on the new process.

Silver Lake Auto & Tire Centers also must prepare for changes as a scaling business. It is not only adding additional locations, but their current locations are also growing, which has made consolidation and simplification crucial to the business.

"As your organization gets bigger and bigger, there's a ton of value to simplicity because simplicity scales," Oldenburg says.

Of course, that often presents changes and challenges for employees. And not every change is widely embraced and accepted. It can be difficult for people to change and adjust, particularly if they've been doing something one way for a long time.

So how do you approach implementing those changes when there's pushback?

"I ask them for a little bit of grace and, I say, 'Hey, just do me a favor. Can you really commit to this for 30 days? And in 30 days, we'll revisit it, and I want to hear your feedback.' And I can't remember a time where that didn't work and at the end of the 30 days, they weren't

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 

IIIAutoZone°

PAGES 4-67 TAX PREP TIPS FOR NEW SHOP OWNERSPAGES 7-11BUMPER-TO-BUMPER EFFICIENCYPAGES 12-14TRUST BUILDS A BRANDPAGES 15-17EVERY MINUTE COUNTSPAGES 18-20IMPROVISE, ADAPT AND OVERCOMEPAGES 21-22ADDING VALUE TO YOUR CUSTOMER EXPERIENCEPAGES 23-24BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



bought in," Oldenburg says.

If a change doesn't work out? Well, there's nothing forcing you to stick with it.

"You can always go back, right? You can always go back to the way it was. But I think you got to give it a shot. And if you're gonna do that, really commit to it, and try to make it work," Oldenburg says.

#### **WORKPLACE CHANGES**

In addition to industry changes, there's also been a shift in what people are looking for out of the workplace in recent years, particularly since the COVID-19 pandemic.

Much like how every vehicle needs to be approached differently, Oldenburg says figuring out how to accommodate employees is an individual approach, too. But it can be a bit of a balancing act between what employees are looking for a running a functional business.

Since the pandemic, there's been a major shift towards remote and hybrid work. It's something they tried at Silver Lake Auto & Tire Centers with their non-customer-facing employees for a while, but they found that it wasn't working effectively for them. Not every change is going to work.

On the other hand, Oldenburg is working to figure out how to accommodate employees on an individual basis, something he says he hasn't quite figured out yet, but is determined to.

"Technicians are hard to hire right now, and one of the ways that we've been and can be successful with that is having creative solutions for whatever the schedule is that fits their needs," Oldenburg says.

If he has a tech who wants to work 80 hours

per week, Oldenburg would like to be able to accommodate that. The time that someone has the time, drive, and ability to work those types of hours is limited, so if they're looking to take on a heavy load for that short period, that's something the shop should be willing to work with.

On the flip side, another tech might have a family, personal challenges, or something else going on in their life that might lead them to look for a lighter schedule, maybe 35 or 40 hours per week. That's another situation Oldenburg would like to accommodate.

There is no shortage of changes in rapidly evolving industries like automotive, and there are challenges that come with those changes, but being proactive in implementing changes and being open to unique solutions will help your shop develop and improve. And your business will be better off for it.

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





### CALLAHAN: ADDING VALUE TO YOUR CUSTOMER EXPERIENCE

The small details make for a better and more comprehensive customer experience.

#### BY KATHLEEN CALLAHAN — ORIGINALLY PUBLISHED JAN. 6, 2025

S tarting back up in January is hard, and before we know it, we're in February, which means that Hallmark tells us that it's Valentine's Month. And while most people think about Valentine's Day and their significant other, I want you to think about it in relation to your significant family—your clients.

What are you doing to make sure your clients feel special? I am talking about every month of the year, NOT only one month a year. Here's a nice opportunity to think about what you are doing and what more you could do.

Here are some things to ask yourself:

- Do you have a clean and comfortable waiting area?
- Do you offer Wi-Fi, coffee, water, soda, or snacks?
- Do you have First Time Clients complete a "New Client Info Sheet" so you can learn more about them, their car, and their concerns? (If not, reach out to me, and I can send you mine as a sample)
- Do you offer loaner cars or a shuttle service?

If you said no to any of these questions,



perhaps take a moment to evaluate the possibilities of implementing some of this in your shop because many of us out here take that even further. Building relationships beyond vehicle maintenance and repair is a critical part of keeping your clients YOUR clients and not losing them to the cheap oil change offer down the road.

Some things I do to remind my clients how special they are:

 Sending a monthly newsletter with engaging things, including a puzzle, a recipe, fun dates for the month, some silly jokes, and a personalized message from me or a staff member about happenings around town, events we participate in, hobbies, kids, and

#### A GUIDE TO SHOP SUCCESS

BROUGHT TO YOU BY

IIIAutoZone°

PAGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
PAGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
PAGES 12-14	TRUST BUILDS A BRAND
PAGES 15-17	EVERY MINUTE COUNTS
PAGES 18-20	IMPROVISE, ADAPT AND OVERCOME
PAGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
PAGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



more. I also include thank yous to those who referred new clients our way, and we share some of our glowing reviews. People want to know they are doing business with people, not a faceless company. Of course, I have some help with this through my coaching and marketing company, so it doesn't feel overwhelming every month.

- We give small gifts to clients with each service. I set an average budget of \$2 per car and set out to find unique items to gift monthly. In 2024, we gave notepads with our logo, Valentine Candy Hearts, cookies, umbrellas, sunglasses, tote bags, calendars, and the "famous" spice rub clients rave about! We also teamed up with a local coffee shop to purchase insulated tumblers with both our logos, which give you a discount at her shop every time you visit.
- Along with emails, we send hand-addressed cards a few days after our clients have been in, thanking them for choosing us.
  I include my business card in case they have any challenges or praise to share. Our envelopes are bright pink, so they don't get lost in the junk mail.
- We give out "Xpertech Bucks" to clients who refer someone to our shop as a little token of appreciation. We also send them out on our clients' birthdays if they share them on our info sheet – so they know their special day is important to us! (This is an excellent opportunity for your staff to jot down notes during client conversations and add them to their file in your shop management software. This could include anniversary dates, beloved pets, or special dates for their kids/grandkids. Anything

that shows them they are more than a transaction to you.)

 We have a whiteboard that welcomes our scheduled clients each day – so they feel welcomed and special when they walk in.

I know this can feel overwhelming, but I promise it isn't. Start with one or two things – you'll see the difference immediately and want to do more!

#### A GUIDE TO SHOP SUCCESS

**BROUGHT TO YOU BY** 





### CALLAHAN: BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS

Planning for the coming year down to the cent can make you see your shop in a different light

#### BY KATHLEEN CALLAHAN — ORIGINALLY PUBLISHED OCT. 31, 2024

ere we are, already deep into the fourth quarter of 2024, and beginning to plan for 2025! I feel like I just wrote out my goals for 2024! Where did this year go?

As you look forward, here are a few things to consider and plan ahead for in 2025.

I prefer to begin building my gross sales goal by looking at the data from the previous 12 months. I analyze where we met our goals and where we fell short, taking extra time to analyze why we weren't able to meet the mark we set. For my shop, that has included staffing challenges and unforeseen closures due to the weather. (Thanks a bunch, Helene and Milton!)

I set my BHAG (Big Hairy Audacious Goal), and then sit down with my team to gain buy-in and strategize how we can get there. Looking at each month and the fluctuations, then dividing the sales goals down into small parts is a great way to ensure your staff understands what part they play in the grand plan.

Each month should have a sales goal. I like to set goals based on the seasonal fluctuations of my area rather than taking the annual goal and dividing it evenly by twelve.



\$150,000. That figure is divided into parts and labor: 40% parts and 60% labor. In dollar figures that means \$90,000 in labor and \$60,000 in parts.

The next step is to calculate my Effective Labor Rate (ELR). This es the total labor dollars collected, divided by the total hours billed to collect that amount of dollars. This number will tell me how many billed hours I will need to meet the monthly labor dollar goal. If my ELR is \$155, and my goal is to bill \$90,000 in labor, I will divide \$90,000 by my ELR—that is \$155 equaling 580.65 hours.

Dig deeper into the number of hours needed per day. This month has 21 business days. I can then divide those 580.65 by 21 days—which

For this example, our monthly goal is

#### A GUIDE TO SHOP SUCCESS



IIIAutoZone°

PAGES 4-67 TAX PREP TIPS FOR NEW SHOP OWNERSPAGES 7-11BUMPER-TO-BUMPER EFFICIENCYPAGES 12-14TRUST BUILDS A BRANDPAGES 15-17EVERY MINUTE COUNTSPAGES 18-20IMPROVISE, ADAPT AND OVERCOMEPAGES 21-22ADDING VALUE TO YOUR CUSTOMER EXPERIENCEPAGES 23-24BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



equals 27.65 hours per day. If I have 4 technicians, I divide those 27.65 hours per day by 4—equaling 6.9 per day, per tech.

Your shop may have technicians that can bill out 8 to10 hours per day, or more, and you may also have some that can only produce 4 to 6 a day. Gaining the commitment from each technician on how many daily/weekly/monthly hours they will be responsible for is a critical, and often skipped step in this part of the process. Don't forget to ensure your advisors have the proper training, skills, and tools to gain authorization to be sure all these hours are available.

Another critical part to look at is the net profit percentage. My target is at least 20%. How is this calculated? Take your total gross sales minus all your costs and that will give you your net profit. Then, take that net profit, divide by your total sales, and multiply that number by 100. If you aren't happy with this result, start looking deeper into your adjustable expenses. Note: The last place I cut expenses is in salaries and advertising. These line items, if tracked and allocated properly, actually make you money, and cutting them could have a negative impact on your gross sales and car count.

Slashing negotiable expenses by even 10% annually adds straight to your net profit. It is important, when setting goals for sales, to look at the bottom half of your Profit & Loss Statement, too.

Some other places to look:

- Can you negotiate a better rate with your internet/phone provider?
- Are you paying for software or tool subscriptions you don't use or that are redundant to another software?

PA

PA PA

PA PA PA

- Look at your credit card fees and ask for a rate reduction. Also, ensure you aren't paying a PCI compliance late fee. I see many people that don't do the annual questionnaire that are paying unnecessary fees for not filing this.
- Insurance coverage and premium review.
- Uniforms and Laundry negotiate this bill.
   They almost always have wiggle room.
- Office Supplies Can you move more to a paperless business model by asking each client if you can email them their invoice instead of printing a copy? This small ask can compound to a decent savings over a year.
- Trash Disposal Often, you can negotiate a better deal for garbage or recycling. If not, evaluate whether you could get a smaller dumpster with a more frequent pick-up for a better cost. Locating a metal scrapping company to take used rotors, radiators, and any other parts without cores really saves space in the landfill and potentially puts some money back into the shop.

#### A GUIDE TO SHOP SUCCESS



AGES 4-6	7 TAX PREP TIPS FOR NEW SHOP OWNERS
AGES 7-11	BUMPER-TO-BUMPER EFFICIENCY
AGES 12-14	TRUST BUILDS A BRAND
AGES 15-17	EVERY MINUTE COUNTS
AGES 18-20	IMPROVISE, ADAPT AND OVERCOME
AGES 21-22	ADDING VALUE TO YOUR CUSTOMER EXPERIENCE
AGES 23-24	BUDGET, EFFECTIVE LABOR RATE, AND COST SAVINGS



## WAYS TO TURN BAYS

With more than 750,000 parts from over a thousand brands, AutoZone is here to help you get exactly what you need, exactly how you need it. That way, you can get more bays turned, faster. And more customers on their way, happier.



### EASY ORDERING / FAST DELIVERY / AUTOZONEPRO.COM

©2024 AutoZone, Inc. All Rights Reserved. AutoZone and AutoZone & Design are registered marks of AutoZone IP LLC or one of its affiliates. All other marks are property of their respective owners. All photographic, clerical, typographical, and printing errors are subject to correction.