

ATI Shoptalk



Issue 1

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Upcoming Courses:

Shop Owners

January 30-31
February 1
February 20-22

Service Managers

January 28-29
February 11-12
February 25-26

Advanced Service Manager

February 27-29

Annual Superconference Fort Lauderdale, FL

February 6-8

Live Your Dreams Through Die Cast Models

By Chris Frederick



Many of you have asked me where the die cast models in the ATI lobby can be purchased. Years ago in Sam's Corner, I recommended some great web sites and I thought that I would give you an update on the hobby. For those of you just joining us, Sam's Corner was inspired by Sam and Mary Young, who had a huge collection of die cast cars in the lobby of their shop in Ohio. I was emotionally moved by their collection after visiting their shop. Sam has since passed away and Mary took over the shop. This relationship moved me to live my dreams through die cast models.

All of the models in the lobby are 1:18 scale and I thank all of you for the cars you have given me to add to the collection over the years. As the hobby grows, many manufacturers are going bigger and better expanding to 1:12 scale models. These models are a lot more expensive but are simply beautiful, classy & very authentic-looking. I would look at www.diecastmusclecars.com, www.minichampsna.com, and www.cmc-modelcars.com. These companies have

muscle cars, street cars and vintage historic race cars. If you want to go even bigger, check out the 1:6 scale 1957 Chevy Corvette at www.diecastpromotions.com. It is really stunning!

The 1:18th scale Sox and Martin Mopar drag racing cars come exclusively from www.supercar1.com. They also make the Grumpy Jenkin's Chevrolets in the ATI lobby. My interest in this collection



began when Ronnie Sox blew me off the track at the Super Stock Nationals at York US-30 Dragway. I was driving my 1969 COPO 427 SS/DA Camaro as Ronnie's Hemi Cuda came by me like I was standing still. Enough said.

I have also purchased many older classic cars from distributors that handle many die cast manufacturers under one roof. My favorites are www.DiecastAuto.com, www.diecastreproductions.com and www.gtscalemodelcars.com. You may have noticed Steve Brauer's (CEO of Hunter Engineering), collection of The Hunter Classics in our lobby. Steve has a real collection of unbelievable classics and



you might have seen him at Pebble Beach exhibiting them or at Hunter's Training Center in St. Louis. I want to be like Steve when I grow up!

My wife Diana, loves the 1:24th scale die cast cars and we have a collection of these at home. This is where the really cool diorama of Chubby's Gas Station comes from in the lobby. There are several new dioramas available to make your collection come alive at www.wcpd.com. My favorite cars in this scale came from www.danburymint.com, www.franklinmint.com and www.oktoys.com. I would like to thank Canadian Midas owner, Bob Ward, for recently adding to our collection with a beautiful 1967 Corvette convertible.

Finally, for those of you that want to learn a lot more about the die cast hobby, I would recommend a monthly magazine I read, Toy Cars and Models which you can log on to www.toycarsandmodels.com. This magazine will keep you up to date on what's hot and what's not in the hobby. So, start living your dreams in die cast then move up to the real thing when business starts booming.



Gross Profit: The Road Less Traveled

By Brian Canning



When attempting to manage a business, we are often faced with the need to make strategic decisions in getting ourselves from an unprofitable state to one of profit. Choices will often fall between increasing sales, cutting expenses or increasing gross profit. Though working to increase sales would seem a logical response, and cutting expenses will certainly have a positive effect on bottom line performance, gross profit is by far the most effective way to improve cash flow and bottom line performance.

Most of us, when faced with a cash deficit, will immediately set about doing two things; we will work harder and we will spend less. As individuals, this might mean more hours at the office, turning out the overtime and at home, eating out less and doing without the luxuries in our lives. As business owners, we might similarly put in more hours, working a lot harder to drive sales and we sure aren't going to buy that new software package or alignment machine. We might even put off buying those new golf clubs and maybe cut back on staff overtime and watch our utility bills. The problem here is that increased sales without profits has you working harder with no return. Although cutting expenses is generally a good thing, it is unlikely that you will be able to cut them far enough to improve profits before we start reducing production capacity & our ability to operate. Gross profits might be a solution that will allow us to improve the return on our current sales.

We do an exercise where we take a hypothetical shop with hypothetical sales, costs

and expenses. We ask our clients what things they would do to increase bottom line return (NOP). The most common response we get would be to increase sales. Maintaining shop efficiencies and margins where they were, we increase our imagined sales by 20%. There is no discussion of our ability to handle this or if it were even practical. We add 20% to the top line, track flow through to the bottom line and note profit dollars generated; a significant number to be sure! In the practical world, you cannot budget for a sales increase such as this and unless there is an effort toward our being more efficient and productive, we are likely to be very busy, much stressed and barely better off for the effort.

Next, we take our shop and decrease our expenses or fixed costs by 10%. Again, in the real world it is not entirely practical that we cut our expenses by this drastic an amount, but for the sake of this exercise we do it. With all other performances being equal, we once again track bottom line performance. There is no doubt that the very second you reduce expenses, you will see an improved bottom line. We definitely did and got an even larger number! In most shops, rent is the single largest expense with advertising being a close second. I would encourage any shop owner to frequently audit expenses, look for ways to reduce this number but only in ways that would allow us to continue to operate efficiently.

Finally, we took this imaginary shop & simply manipulated the cost numbers to show a 5% increase in gross profit. Now, unlike the other two exercises, this small increase in gross profit would be completely practical and in most cases, easily doable. With a very modest

adjustment in how we price our parts, in how we pay our techs and in how well we control overtime, we could easily improve gross profit by 5%. Other ways would include asking for deeper discounts from our parts vendors or in building our menu items and canned jobs to reflect a very modest gross profit increase. Finally, pay attention to what prices we end up charging our customers. Negotiating a great price will mean little if you give it away in discounts. In doing this exercise, we were able to improve bottom line performance dramatically and well beyond what we accomplished with a huge increase in sales and much better than we accomplished in slashing our expenses.

In searching for solutions to our problems with cash flow, we need to be practical and confine our efforts to those things that we can reasonably accomplish. Chasing sales numbers would seem a reasonable response but unless you are profitable; which the average shop is not, you will work very hard to get a modest return. Cutting expenses is another rational approach, but one limited by what is real and achievable. There are few businesses that have 10% fat to cut from their expenses and too often in the effort, we end up reducing our ability to efficiently operate. Sprinting with one less leg becomes an exercise in futility. Most important in all of this is how easily we can affect gross profit. We must get a little better at the things that we already do. Gross profit is the path and cash is our destination.

Most business owners that I talk to are very hardworking and more than willing to put in the hours to make sure their business runs well. This passionate dedication on the

one hand is admirable, but too often our beliefs and thereby our return on investment forces us to work those extra hours. Rather than using this time to analyze and improve, we are often struggling just to survive. Too often, fueled by our inefficiencies and a profit structure that limits our return on investment, we work an extraordinarily long day and week and have little or no opportunity to step back and find ways to improve. This last point is critical, unless our intention is to be stuck behind that counter forever and unless we resign ourselves to low profit margins and a marginal return. The automotive repair industry is nothing if not changeable, and where we are now compared to where we were 20 years ago is both amazing and frightening. We are maintenance driven and can no longer rely on repairs to drive our business. Vehicle reliability is transformed and forces us to be very thorough and very consistent to have any chance at our fair share. In the 80's, you didn't have to look far or hard to generate sales and profits. In today's market, if you aren't looking, you are likely to struggle. Do not compound the challenge of this market by failing to maximize the opportunity that your existing car count would represent.

Profit and cash flow are such that we are struggling. We are having difficulty in making ends meet or hitting our goals. Something has to change. It is not simply selling more or cutting back on expenses. Search for ways to be more efficient and productive. You must be different. Be profitable.



ATTENTION SHOP OWNERS AND MANAGERS:
If you have something you would like to share,
e-mail your coach or ATI at
office@autotraining.net.



The Care And Feeding Of Your Manager

By George Zeeks



Once again, your humble narrator finds himself in an unfavorable position. Many moons ago on a night where

there was, in fact, no moon, I found myself driving 3 hours back home. There was no moon, only clouds & ice. It was a cold February in Maryland and I was driving home in a manual truck, using a stick to work the gas pedal and clutch, my right leg encased in a homemade cast primarily due to the lack of a workable Achilles tendon in my right leg.

It was a warm and sunny Sunday afternoon when I popped my tendon while playing basketball with pre-teen children. Rough bunch that crowd. Being the stubborn, ego driven person that I am, I denied the torn tendon and added a lump on my head when I fell trying to walk on my right leg. Having never missed work was a source of pride to me and this was not going to be the exception. I should have gone to the doctor in West Virginia but felt the need to be at work the next day. Everything else would work out from there.

I informed my owner the next day of my plight. I say "Owner" not in the term of "Slave" but in my mind "Gladiator". Every day I fought the battle in the trenches of the shop to bring in the most satisfied customers and highest profit that I could. My "Owner", Al, was a good man of high character. Intelligent and compassionate, he knew how to manage his people to get the best results while leaving no doubt that he cared for you as a person. Al was unhappy to say the least, but was relieved that I was able to work and the pain was not a hindrance,

as far as he knew. The HMO system that we have all learned to know and love so much decided the operation to fix my leg would take 10 days. During this 10-day interminable wait, I popped aspirin like it was Pez® & hobbled about my duties. Once the operation was completed, I was supposed to take 2 weeks to recover before returning to duty.

5 days of "All My Children" will drive even the strongest man insane, so I returned to work early. Al was concerned and demanded a Dr.'s note, but finally stopped asking after repeated answers that my dog had a fetish for the handwriting of physicians. I first hobbled in my cast and crutches, attempting to continue as if nothing was wrong. We all know that the best sale is the one made at the car and my fellows in the shop were in obvious, desperate need of my help, or so I thought at the time. After numerous falls, to the utter hilarity of my dear, concerned fellows in the shop;

not to mention quite a few bruises and bumps. I retreated to the counter and my faithful stool, on which I propped my bad leg. Slowly, surely and quite undetected by me, I had retreated to behind the counter and planted myself like some broken sunflower. I thought things were going ok considering, but was unaware that I had lost my essence of mobility and vitality that had given me my edge.

Sales slowly but surely dropped. During this time, your humble narrator was blissfully unaware of the results of the situation. Al had mentioned on several occasions that things were dropping and he was becoming concerned but my

reassurances seemed to mollify him, and myself. 3 months later, my cast was off and Al invited me to dinner with his wife. It was a wonderful dinner, at a lovely restaurant. We had our meal and a couple of drinks, and then Al made his confession. Al pulled out a chart, which showed the progress of sales through the year so far. You could almost pinpoint the exact day that I had become physically handicapped. The drop in sales was steeper than most Olympic ski jumpers would attempt. I had never realized how my mental attitude had affected the business, Al and his family and my faithful fellows at the shop.

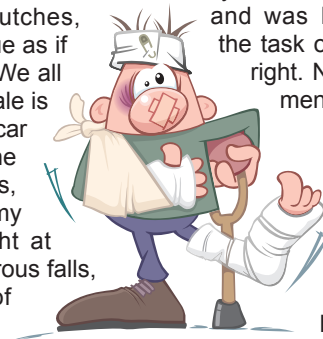
My cast was off Al said, and was I feeling up to the task of setting things right. Not once did he mention his loss or his willingness to stand beside me when he could have easily replaced me. He only mentioned that he knew it had influenced my

work and my self-confidence and what could he do to help me through this. The next day, week, month and year were among the best we had ever had. The sales were high and the customers were happy. I tell you dear readers, it was not I that caused this to come about. I made the sales, of course and my crew did the rest. It was Al that had made the difference. His calm, positive, confident leadership in the face of my adversity had made the difference. Al has since sold his franchise shop in the area. He has moved to warmer climates. I have moved on since then also but I know a large portion of my success in our industry was due to this man and his

wife, who instead of demanding more from me than I was able to give at that time. He waited for the right time.

This story is written partially for Al and his wife, but more importantly, it is written for all the owners or managers out there in the workplace. The story deals with the automotive world but it could have taken place in any business in the country. You, owners and managers, have a massive impact on your employees, their current life and their future. Instead of "what have you done for me lately", I ask you to consider, "what have you done for them lately?" I would like to think that, during my career, I have nurtured, grown and mentored some of my former co-workers so that they have gone on to be successful. The real question here is: would someone write a similar story about you someday? I challenge all of you out there to think of how you run your business and determine if you are truly happy with the results you get from your employees. Also, ask yourself, if they are happy with the results they give and what can you do on a personal level to make them better. I know that in the automotive industry, the successful shop owners operate with this concept in mind. However, there are many that don't and then wonder why employee retention is bad, they have people that don't care about the work they produce. Many times, it is us, the owners and managers that have failed. Gut check moment here, look into the mirror and honestly ask yourself that question. I sincerely hope you like the answer.

Al, wherever you and your wife are, I wish you only the best. That is what you demanded, but with compassion, and that is what you deserve. ✕



Sam's Corner: Superconference Will Be A Blast!

By Brian Canning

The Holidays are over and I don't know about the rest of you, but once my kids & grandkids have opened their gifts and once I realized that the Redskins lost & have no chance of making the Superbowl, I am faced with the prospect of a long cold and boring winter. For those brief moments going into the Superbowl, I liven up at the prospect and pageantry and more in anticipation of another wardrobe malfunction but beyond that, bupkis. Not a thing to wet the whistle or tickle the anticipation. College basketball

is only just starting to get interesting and still confused about exactly what 'icing' is, I'm not thinking hockey. Maybe in June with the Stanley Cup but not now.

The ATI Superconference is scheduled for February 7th and 8th in Fort Lauderdale, Florida. Now, here is an event! As recently as three years ago, this was a modest event attended by very few of the hundreds of ATI clients. Building on the very successful event in Arizona last January, this year promises to be the best ever. Listening to

the recommendations made by attendees last year, we have brought in respected industry speakers and plan an event that will be a perfect balance of pertinent quality content and huge opportunities for fun. Why I even remember a fervent client visiting my room very late the night before last year's event and though possibly suffering the effects of a large quantity of alcohol, I appreciated the passion with which this client described her courtesy check process. I have several great clients coming and look forward to the very differ-



ent interactions these great events provide. In last years event, I was astounded at the great time enmeshed in fun & the depth of the conversations and interactions that we experienced. There was a new momentum and energy that we all left with! This is an event well worth your time!

Seven At the Top, *Congratulations To All!*

This Month's Winners are:

David Patterson

Hockessin Goodyear
60 Chestnut Hill Plaza
Hockessin, DE 19713

Jonathan Moser

Far East Motors
963 Selim Road
Silver Spring, MD 20910

Ron Ramies

Ron Ramies Auto Inc.
115 Portola Road
Portola, CA 94028

Martin Krajewski

Brandywine Auto
1209 Kirkwood Hwy
Wilmington, DE 19711

Gregory and Tammy Kimberlin

Big O Tires, La Grange
900 S. Hwy 53
La Grange, KY 40031

Jeff Karas

The Automotive Service Center
9651 State Route 49
Marcy, NY 13403

Monte and Carol Dybvig

Doctor Monte's Auto
115 N. Main Street
Cambridge, MN 55008



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