

9 steps
to a better workshop

step 5a – Maximising the sale value of each invoice

- how to sell your workmanship to ensure you maximise the sale value on each transaction

step 5a Capitalise on busy times
The silly season is not the time to be silly about your pricing



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Other resources in step 5a:

- Auto services checklist sample

The silly season is not the time to be silly about your pricing You can maximise your profits by capitalising on busy times

The 'silly season' was originally applied to the end of year holidays as a time when there was little news, so the newspapers ran silly stories – things that would never make it during a normal news cycle. The season now applies to most human endeavour around the Christmas-New Year holidays.

In our industry, it can mean many things. Customers swamp workshops for last minute repairs and maintenance before they head down the highway. The number of public holidays slows down a busy workshop and people generally are winding down for their own time off and family celebrations.

All this usually means that many workshops put in long hours and stress levels go through the roof. But workshop owners and operators don't need to take on the Santa Claus role and give things away. How many workshop owners have actually worked out if the long hours or the stress translate to more money in the till?

An example:

Your workshop normally handles five cars a day which generate an average profit of \$200 per car. The silly season hits. Now you have eight cars a day to fix – a 60% increase. It's funny how customers leave everything to the last minute?

It's likely that in the rush to get all eight cars fixed you only make \$125 per car. You and your team have worked extra hard and long hours for the same profit. We know this happens. What workshop owners must first do to change this pattern is to acknowledge that this is what happens in their own workshop, or at least be aware of the possibility.

During busy times the focus is on getting the cars out the door with a minimum of fuss, and that usually means a minimum of work. And work, of course, is the labour that you buy from yourself and your staff, and on-sell to your customers.

In this rarefied end of year atmosphere there's a tendency to charge less, because not as much time is spent on individual jobs as would normally be the case. This leads to a lower profit per job than would normally be achieved at other times of the year.

Most workshops feel obligated to serve every customer who drives in the door. Hiring extra help is out of the question, because there's not enough money in it. Besides, where do you find extra help at short notice.

For these overwhelmed business owners, the solution is surprisingly simple: raise your prices.

But we're not talking about raising prices for the sheer hell of it. We're saying, take this opportunity to raise your prices to the **right** level.

The right level is the price you believe the job is worth and the money you deserve for the experience and knowledge you provide. It has nothing whatever to do with what the price you think the customer will pay.

If, out of the eight cars per day, you don't get a go-ahead on one or two, then at least you know that you are making great profit on the other six or seven jobs. What a great way to end the year, knowing that your work is valued, has been paid for at the right price, and you have made every customer happy because you solved their transport problems.

The silly season might also be a great time to analyse the type of work that you do and list which type of work delivers the highest profit with the least amount of effort. These are jobs which normally have a high perceived value from the customer's point of view.

It's during these busy times that you could suggest these additional services to your customers to increase your profits. The TaT experience has been that during the silly season, customers are much more likely to say yes for a whole range of reasons.

What sort of additional services are we talking about? Have a look at the web link for suggested services.

There are many more services or repairs you can offer or suggest to your customers in the busy times to raise your profit levels. And don't get the wrong idea. This has nothing to do with making extra money on work which does not need doing. You have a responsibility and a duty of care that every vehicle which leaves your workshop is safe and capable of running to the next service without failing or faltering. There's an unfortunate perception that modern vehicles need no attention in between the long service intervals. This is simply not true.

The modern vehicle still has parts which wear and systems that need maintaining and checking, just like the good old days. Nothing has really changed, despite the hype of car makers that their technologies are world class.

The sort of maintenance issues mentioned on the web link are all things which should be checked as a matter of course and repaired, cleaned or replaced, not **as required**, but well before an ultimate failure. That's what we mean by the duty of care that you need to honour to give a vehicle back to a customer that you are satisfied is safe. Duty of care means that you have anticipated and corrected those areas which are under stress and likely to cause problems.

Maximising your returns in the silly season is not as silly as it sounds. The small extra effort it takes to talk to your customer and suggest these maintenance services can repay you handsomely in a good return on each vehicle.

With this mindset, it is possible to maximise your returns during busy times and the task is made a lot easier if you take the time to figure out which of your services generate the higher profit margin.

Every clothing store, toy shop and holiday destination are doing exactly the same thing in the silly season. Isn't it about time you caught up?

The challenge over the next six weeks leading into Christmas is to think about your workload and the profit return from that work load.

This is the time to work smarter and not harder.

The place to start is www.tatbiz.net.au/capricorn.

Just go for it!