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The survival lessons of COVID-19

by Geoff Mutton

There's a popular song lyric that goes 'What doesn't kill you only makes you stronger.' A nice sentiment, but it's true only if we are prepared to learn from our experiences.

As painful as COVID-19 was for health and business, it was an unprecedented crisis that left most people with a changed attitude towards life, and particularly about the way work is performed.

There are lessons everyone can learn from this crisis, but the lessons will be wasted unless businesses act on what they have learned.

A cross section of Capricorn members has shared the lessons they have learned from the crisis and the steps they are making to ensure their business is prepared for any future upsets. This is a good checklist for all auto workshops to adopt.

Database management

It's common knowledge that your customer database is your most valuable asset. But if you didn't believe it before COVID, I'll bet you do now. Of all the businesses I have interviewed during the crisis, those who were able to regularly communicate using an up-to-date database fared better than those who couldn't.

To get the best out of your database:

- Confirm and update customer details every time their vehicle is in your workshop. It is surprising how often customers' details change – if they are incorrect they might as well not be in the database.
- The three preferred communication platforms are the post, email and SMS. If possible, collect all three for every customer. Different platforms can be useful for a variety of messages.

- Include the due dates of service and registration or warrant of fitness (WOF) for every customer so that reminders can be sent out for every possible interaction with their vehicle.
- If you use social media, encourage customers to follow you. The more who follow your page the more your posts will be read.
- Use the database to regularly keep in contact. Service and repair, registration or WOF reminders should be routinely set up after each transaction. Communicate with your entire database a few times a year with something that will be useful to them. Seasonal greetings with specials attached are a good start.

Open communication with staff

The days of the 'us versus them' mentality between staff and bosses are over. When COVID-19 struck, businesses went into survival mode for both the 'them' and the 'us'. The relationship changed, hopefully forever. A workshop is now operated by a team, with the aim of keeping the business profitable, and keeping everyone gainfully employed.

To get the best out of your team:

- Hold regular open and honest team meetings. Once every few months is not good enough. It needs to be monthly at an absolute minimum.
- Encourage the staff to make suggestions about workshop processes. There are no dumb ideas. And when suggestions are made, address them and let the staff know the outcome.
- Talk to your staff socially and take an interest in what is going on in their lives. This helps to build a caring relationship that's good for both sides.

Cash reserves

When the lockdowns began, it was revealed that most small businesses held cash reserves to cover operating expenses that would last just for a couple of weeks. Government interventions thankfully extended this to a couple of months.

The lesson is that businesses should always have sufficient cash reserves to cover slowdowns or forced closures that might occur due to natural disasters or personal injuries.

How much cash is a debatable figure, but the current crisis has provided a benchmark – the aim should be to have sufficient cash to cover operating expenses for at least two months.

To build cash reserves:

- Meet with your accountant to determine what level of cash reserves would suit your business
- Set up a payment plan and start making routine payments into the reserve account.

Review expenses

It is no surprise that expenses increase every year. But somehow, many businesses tend to ignore this reality, so expenses tend to spiral out of control. The COVID-19 crisis exposed many out-of-control expense bases.

How to manage expenses:

- Don't just roll over with the same suppliers every year. For example, the basics, such as electricity, internet, insurance, and telephone are all very competitive, and it pays to invest some time to check out the offerings of alternative suppliers.
- Review the workshop's expenses every year. Question expenditure on things like advertising, where so many alternatives are now available. The aim is not to pay for anything that is not returning a real benefit for the business, or for any item of plant that is not used consistently.

Being elated that the economy is now in recovery mode is all very well, but it is too easy to forget the lessons of the virus lock downs.

This is the golden opportunity to improve your business, and at the same time, relieve pressures on the business to be able to cope – next time.

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

Just go for it!