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# ONBOARDING 101: THE REVENUE ACCELERATOR



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# ONBOARDING 101:

THE EXPERT SELLING SYSTEM™

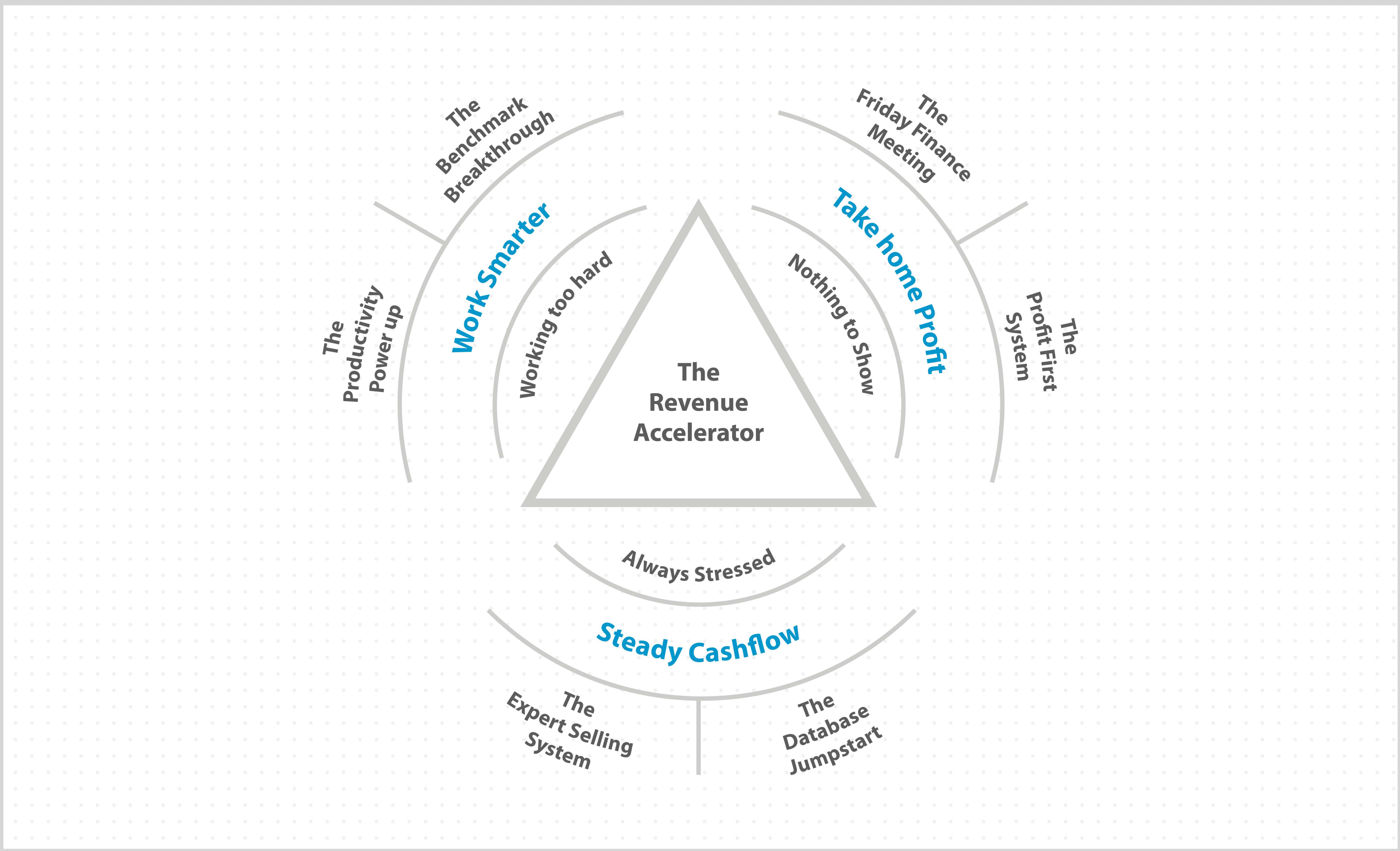
# The Expert Selling System™

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Increase the average repair order, overcome  
objections & improve gross profit on every  
service





# The Revenue Accelerator



# The Log Book Service

	TECHNICIAN 1	TECHNICIAN 2
<b>Labour Rate</b>		
<b>Clock Time</b>		
<b>Parts (Profit Only)</b>		
<b>Total Profit</b>		
<b>Hours Sold</b>		

# The Expert Selling System

-  1 Work that was booked in
-  2 Safety concerns
-  3 Cost saving additional work
-  4 Coming up
-  5 Elective work mentioned
-  6 Total cost

# The Expert Selling System Delivery Formula

## 1. Work that was booked in

Great news! We're able to do that service today. Before we move ahead with that there are a few other items I would like to bring to your attention to make a decision on.

## 2. Safety Concerns

That noise you are hearing is the (diagnosis). It has (situation). The problem with that is (problem) which could lead to (impact). I recommend that we need to (X action) to ensure that (situation you want to avoid) doesn't happen.

## 3. Cost saving additional work

Because we are doing (X action) we should probably also do (Y action) because (reasoning due to car build). If we do it at another time, the labour costs to access the part make it an expensive job and (future problem may occur).

## 4. Coming up

Your (part) is currently at (measurement) and we should probably replace it now as it won't last until the next service.

## 5. Elective work mentioned

Finally, with regards to (elective mentioned) we can certainly do that also. Given the safety items we've mentioned, do you still want to talk about that?

If No: I've made a note and we can have look at that when you come in for your next service.

## 6. Total cost

We can take care of all of that today. It will be (\$) 1-2-8-4, we just need your go ahead. What would you like us to do?

# Safety Concerns

## FORMULA

That noise you are hearing is the diagnosis. It has (situation).

The problem with that is (problem) which could lead to (impact).

I recommend that we need to (X action) to ensure that (situation you want to avoid) doesn't happen.

### **Wheel bearings**

That noise you are hearing is the wheel bearing. It has collapsed on the right-hand side. The problem with that is it can cause a domino effect right back up through the car from the wheel through to the transmission.

I recommend that we replace the wheel bearing today to ensure that you don't end up in a situation where you are not able to drive the vehicle.

### **Airconditioning is not blowing cold anymore**

That's a sign that there is a problem with the compressor. The problem with that is, if there is a leak, your whole AC system will be working harder than it needs to in order to cool you down.

I recommend that we do a pressure test & an AC service, which should be done every 2 years anyway. This will ensure that your whole AC system is running properly.

### **Brakes & tyres are squealing**

That noise you are hearing is the brake disks grinding – its metal on metal. The problem with that is it will become dangerous if you need to stop in an emergency.

I recommend that we replace the pads and assess if we can machine the disks or need to replace them.

# Cost Saving Additional Work

## FORMULA

Because we are doing (X action) we should probably also do (Y action) because (reasoning due to car build).

If we do it at another time, the labour costs to access the part make it an expensive job and (future problem may occur).

### **Timing belt changeover as part of this service interval (Volkswagen Golf)**

We highly recommend you replace the water-pump at this time as it is in a similar location to the timing belt, therefore will not cost you any extra labour. This is a simple preventative measure to keep your car reliable & prevent major engine failure. Should you opt to not replace the water-pump at this time, and it fails, you will have to pay up for another 4 hours labour as the timing belt will need to be removed & replaced again in the process.

### **New tyres**

To ensure you get the most value and mileage from your investment in your new tyres, we highly recommend a wheel alignment be carried out at the same time. If we leave it as it is, its likely that the new tyres will get unnecessary and potentially destructive wear.

### **Transmission service as part of this service interval (eg. Mercedes A45)**

As part of this 60,000km service, the vehicles transmission fluid, filter and gasket are replaced & the transmission adaption data is reset. This should be considered a proactive service measure.

Should the transmission have an internal failure in the future, due to the complexity of this transmission, this will be a very expensive repair as opposed to servicing the transmission at 60,000km intervals.

# Coming up

## FORMULA

Your (part) is currently at (measurement) and we should probably replace now as they won't last until the next service.

### **Tyres**

Your tyre-tread is down to 7mm and we should probably replace it now as they won't last until the next service.

### **Brake pads**

Your brake pads thickness is at 4mm. Anything less than 6.4mm means they need to be replaced. Less than 3.2mm is dangerous. It shouldn't have caused any damage yet, but we should probably replace them now as they won't last until the next service.

### **Brake Rotor**

The thickness of your brake rotors are not in the safe range. Brake rotors should be replaced in pairs & new brake pads should also be fitted. We should do both today as this is a major safety concern.

# Talking Money

INSTEAD OF THIS	SAY THIS
Item A costs \$450 + item B costs \$500 = \$950	All that together costs = \$950
Nine hundred and twenty-nine dollars	Nine twenty-nine
One thousand two hundred and thirty-nine dollars	Twelve thirty-nine
I can discount that . .	I'm happy to also add X inclusion (value add only i.e. car wash)

## 3 things to remember

1

The customer wants convenience & safety

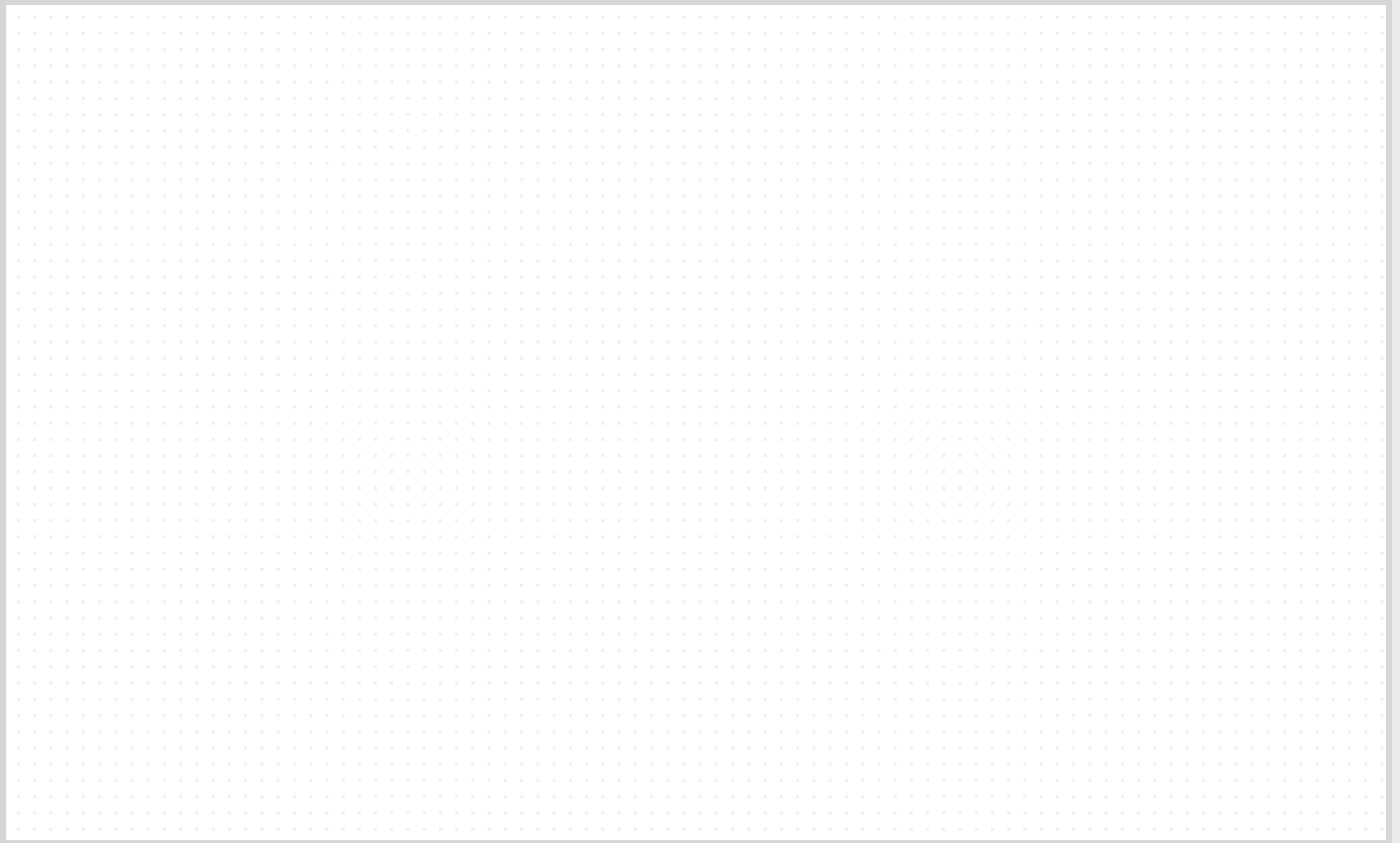
2

Offer the recommendation, not the decision

3

Be honest & transparent throughout

# Notes





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# ONBOARDING 101:

PROFIT FIRST

# PROFIT FIRST

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## OVERVIEW

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# PROFIT FIRST OVERVIEW

## THE PROFIT FIRST FORMULA

The GAAP (Generally Accepted Accounting Principles) formula for determining a business's profit is Sales – Expenses = Profit. It is simple, logical and clear. Unfortunately, it's a lie. The formula, while logically accurate, does not account for human behavior. In the GAAP formula profit is a left over, a final consideration, something that is hopefully a nice surprise at the end of the year. Alas, the profit is rarely there and the business continues on its check to check survival.

$$\begin{array}{r} \text{Sales} - \text{Expenses} = \text{Profit} \\ \text{Sales} - \text{Profit} = \text{Expenses} \end{array}$$

With Profit First you flip the formula to Sales – Profit = Expenses. Logically the math is the same, but from the stand point of the entrepreneur's behavior it is radically different. With Profit First, you take a predetermined percentage of profit from every sale first, and only the remainder is available for expenses.

## PARKINSON'S LAW

Author and historian C. Northcote Parkinson theorized that our demand for a resource increases to meet the supply of it. That is why when we are given two weeks to do a project it takes two weeks, and when we are given eight weeks to do the same project it takes eight weeks. That is why when given \$1,000 to complete our work we get it done with \$1,000 and when given \$10,000 to complete the same work, it takes \$10,000. Profit First makes Parkinson's Law an asset. By taking profit first the money available for expenses lessens, and we are forced to find ways to get the same things done for less money.

## BANK BALANCE ACCOUNTING

Most entrepreneurs don't have the time or gumption to read the different accounting statements necessary to manage the financial aspect of their business. Theoretically you should review and correlate your Income Statement, Balance Sheet and Cash Flow Statement monthly (or more frequently), but few entrepreneurs do. Most resort to "bank balance accounting," where we check our bank balance every day and make financial decisions based upon what we see. Per Parkinson's Law, we consume what we see in our bank account. Profit First encourages the entrepreneur to continue "bank balance accounting" by first allocating money to profit (and other accounts) so that the entrepreneur sees the actual portion of deposits that are available for expenses and they automatically adjust their spending accordingly.

## DON'T CHANGE HABITS, LEVERAGE THEM

Many entrepreneurs try to force themselves to become better at accounting and to become more disciplined in their fiscal management by pure willpower. But just like a muscle, willpower can be drained. And in a moment of financial stress or bigger than expected expenses the entrepreneur will break their own fiscal rules and spend the money they have. The Profit First principle does not try to change your habits (that is nearly impossible to do), Profit First works with your existing habits. By first allocating money to different accounts, and then removing the temptation to "borrow" from yourself, your business will become fiscally strong and you will benefit from regular profit distributions.

# PROFIT FIRST ONE-SHEET

## One Time Set-up

- STEP 1 Setup the key five banks accounts with your current bank. We'll call this bank, Bank 1 .  
1. Income (Checking); 2. Profit (Savings); 3. Owner's Pay (Checking); 4. Taxes (Savings);  
5. Operating Expenses (Checking)
- 
- 2 Setup two new accounts at a different bank. We'll call this bank, Bank 2 . The purpose for these accounts is to remove the temptation of "borrowing" from these accounts.  
1. Profit; 2. Taxes
- 
- 3 Determine the TAPs (Target Allocation Percentages) for your business using the Instant Assessment (available for free download at [www.MikeMichalowicz.com/Resources](http://www.MikeMichalowicz.com/Resources) ). But, start with percentages that your business can reasonably do for each account the remainder of the quarter. The percentages you determine are called your Allocation Percentages .

## Every Day

- STEP 1 All receipts from sales go into the Income account at Bank 1 .
- 
- 2 If you are doing Advanced Profit First, deposit receipts for things like reimbursable in the respective account.
- 
- 3 Spend a minute to review your account balances at Bank 1 daily, to see cash flow trends for the key aspects of your business. That's all the time you need to see where things stand!

## Every 10<sup>th</sup> & 25<sup>th</sup>

- STEP 1 Transfer all funds that have accumulated in the Income account at Bank 1 to the other accounts at Bank 1 based upon the Allocation Percentages you are using.
- 
- 2 Transfer all the money in your Profit account at Bank 1 to the Profit account at Bank 2 . Transfer all money in your Taxes account at Bank 1 to the Taxes account at Bank 2 . This will leave a \$0.00 balance for Profit and Taxes at Bank 1 .
- 
- \*3 If you are doing Advanced Profit First, transfer Employee Payroll or other fixed dollar amounts from Operating Expenses to the respective accounts.
- 
- \*4 Disburse the salaries for the business owner(s) from the Owner's Pay account.
- 
- 5 Pay your bills from the Operating Expenses account.

## Every Quarter

- STEP 1 Take 50% of the money that has accumulated in the Profit account at Bank 2 , as profit distribution. Remember this money is for the business owner's and not to be used to "plowback" into the business.
- 
- 2 Pay your tax liabilities from the Tax account at Bank 2 .
- 
- 3 Meet with a Profit First Professional and adjust the Allocation Percentages for the Profit, Tax , Owner's Pay and Operating Expenses to maximize your financial health.

## Every Year

- STEP 1 Review your financials with your Profit First Professional accountant and financial experts.
- 
- \*2 Make year end contributions to the Vault account, retirement accounts, or make capital purchases as determined by you and your Profit First Professional.

## STAYING ACCOUNTABLE

Just like going to the gym and trying to lose weight, we all know what to do and how to do it, but the best workouts are overseen by personal trainers. A Profit First Professional is your financial trainer. Use them!

\*Certain steps in Profit First can be further configured optimally for your business. Please refer to the Profit First book for these advanced options and configurations.



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# ONBOARDING 101:

## THE FINANCE FRIDAY MEETING



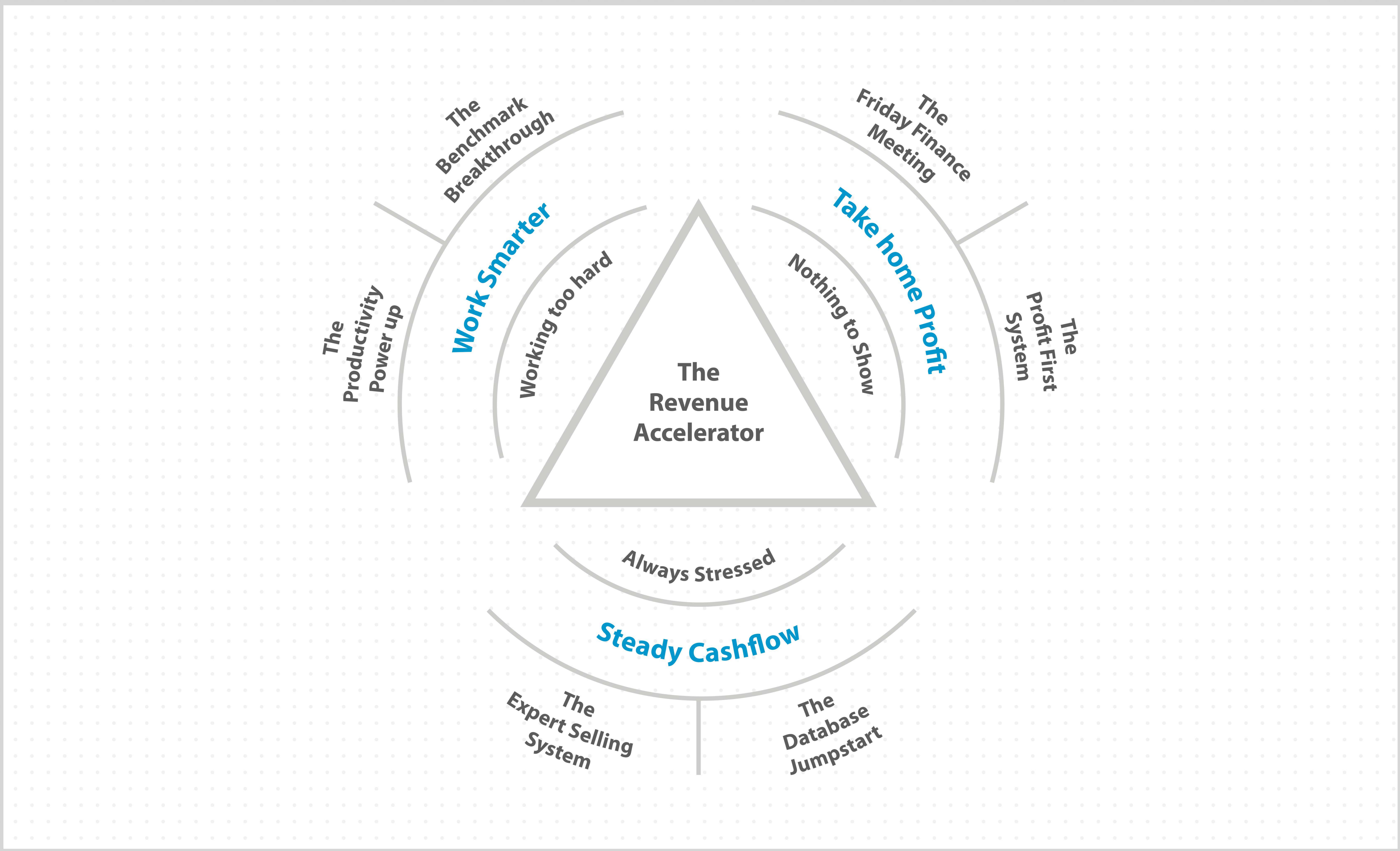
# The Finance Friday Meeting

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Drive your total business profitability by crunching the numbers that matter



# The Revenue Accelerator



# Purpose & Outcomes

## **Purpose**

This standard operating procedure (SOP) provides advice on the agenda for a regular Friday Finance Meeting

## **Scope**

This SOP is used to help discuss financial results and projections of the business allowing informed decisions to be made about future direction, budgets, hiring and wages, and capital acquisitions. All directors and managers with financial and productive responsibilities should make themselves familiar with this SOP.

## **Responsibilities and Accountabilities**

The owner/director, or other person nominated by the owner/director assumes responsibility for this SOP and that the Friday Finance Meeting will be carried out in accordance with it.

Decision Maker: Owner/Director

Action Taker: Owner/Director or other nominated person

# Required Reports

## Preparation

Ensure relevant financial reports are printed and on hand for each person attending the meeting.

Reports must include:

- KPI Tracking Spreadsheet,
- Profit and Loss,
- Balance Sheet,
- Cash Flow Report (noting beginning month and end of month bank balance),
- Accounts Payable and Receivable,
- Productivity % for period,
- Productivity per technician,
- Efficiency,
- Average repair order value,
- Gross Profit % for period,
- Net Profit % for period,
- Effective labour rate.

# The Meeting Flow

1. WELCOME	2. AGENDA	3. TOTAL REVENUE
<p>Welcome to the meeting</p> <p>One big win over the past 7 days was . .</p>	<p>Today we will look at the recent numbers in 6 critical areas:</p> <ul style="list-style-type: none"> <li>• Total revenue</li> <li>• Gross profit %</li> <li>• Cash flow</li> <li>• Productivity &amp; Efficiency</li> <li>• Average sale</li> <li>• Car count</li> </ul>	<p>Did we reach our benchmark this week / month?</p>
4. GROSS PROFIT %	5. CASH FLOW	6. PRODUCTIVITY & EFFICIENCY
<p>Is our gross profit % between 58-62%?</p> <p>Is labour vs parts income within 3-7%?</p>	<p>Did we stay cash positive* over the past 30 days?</p> <p>Will we remain cash positive* over the upcoming 30 days?</p> <p>*no overdraft or arrears</p>	<p>Were our technicians at least 80% productive this week?</p> <p>Were our technicians 100% efficient on jobs performed this week?</p> <p>Is our daily Effective Labour Rate (ELR) at our benchmark?</p>
7. AVERAGE SALE	8. IDEAL CAR COUNT	9. NEXT STEPS
<p>Did we sell between \$400 - \$525 per car this week / month?</p>	<p>Did we maintain our ideal car count every day during the past week / month?</p>	<p>As a result of today's meeting:</p> <ol style="list-style-type: none"> <li>1. What action needs to be taken?</li> <li>2. What conversations need to be had?</li> </ol> <p>When specifically will these actions &amp; conversations take place?</p>

# Total Revenue

## QUESTION

Did we reach our benchmark this week / month?

## TROUBLESHOOT

Do we have enough work for our technicians?

If yes:

Productivity & Efficiency review

Gross Profit % review

If no:

Upsell parts & labour

External Marketing

# Gross Profit %

## QUESTION

Is our gross profit % between

## TROUBLESHOOT

Is labour income vs parts income within 3-7%?

If yes:

Productivity & Efficiency review

If labour too low

Increase hourly rate

Ensure all hours charged for

Upsell labour

If parts too low

Job sheet recording protocol

Parts margin within benchmark

Upsell parts

# Cash Flow

## CASH FLOW RETROSPECTIVE

Past 30 days

- What was our bank balance 30 days ago?
- What is it today?
- Did we, at any time over the past 30 days, go into the overdraft (negative bank balance), arrears (owed money that should have been paid earlier) or borrow money from owners or other lenders?

## CASH FLOW PROJECTION

Next 30 days

- Receivables (In): What is the total money to be paid to us over the upcoming 30 days?
- Payables (Out): Who do we need to pay over the upcoming 30 days?
- Cash flow: Can we pay them, or do we need to go into arrears or overdraft?

## QUICK FIX

30 Day solve

- Extend: Talk to supplier asking for extension as long as you can.
- Collect: Collect all payment owing. Adopt a payment in full upon collection or upfront policy
- Freeze: No spending on unnecessary items (tools, equipment, team fun day, stationary, uniforms, subscriptions, software). No withdrawals of unbudgeted owner drawings.
- Manage: Break down week by week how much needs to be paid this month (& next month) to get back on track.

## LONG TERM SOLUTION

Resolve forever

- Do all Profit First work.
- Forensic analysis of what led to here: Stock management / payment terms / etc.
- Continue to meet weekly to grow financial literacy.

# Productivity & Efficiency

## PRODUCTIVITY

Were our technicians at least 80% productive this week?

### Calculation %

$(\text{Hours charged} \div \text{Hours chargeable}) \times 100$

- per team & per individual

### Troubleshoot

- Chasing parts they can't bill for
- Interruptions
- Unnecessary conversation with suppliers
- Workshop setup inefficiently
- Not enough stock on hand
- Technician is inefficient

## EFFICIENCY

Were our technicians 100% efficient on jobs performed this week?

### Calculation %

$(\text{Expected time taken} \div \text{Actual time taken}) \times 100$

- per team & per individual

### Troubleshoot

- Lack of experience (knowledge or skill)
- Poor work ethic (attitude or habits)

## ELR

Is our daily Effective Labour Rate (ELR) at our benchmark?

### Calculation (per hour)

$\text{Total Labour Sales } \$ \div \text{Total Available Hours}$

### Troubleshoot

- Efficiency
- Discounting on finalised invoice

# Average Sale & Ideal Car Count

## AVERAGE SALE

Did we sell between \$400 - \$525 per car this week / month?

## TROUBLESHOOT

- Upsell parts & labour

## IDEAL CAR COUNT

Did we maintain our ideal car count every day during the past week / month?

## Calculation

- Investigate last 30/60/90 days and determine days where you made the most profit.
- Assuming productivity & efficiency benchmark % were achieved, the number of cars on the most profitable days becomes your ideal car count for your workshop.

# Tell the Team

## **Outcome**

We want to be a next level workshop.

## **Strategy**

The best way to do that is to know our numbers.

## **Tactic**

Each Friday morning, the leadership team will have a 45 min meeting commencing at 10am where we will be working on exactly that.

## **Rules**

We won't be able to answer your questions during that time.

## **Results**

We'll be sharing some of these numbers with you in our toolbox meetings so you can understand how we are going, where you are going, what it means for you and how we can help each other.

## **Check in**

Does that make sense?

What questions do you have?

## 3 things to remember

1

Numbers don't lie

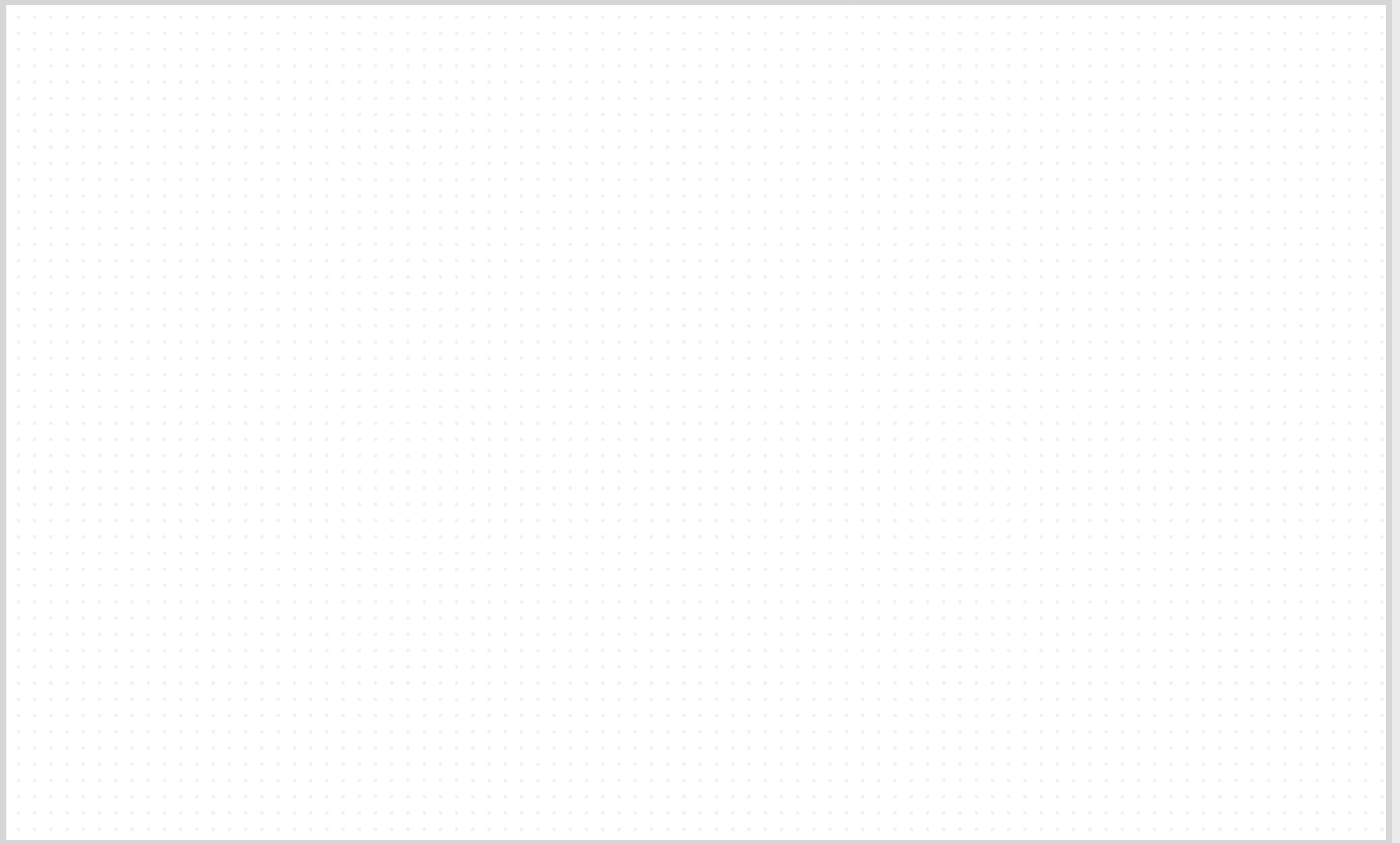
2

Meet EVERY Friday

3

Take decisive action

# Notes





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# ONBOARDING 101:

THE PRODUCTIVITY POWER UP

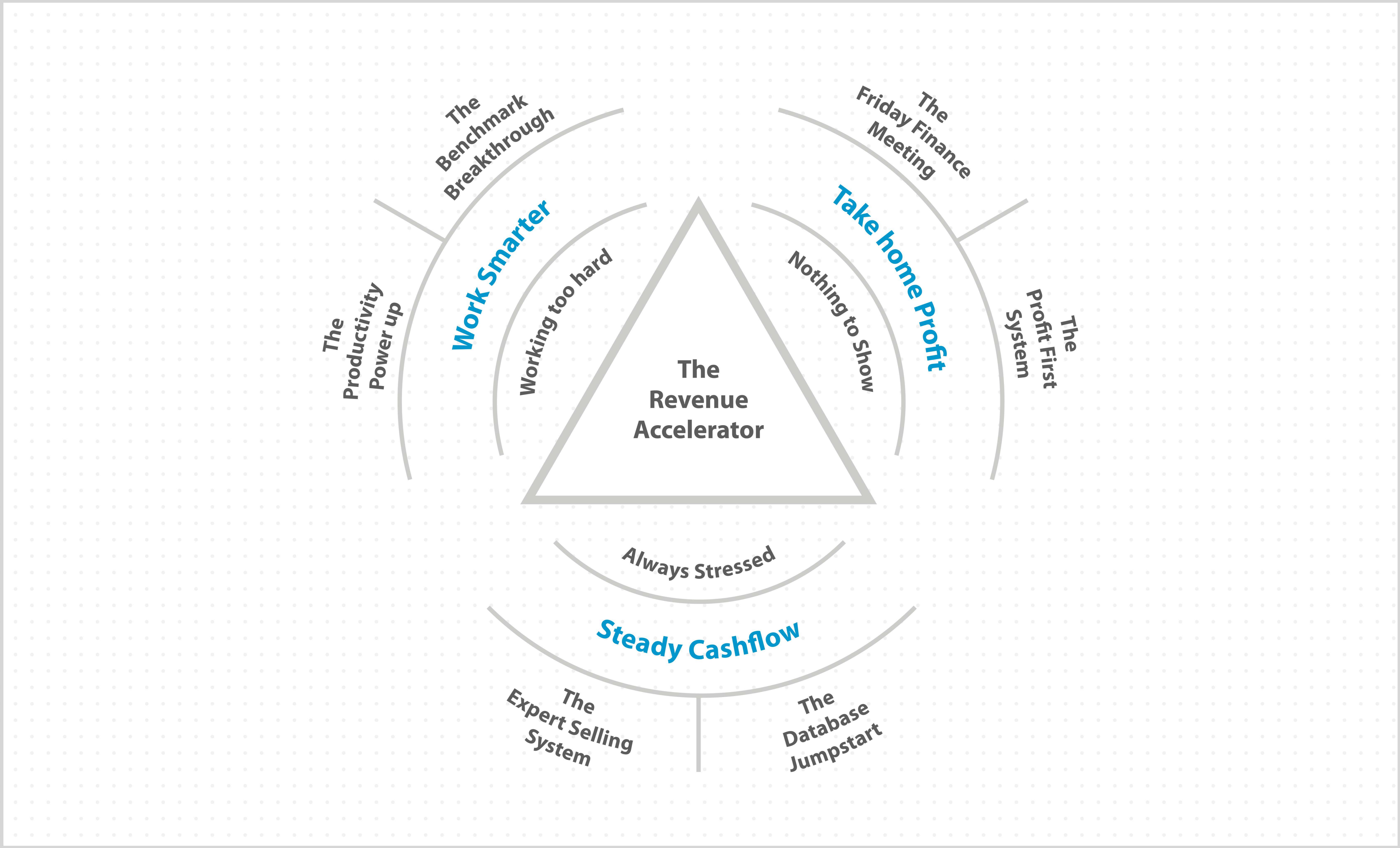
# The Productivity Power Up

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Track & measure the true productivity & performance of every team member



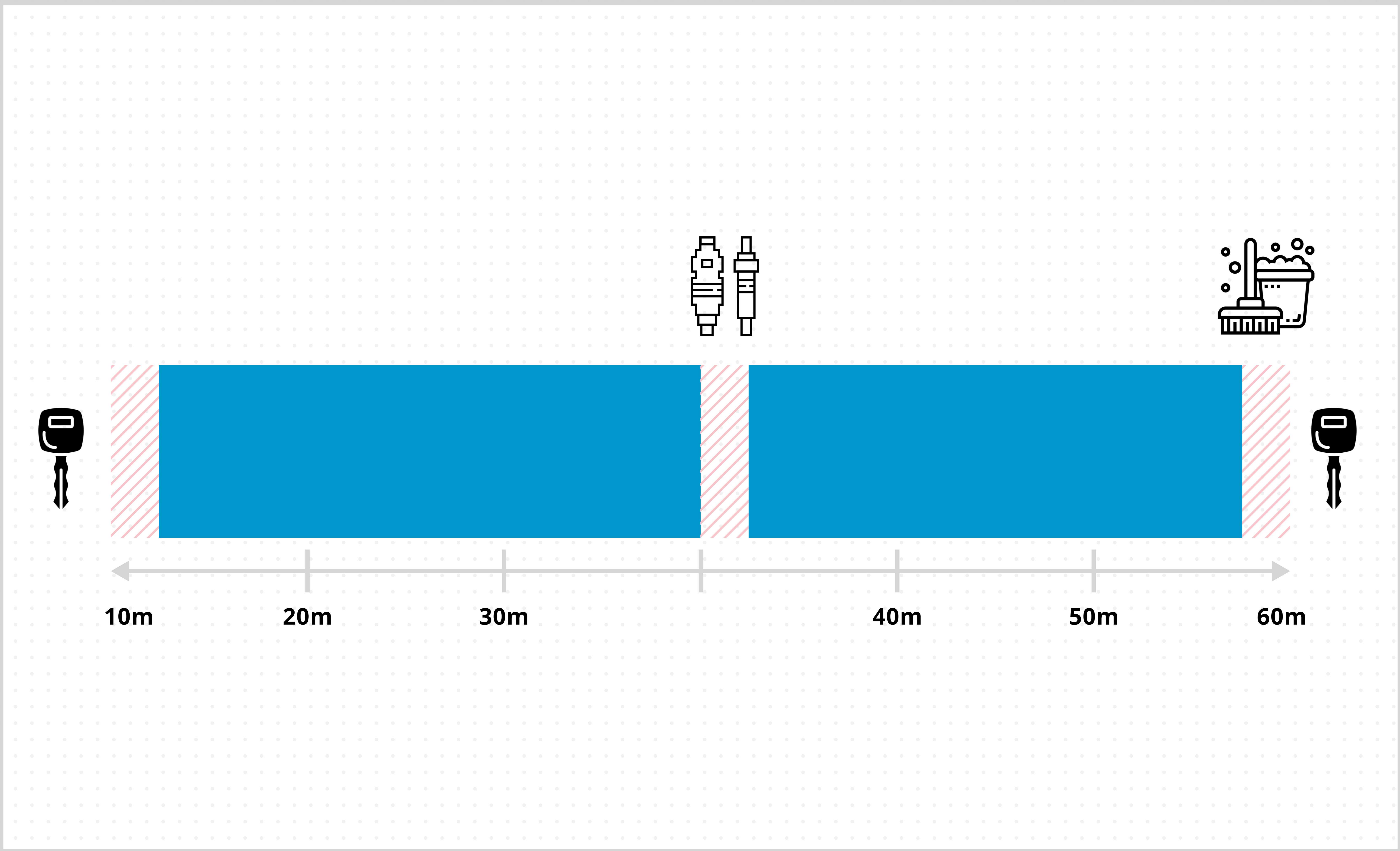
# The Revenue Accelerator



# The Success Board

Name	Mon	Tues	Wed	Thur	Fri	Week	% Rating
John							
George							
Paul							
Ringo							

# Time clocking



# The KPI Spreadsheet

Month	Total Sales	Total Labour	No. of Inv	Av. Sale p/Car	No. of Techs	Av. sale p/Tech	Hrs Avail	Hrs Inv	Hrs Clocked	WO Hrs	Total Hrs	Eff Lab Rate
1st July	\$	\$		\$		\$						\$
2nd July	\$	\$		\$		\$						\$
3rd July	\$	\$		\$		\$						\$
4th July	\$	\$		\$		\$						\$
5th July	\$	\$		\$		\$						\$
<b>Total</b>	\$	\$		\$		\$						\$

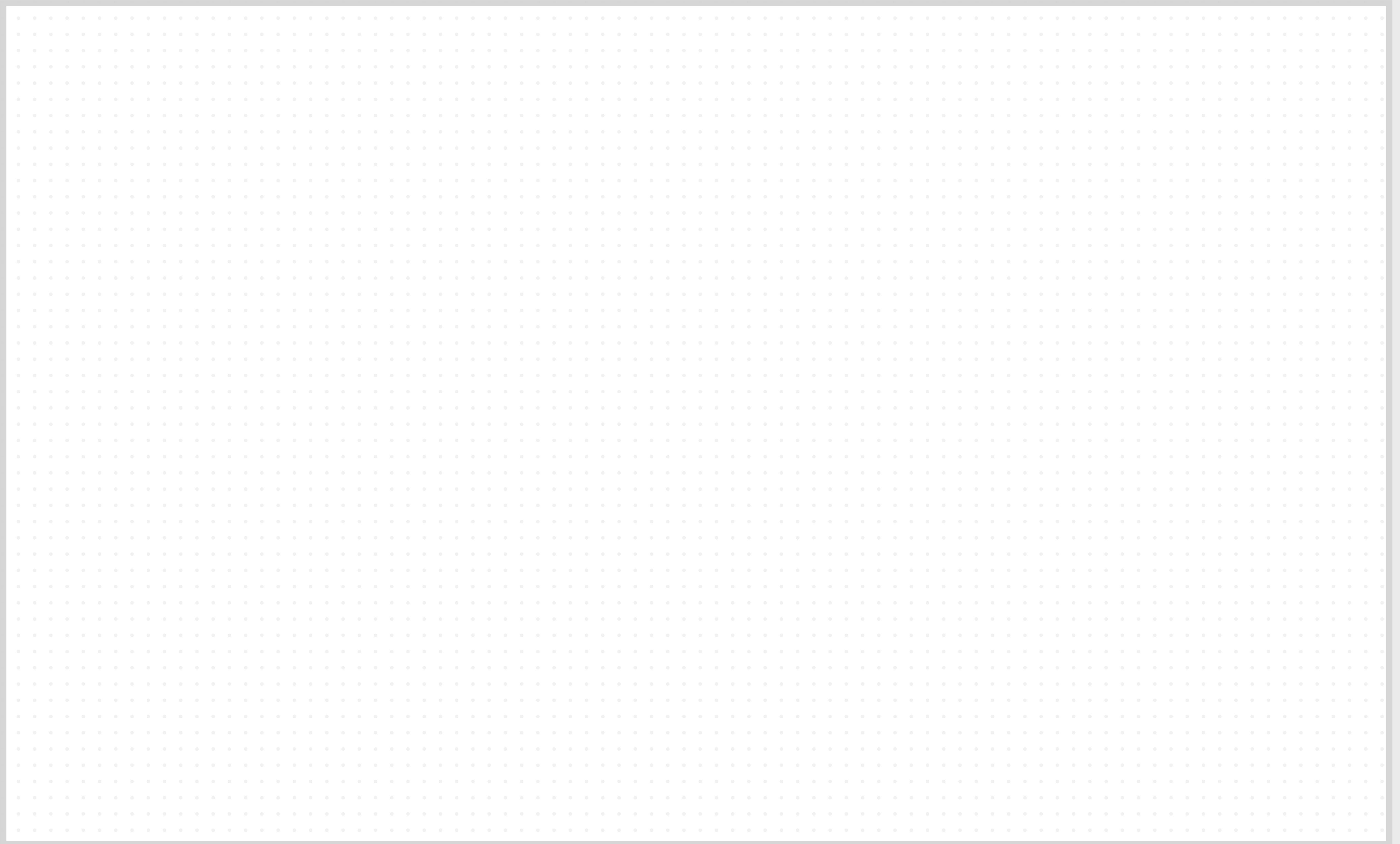
## 3 things to remember

**1** Winners like a scoreboard

**2** Count every minute

**3** Track in real time

# Notes





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# ONBOARDING 101:

THE BENCHMARK BREAKTHROUGH

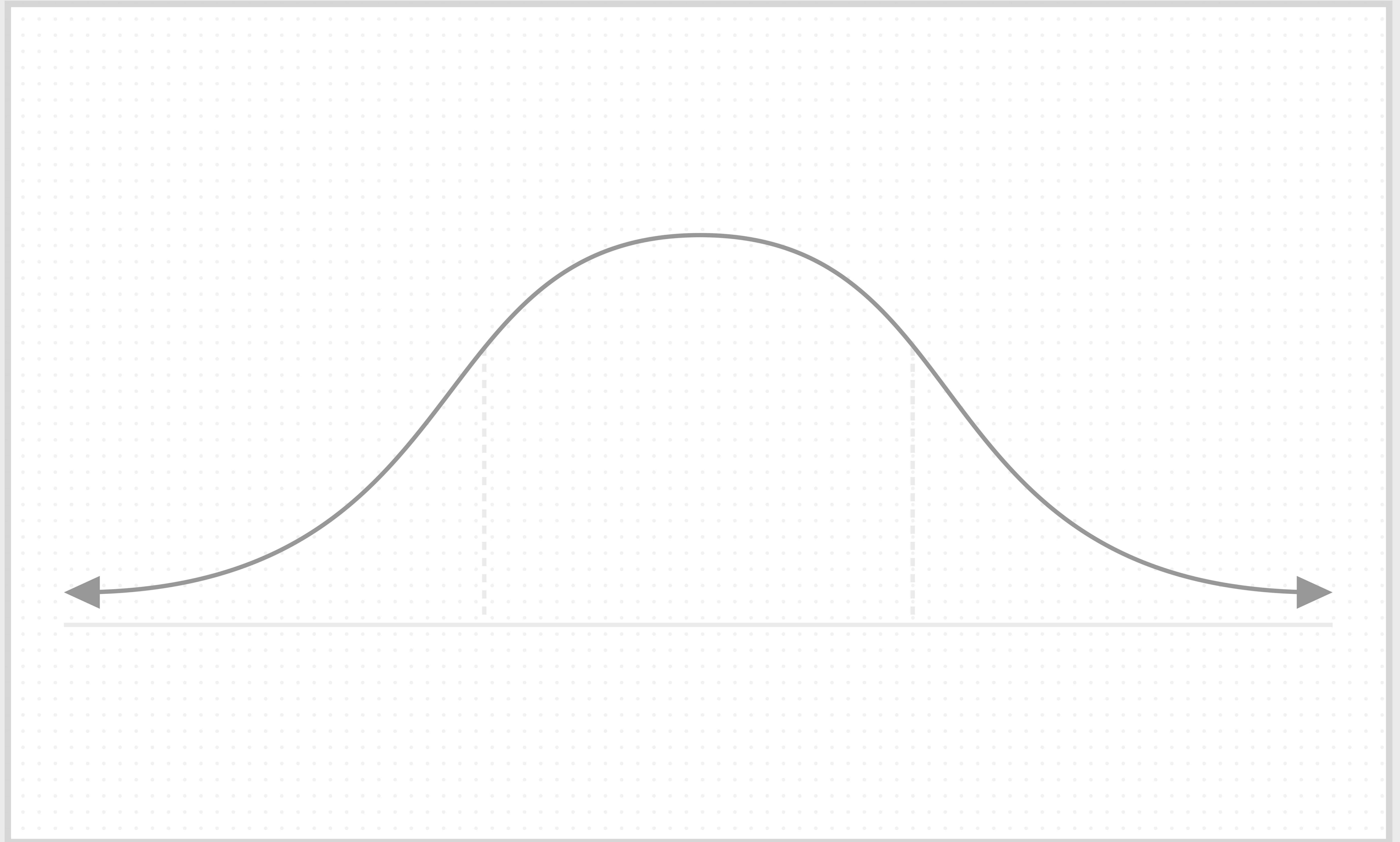
# The Benchmark Breakthrough

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Track & troubleshoot with the 16 indicators that determine how 'solidly profitable' your shop is

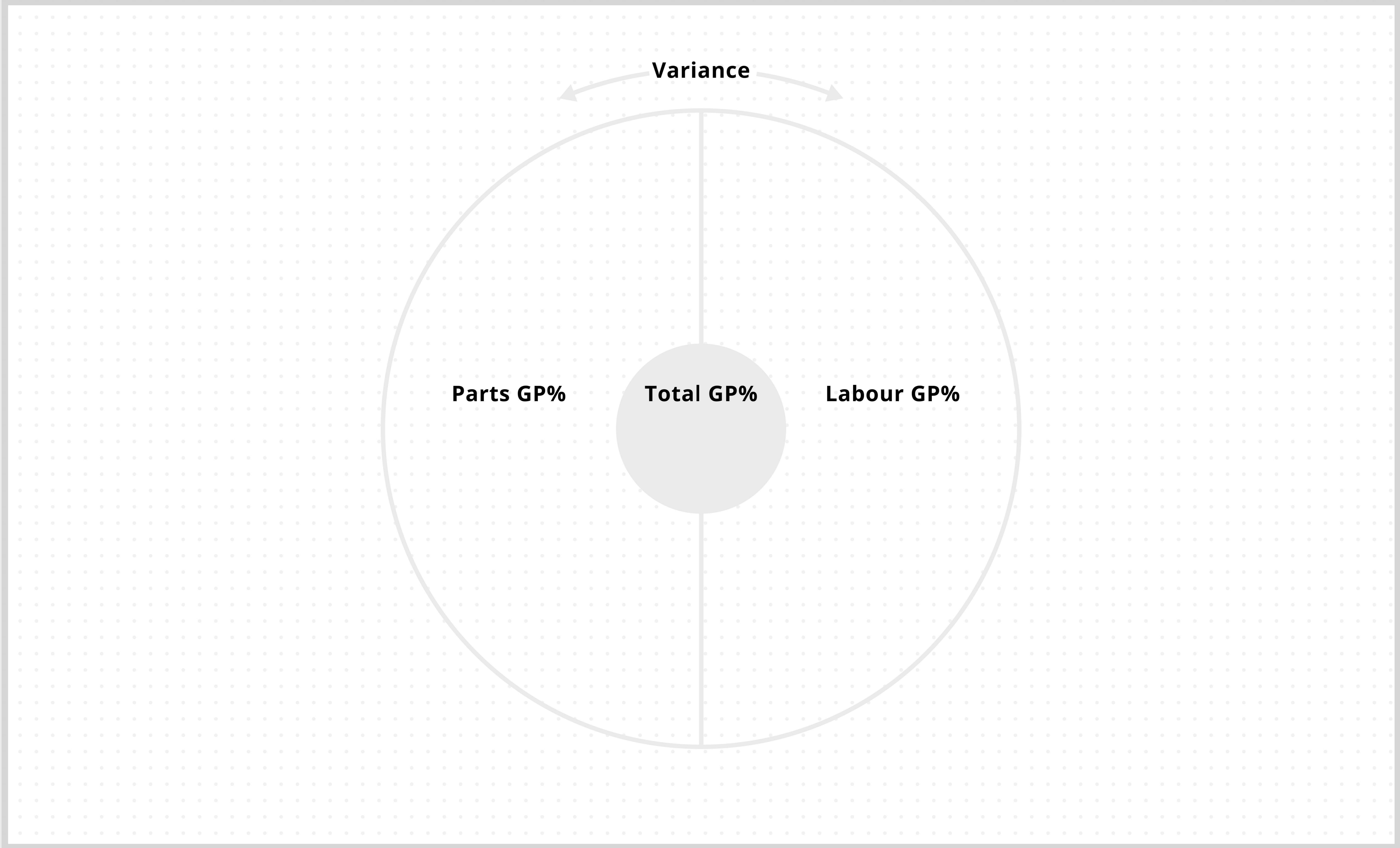


# About this data



# Profit benchmarks

# Profit benchmarks



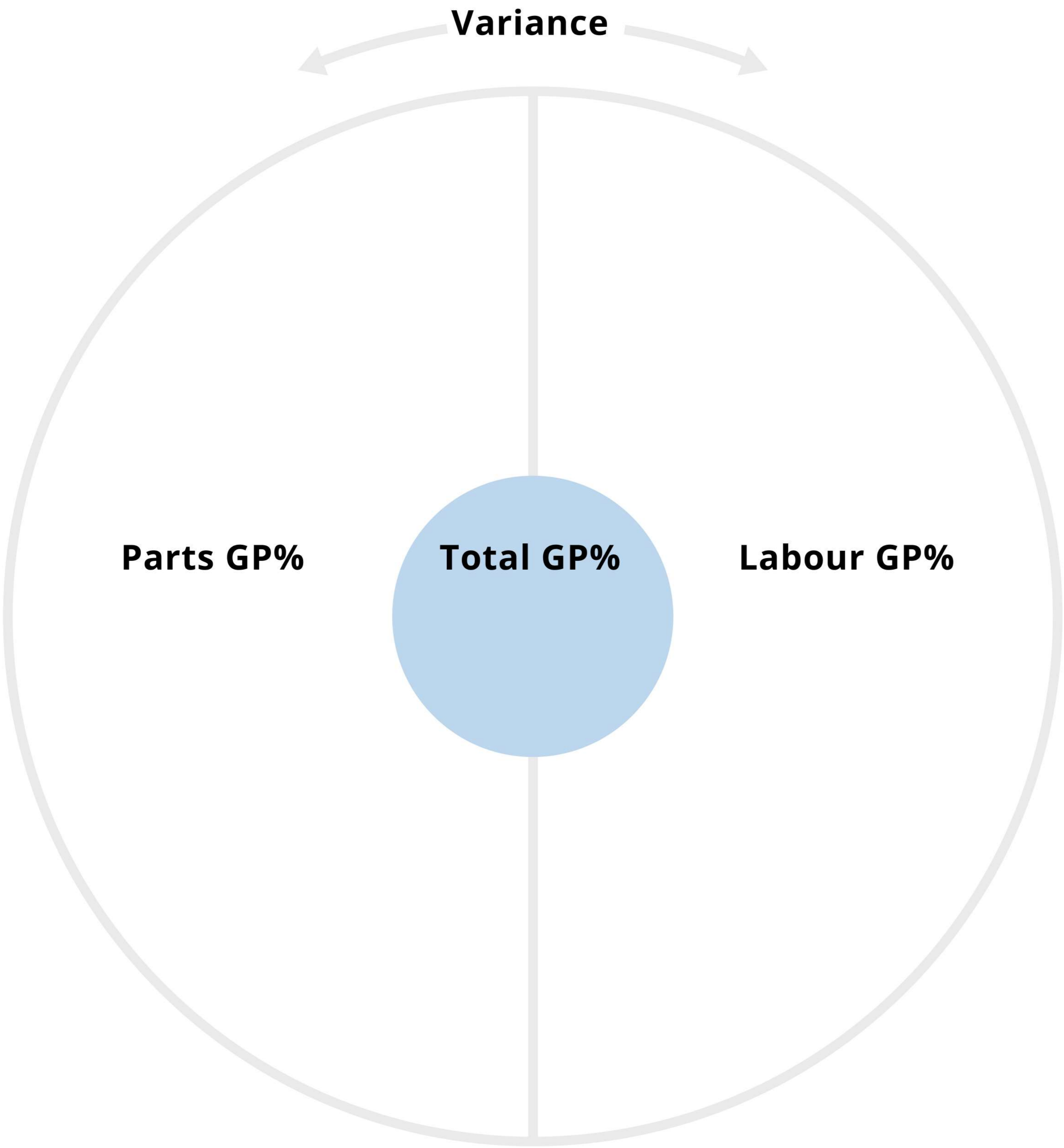
# Profit benchmarks - Formulas

Benchmark	Definition	Formula
Total Gross Profit %	What % of your total revenue is gross profit?	Total sales - Total parts cost - Total labour cost = Total gross profit  $(\text{Total gross profit} \div \text{total sales}) \times 100 = \text{Total Gross Profit \%}$
Labour Sales vs Parts Sales %	Of your total revenue, how much is parts sales & how much is labour sales?	Labour sales + Parts sales = Total sales  $(\text{Labour sales} \div \text{Total sales}) \times 100 = \text{Labour sales \%}$ $(\text{Parts sales} \div \text{Total sales}) \times 100 = \text{Parts sales \%}$
Labour Gross Profit %	What % profit are we making on just on labour sales?	Labour sales - Labour cost = Labour gross profit:  $(\text{Labour profit} \div \text{Labour sales}) \times 100 = \text{Labour gross profit \%}$
Parts Gross Profit %	What % profit are we making on just on parts sales?	Part sales - Parts cost = Parts gross profit  $(\text{Parts profit} \div \text{Parts sales}) \times 100 = \text{Parts gross profit \%}$
Gross Profit \$ per sold hour	On average, how much gross profit are you making on every hour you sold?	$\text{Total gross profit} \div \text{Labour hours sold} = \text{Gross profit \$ per sold hour}$
Average \$ repair order	What is the average amount per repair order?	$\text{Total sales} / \text{Number of vehicles (invoiced)} = \text{Average \$ repair order}$

# Profit benchmarks - Troubleshooting

Benchmark	If under	
Total Gross Profit %	<ul style="list-style-type: none"> <li>• Labour rate too cheap</li> <li>• Not selling enough hours</li> <li>• Margins on parts too low</li> </ul>	
Labour Sales vs Parts Sales %	<p><b>Labour % too high</b></p> <ul style="list-style-type: none"> <li>• Not selling enough parts</li> <li>• Not all parts making it to the job card</li> <li>• Margins on parts too low</li> </ul>	<p><b>Parts % too high</b></p> <ul style="list-style-type: none"> <li>• Not selling enough hours</li> <li>• Labour rate too low</li> </ul>
Labour Gross Profit %	<ul style="list-style-type: none"> <li>• Not selling all hours available</li> <li>• Paying team too much</li> <li>• Too many non-productive team members</li> <li>• Paying overtime</li> </ul>	
Parts Gross Profit %	<ul style="list-style-type: none"> <li>• Paying too much for parts</li> <li>• Margins on parts too low</li> </ul>	
Gross Profit \$ per sold hour	<ul style="list-style-type: none"> <li>• Labour rate too cheap</li> <li>• Margins on parts too low</li> <li>• Bottlenecks in process flow</li> </ul>	
Average \$ repair order	<ul style="list-style-type: none"> <li>• Not upselling</li> <li>• Margins on parts too low</li> </ul>	

# Total Gross Profit %



**Definition**

What % of your total revenue is gross profit?

**Formula**

Total sales - Total parts cost - Total labour cost = Total gross profit

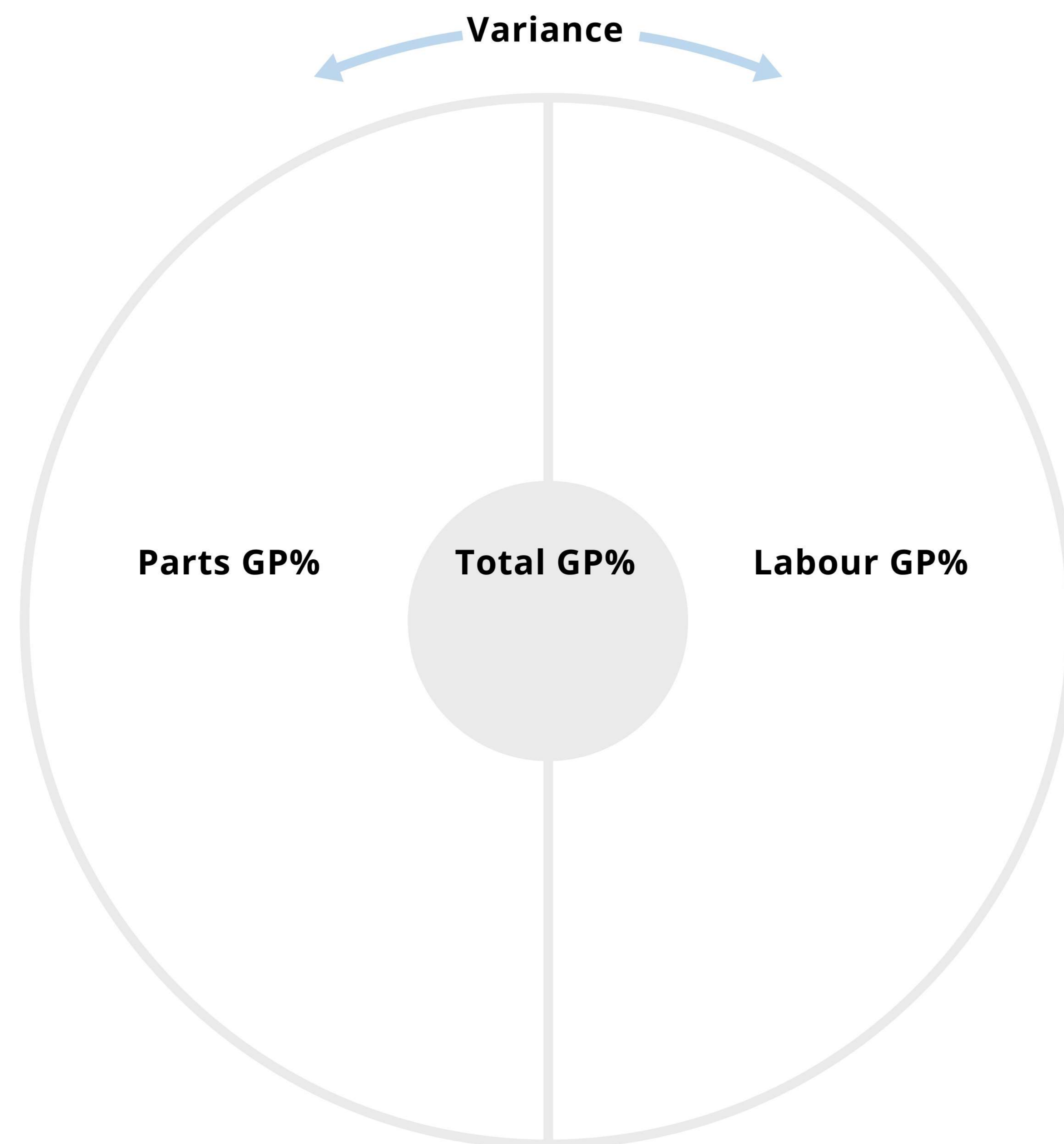
$(\text{Total gross profit} \div \text{total sales}) \times 100 = \text{Total Gross Profit \%}$

**Benchmark**

**Troubleshoot**

- If under benchmark**
- Labour rate too cheap
  - Not selling enough hours
  - Margins on parts too low

# Labour Sales vs Parts Sales %



## Definition

Of your total revenue, how much is parts sales & how much is labour sales?

## Formula

Labour sales + Parts sales = Total sales

$(\text{Labour sales} \div \text{Total sales}) \times 100 = \text{Labour sales \%}$

$(\text{Parts sales} \div \text{Total sales}) \times 100 = \text{Parts sales \%}$

## Benchmark

## Troubleshoot

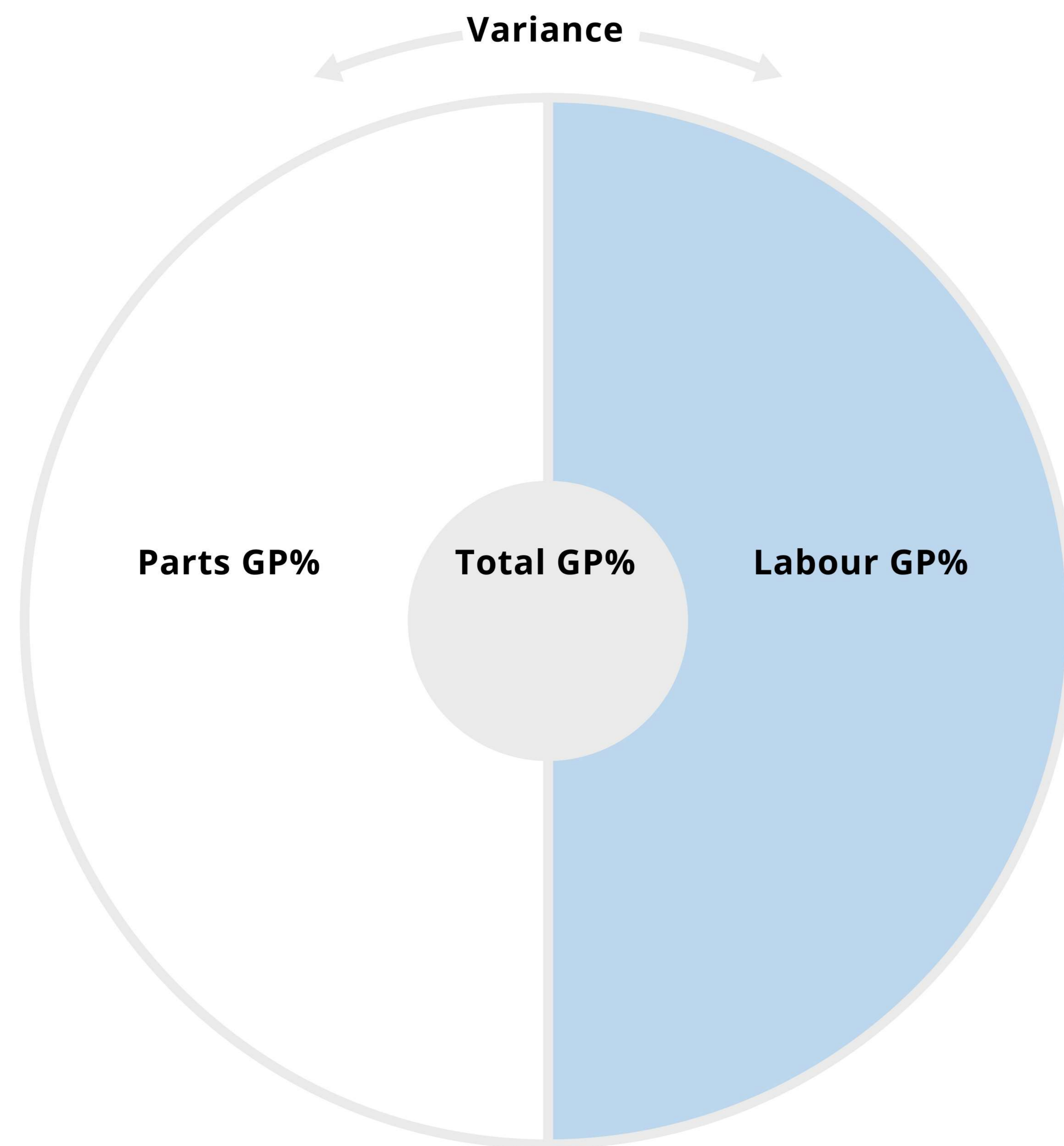
### Labour % too high

- Not selling enough parts
- Not all parts making it to the job card
- Margins on parts too low

### Parts % too high

- Not selling enough hours
- Labour rate too low

# Labour Gross Profit %



## Definition

What % profit are we making on just on labour sales?

## Formula

Labour sales - Labour cost = Labour gross profit:

$(\text{Labour profit} \div \text{Labour sales}) \times 100 = \text{Labour gross profit \%}$

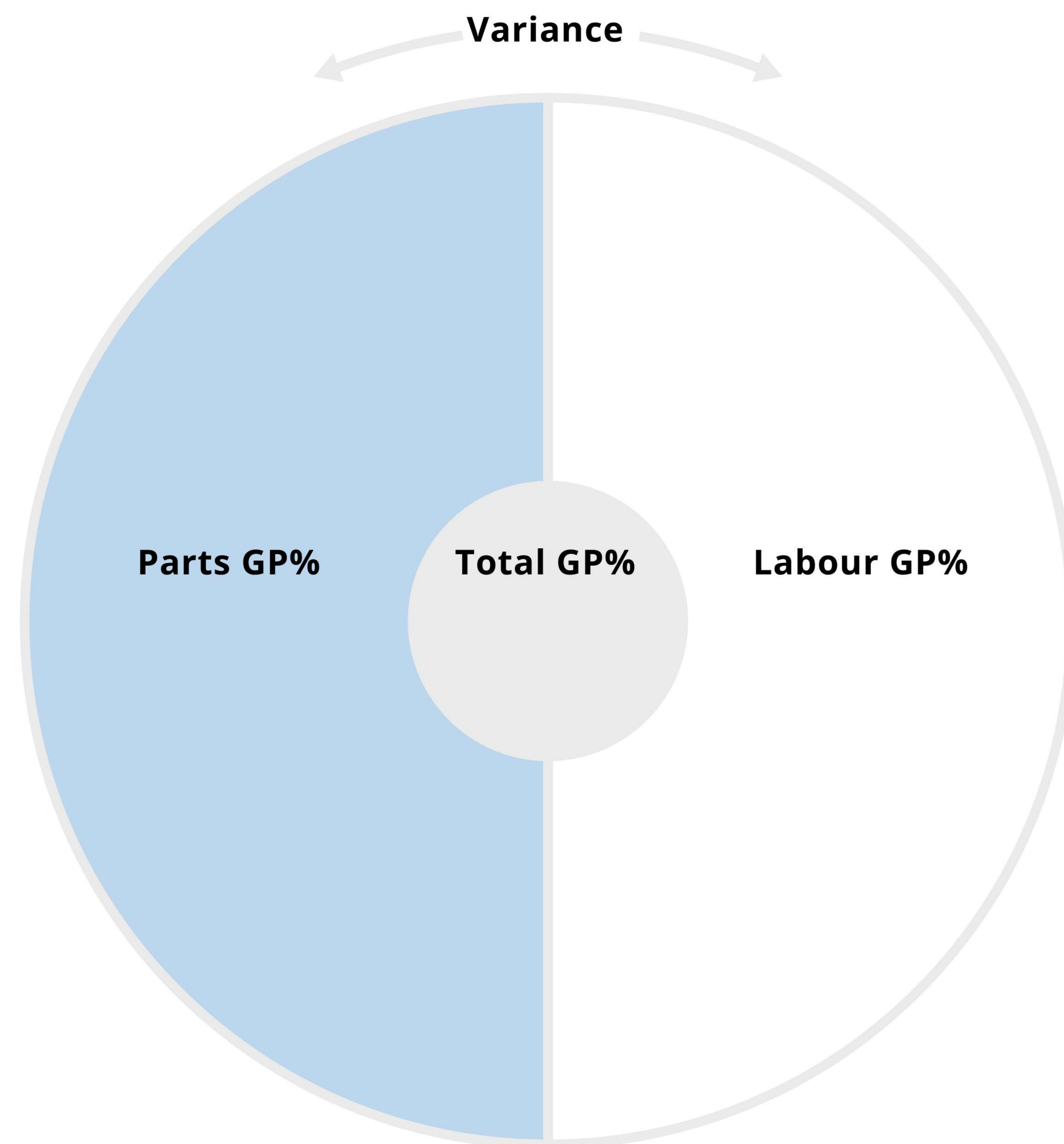
## Benchmark

## Troubleshoot

### If under benchmark

- Not selling all hours available
- Paying team too much
- Too many non-productive team members
- Paying overtime

# Parts Gross Profit %



## Definition

What % profit are we making just on parts sales?

## Formula

Part sales - Parts cost = Parts gross profit  
 $(\text{Parts profit} \div \text{Parts sales}) \times 100 = \text{Parts gross profit \%}$

## Benchmark

## Troubleshoot

- If under benchmark**
- Paying too much for parts
  - Margins on parts too low

# Gross Profit \$ Per Hour Sold

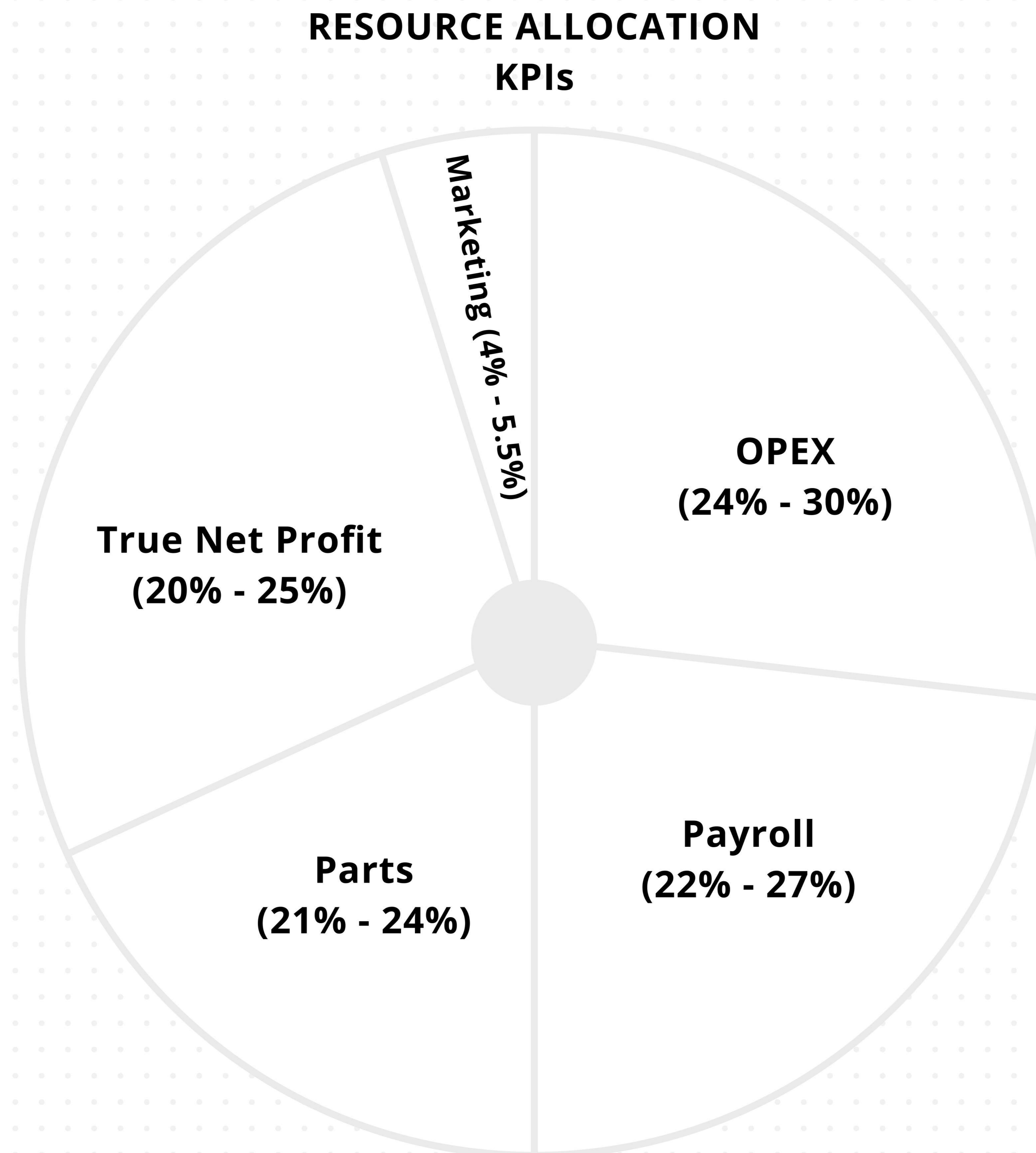
	<b>Definition</b>	On average, how much gross profit are you making on every hour you sold?
	<b>Formula</b>	Total gross profit ÷ Labour hours sold = Gross profit \$ per sold hour
	<b>Benchmark</b>	
	<b>Troubleshoot</b>	<b>If under benchmark</b> <ul style="list-style-type: none"><li>• Labour rate too cheap</li><li>• Margins on parts too low</li><li>• Bottlenecks in process flow</li></ul>

# Average \$ Repair Order

	<b>Definition</b>	What is the average amount per repair order?
	<b>Formula</b>	Total sales / Number of vehicles (invoiced) = Average \$ repair order
	<b>Benchmark</b>	
	<b>Troubleshoot</b>	<b>If under benchmark</b> <ul style="list-style-type: none"><li>• Not upselling</li><li>• Margins on parts too low</li></ul>

# Resource allocation benchmarks

# Resource allocation benchmarks



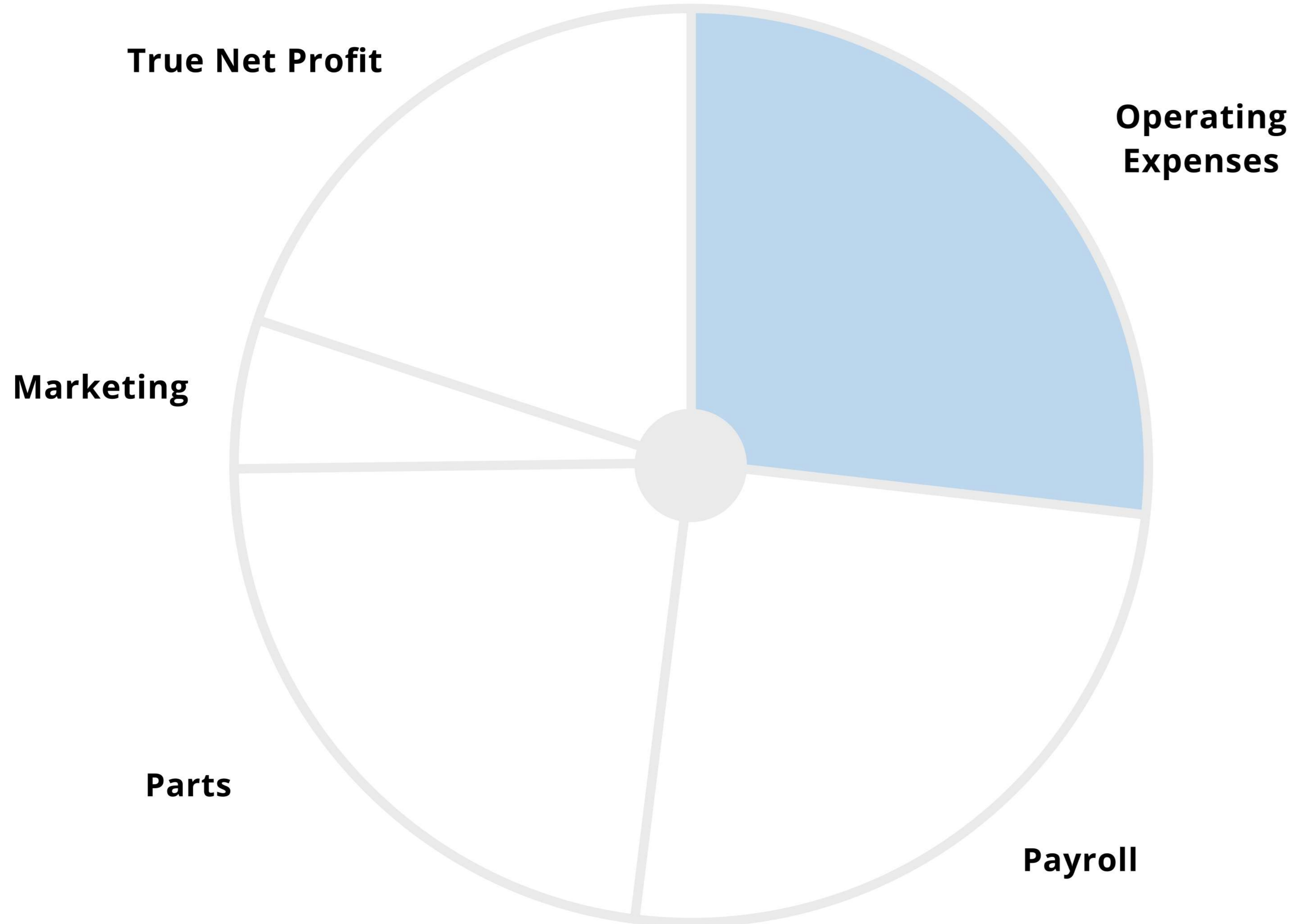
# Resource allocation benchmarks - Formulas

Benchmark	Definition	Formula
Operating expenses % of sales	Of total sales revenue, what % are you allocating to operating expenses?	$(\text{Operating Expenses} \div \text{Total sales}) \times 100 = \text{Operating expenses \% of sales}$
Payroll cost % of sales	Of total sales revenue, what % are you allocating to payroll cost?	$(\text{Payroll cost} \div \text{Total sales}) \times 100 = \text{Payroll cost \% of sales}$
Parts cost % of sales	Of total sales revenue, what % are you allocating to buying parts?	$(\text{Parts cost} \div \text{Total sales}) \times 100 = \text{Parts cost \% of sales}$
Marketing cost % of sales	Of total sales revenue, what % are you allocating to spend on marketing?	$(\text{Marketing cost} \div \text{Total sales}) \times 100 = \text{Marketing cost \% of sales}$
True net profit % of sales	Of total sales revenue, what % is remaining as true net profit?	$(\text{True net profit} \div \text{Total sales}) \times 100 = \text{True net profit \% of sales}$

# Resource allocation benchmarks - Troubleshooting

Benchmark	If over	If under
Operating expenses % of sales	<b>Freeze spending &amp; investigate</b> <ul style="list-style-type: none"> <li>• Equipment purchases</li> <li>• Software upgrades</li> <li>• Insurances &amp; utilities</li> <li>• Incidentals</li> </ul>	N/A
Payroll cost % of sales	<ul style="list-style-type: none"> <li>• Not enough work to supply team</li> <li>• Productivity / efficiency issues</li> </ul>	Opportunity to invest in your team
Parts cost % of sales	<ul style="list-style-type: none"> <li>• Supplier costs too high</li> <li>• Margins on parts too low</li> </ul>	Affirm within 3-7% variance of Labour sales
Marketing cost % of sales	<ul style="list-style-type: none"> <li>• Marketing spending review</li> <li>• Investigate ROI on marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Increase marketing budget</li> </ul>
True net profit % of sales	Check if hurting business i.e. Causing cash flow problems	Is business making a loss OR is money being disproportionately allocated (outside of benchmarks)

# Operating expenses % of Sales



**Definition**

Of total sales revenue, what % are you allocating to operating expenses?

**Formula**

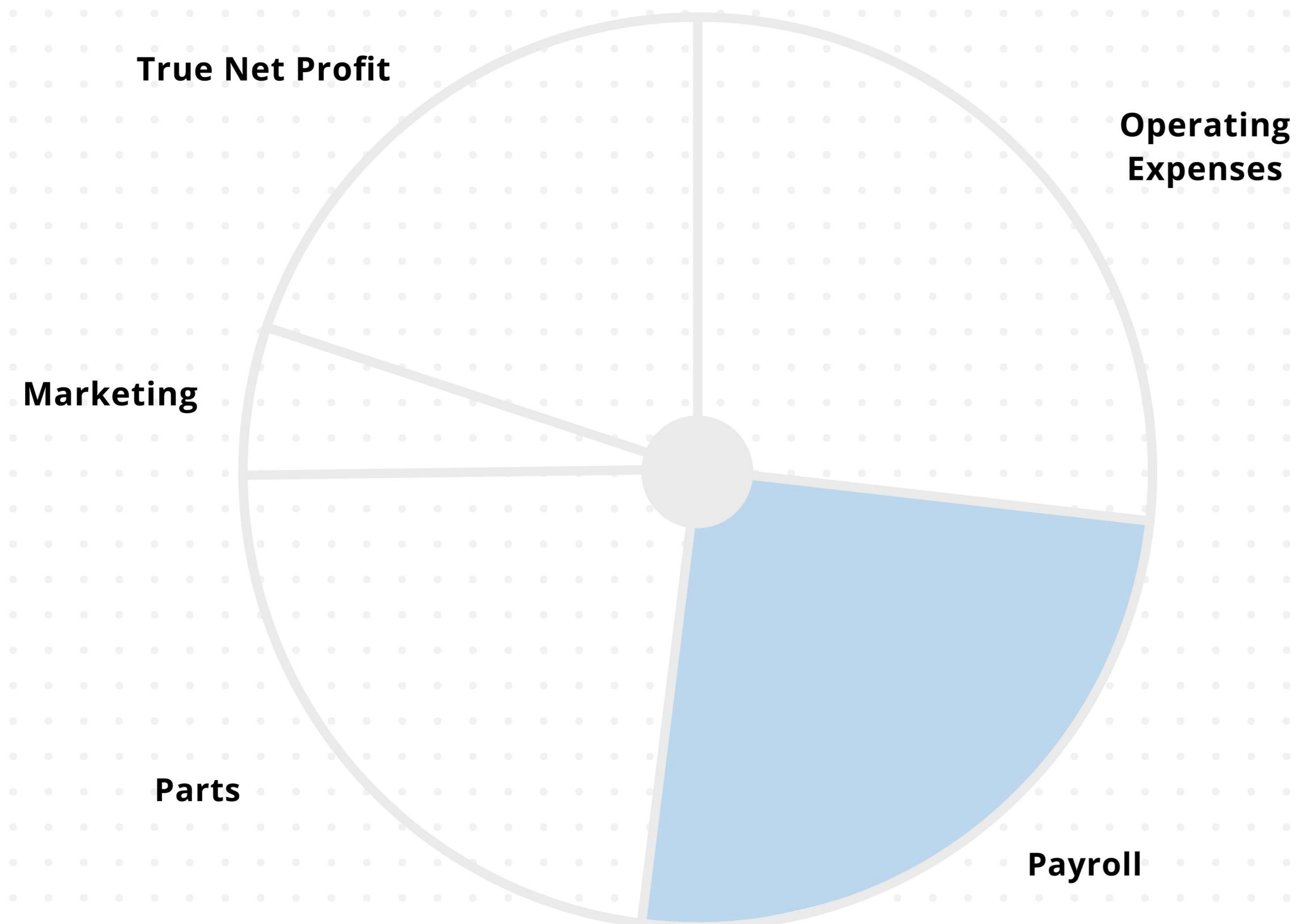
$(\text{Operating Expenses} \div \text{Total sales}) \times 100$   
= Operating expenses % of sales

**Benchmark**

**Troubleshoot**

- If over benchmark**  
Freeze spending & investigate
- Equipment purchases
  - Software upgrades
  - Insurances & utilities
  - Incidentals

# Payroll Cost % of Sales



## Definition

Of total sales revenue, what % are you allocating to payroll cost?

## Formula

$(\text{Payroll cost} \div \text{Total sales}) \times 100$   
= Payroll cost % of sales

## Benchmark

## Troubleshoot

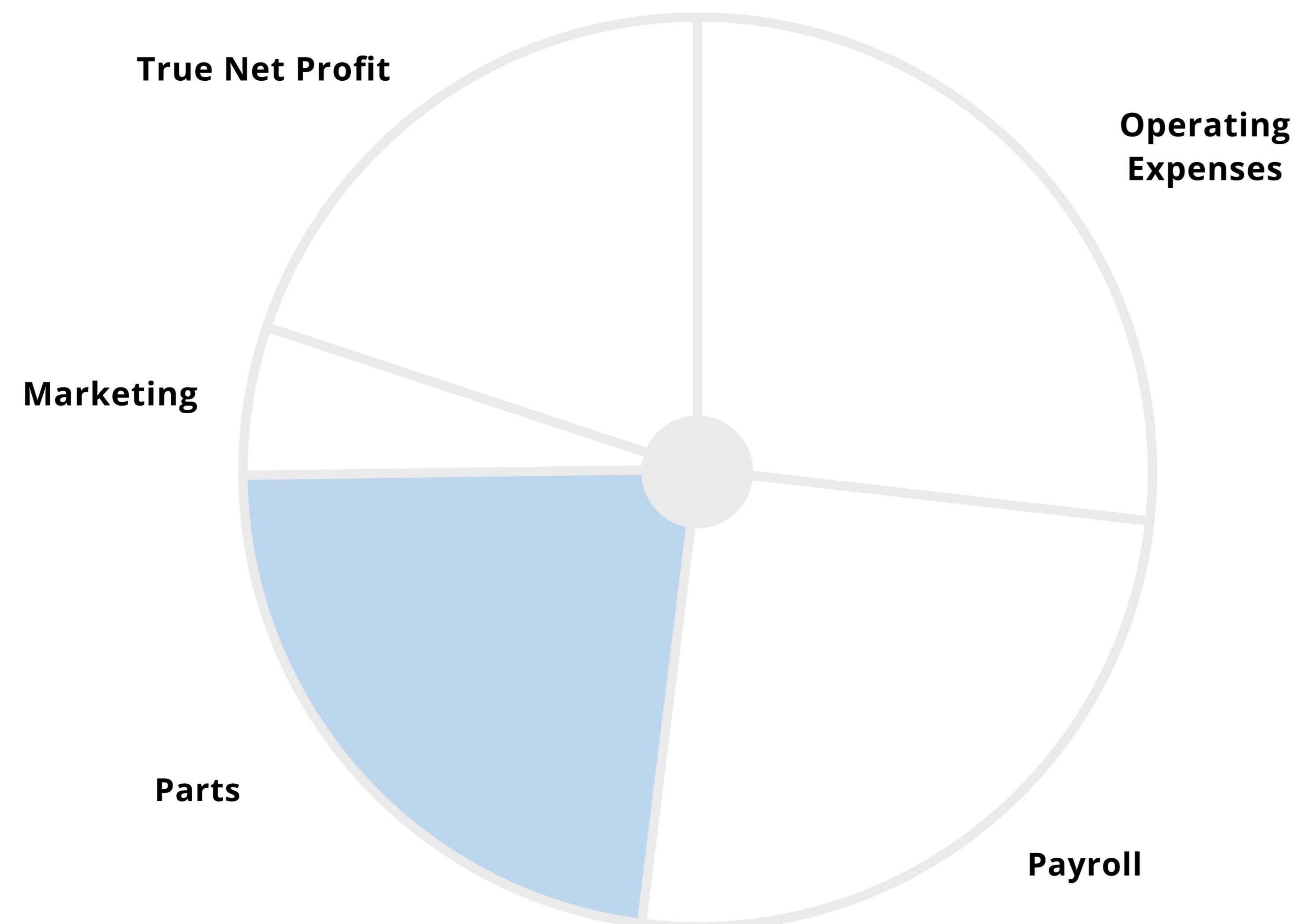
### If over benchmark

- Not enough work to supply team
- Productivity / efficiency issues

### If under benchmark

Opportunity to invest in your team

# Parts Cost % of Sales



## Definition

Of total sales revenue, what % are you allocating to buying parts?

## Formula

$(\text{Parts cost} \div \text{Total sales}) \times 100$   
= Parts cost % of sales

## Benchmark

## Troubleshoot

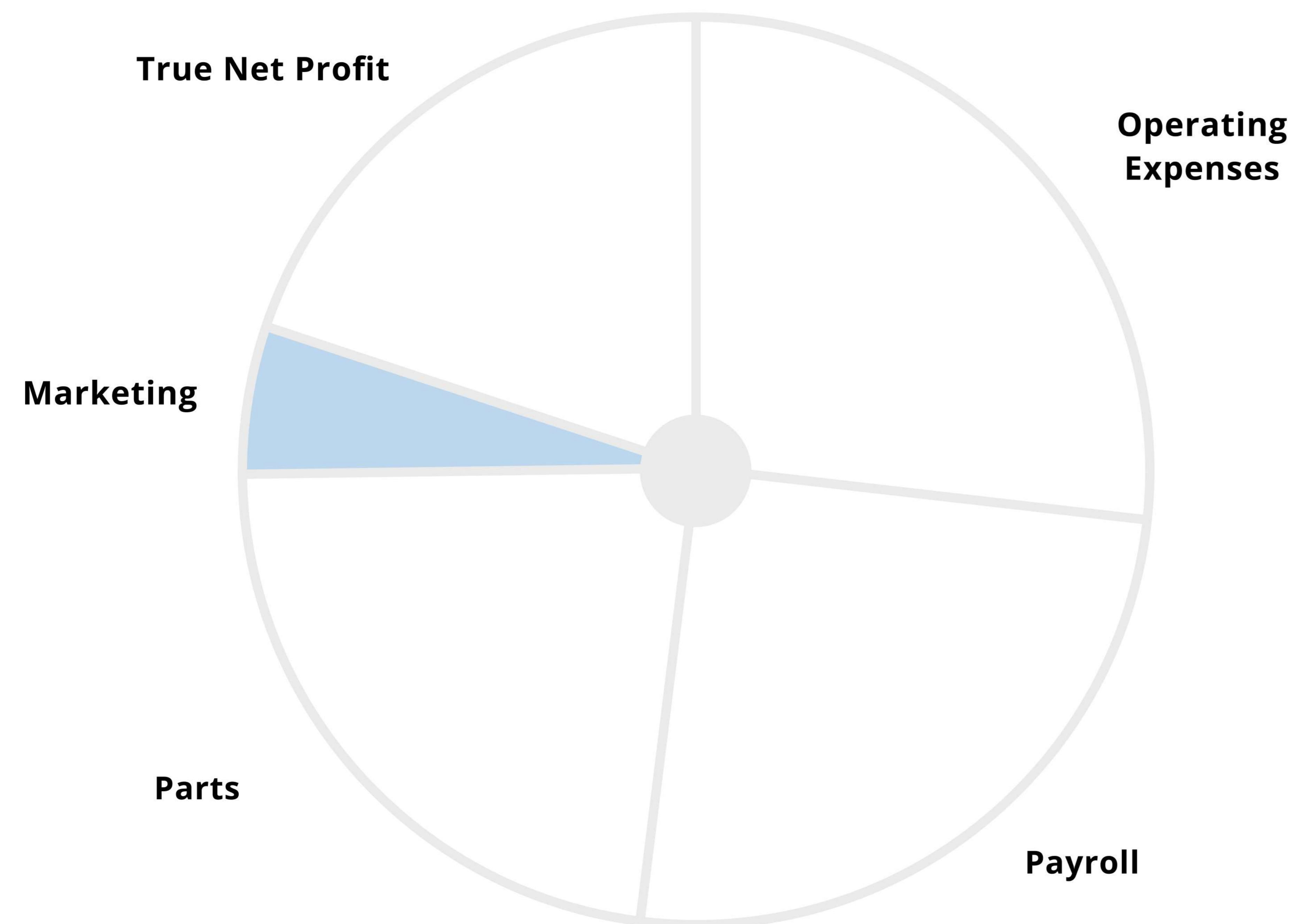
### If over benchmark

- Supplier costs too high
- Margins on parts too low

### If under benchmark

- Affirm within 3-7% variance of Labour sales

# Marketing Cost % of Sales



## Definition

Of total sales revenue, what % are you allocating to spend on marketing?

## Formula

$(\text{Marketing cost} \div \text{Total sales}) \times 100$   
= Marketing cost % of sales

## Benchmark

## Troubleshoot

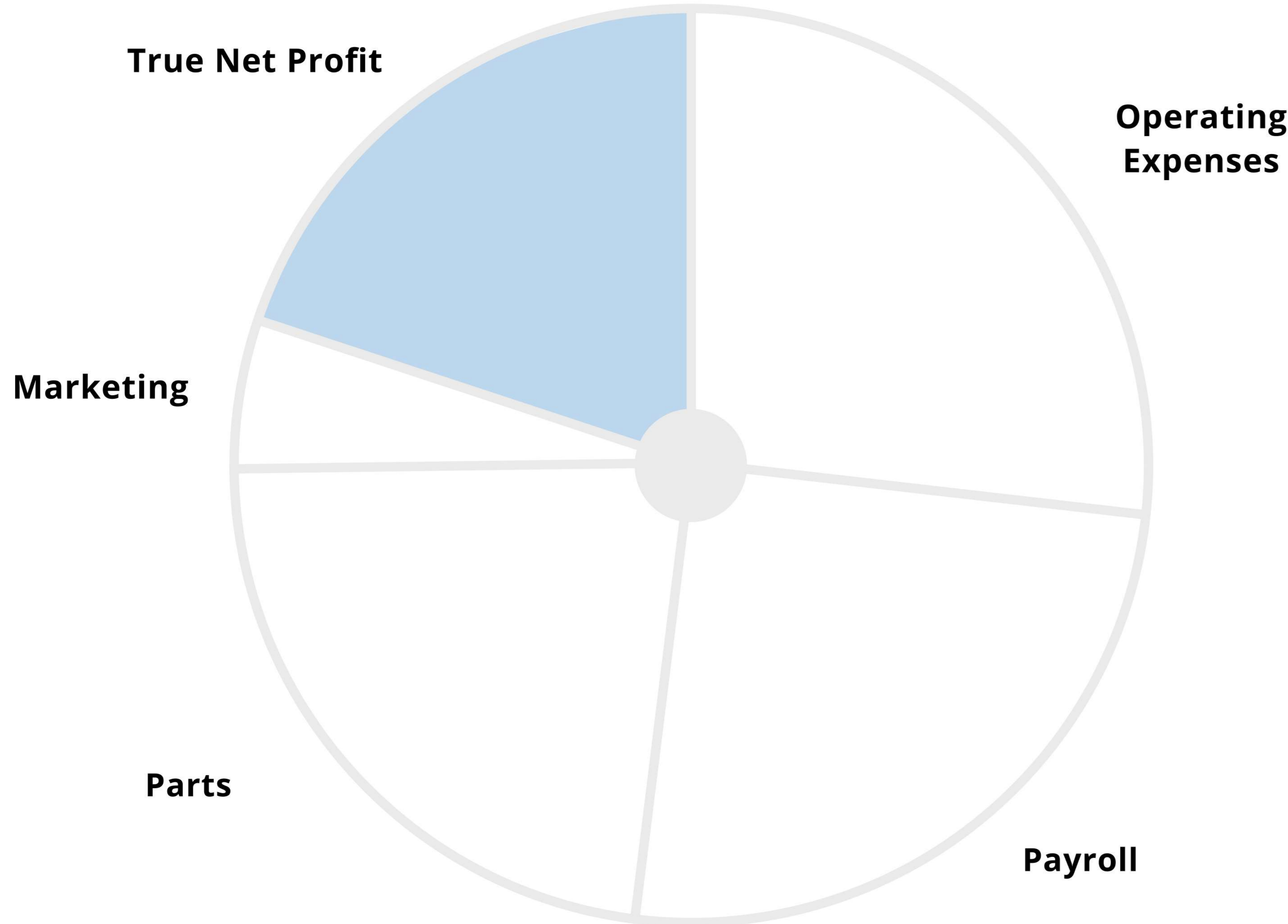
### If over benchmark

- Marketing spending review
- Investigate ROI on marketing

### If under benchmark

- Increase marketing budget

# True Net Profit % of Sales



**Definition**

Of total sales revenue, what % is remaining as true net profit?

**Formula**

$(\text{True net profit} \div \text{Total sales}) \times 100$   
= True net profit % of sales

**Benchmark**

**Troubleshoot**

**If over benchmark**  
Check if hurting business  
i.e. Causing cash flow problems

**If under benchmark**  
Is business making a loss OR is money being disproportionately allocated (outside of benchmarks)

# Productivity benchmarks

# Productivity benchmarks

**Effective Labour Rate**

**Average hrs per repair order**

**Vehicles per tech per day**

**Non-productive to productive team ratio**

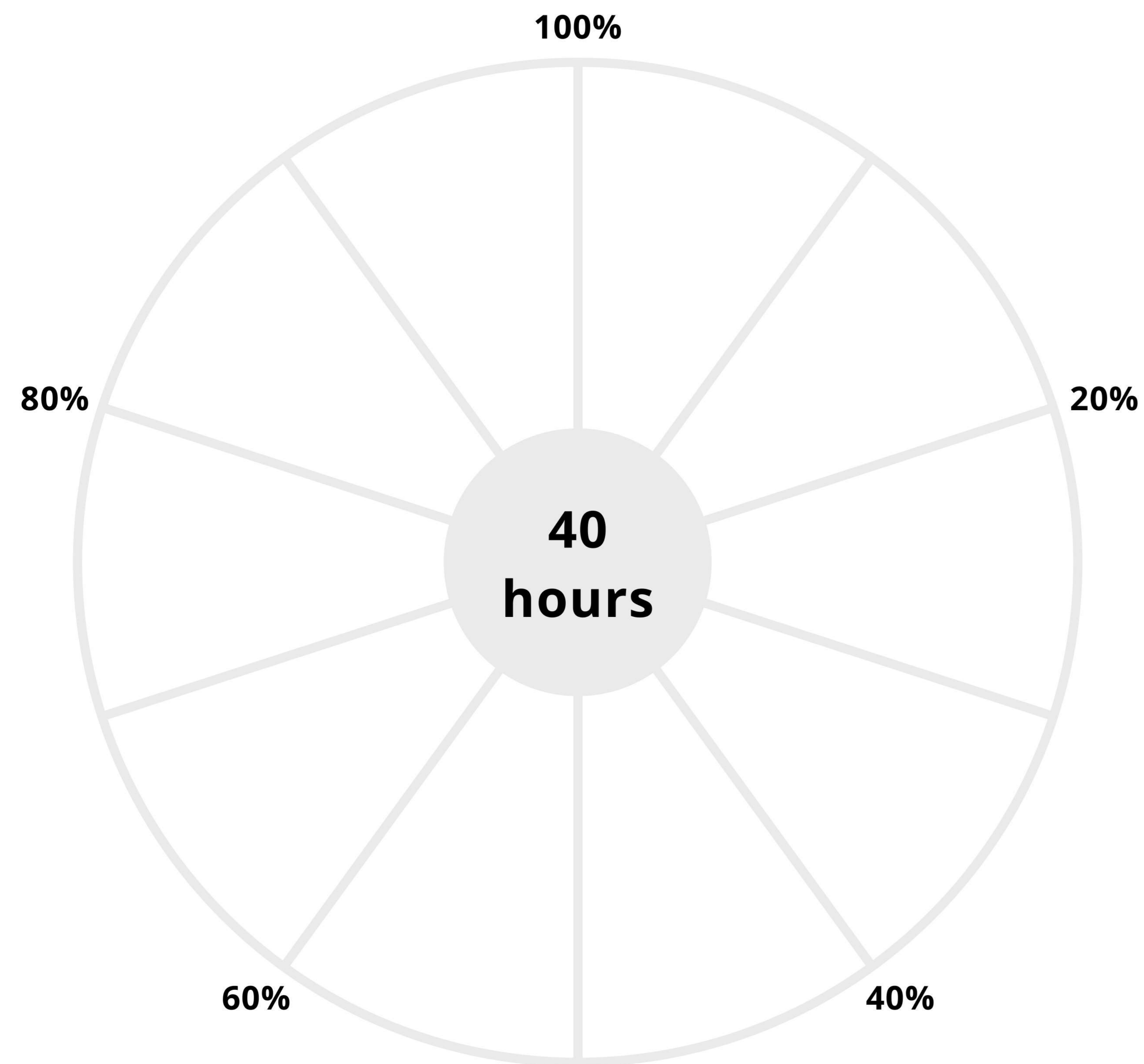
# Productivity benchmarks - Formulas

Benchmark	Definition	Formula
Effective Labour Rate	Of the total billable hours we could sell, what % are we actually selling AND what does that mean we are actually making per hour?	Total labour sales ÷ (Charged + wiped off hours) = Effective labour rate
Average hrs per repair order	On average, how long does each repair take to complete?	Number sold hours ÷ Number vehicles (invoiced) = Average hrs per repair order
Vehicles Per Tech Per Day	What is the average number of vehicles a technician should service per day to work at maximum productivity?	Number vehicles per month (invoiced) ÷ Number operating days = Vehicles per day Vehicles per day ÷ Number of technicians = Vehicles per tech per day
Non-productive to productive team ratio	What is the optimal number of technicians each non-productive team member can support to ensure the business is efficient and profitable?	Non-productive team : Productive team ratio

# Productivity benchmarks - Troubleshooting

Benchmark	If over	If under
Effective Labour Rate	<ul style="list-style-type: none"> <li>• Not enough work to supply team</li> <li>• Productivity / efficiency issues</li> <li>• Didn't upsell</li> </ul>	N/A
Average hrs per repair order	<ul style="list-style-type: none"> <li>• Not charging correct minimum</li> <li>• Not all parts making it to the job card</li> <li>• Working at 1.25x speed but not charging industry accepted quote time</li> </ul>	N/A
Vehicles Per Tech Per Day	<ul style="list-style-type: none"> <li>• Not enough work to supply team</li> <li>• Productivity / efficiency issues</li> </ul>	Techs too busy on basic service and won't be able to upsell profitable opportunities
Non-productive to productive team ratio	<p><b>Too many productive team</b></p> <ul style="list-style-type: none"> <li>• Service advisor overworked</li> <li>• Cars leaving without payment</li> <li>• Invoices not ready on collection</li> <li>• Parts not ordered on time</li> </ul>	

# Effective Labour Rate



## Definition

Of the total billable hours we could sell, what % are we actually selling AND what does that mean we are actually making per hour?

## Formula

Total labour sales ÷ (Charged + wiped off hours) = Effective labour rate

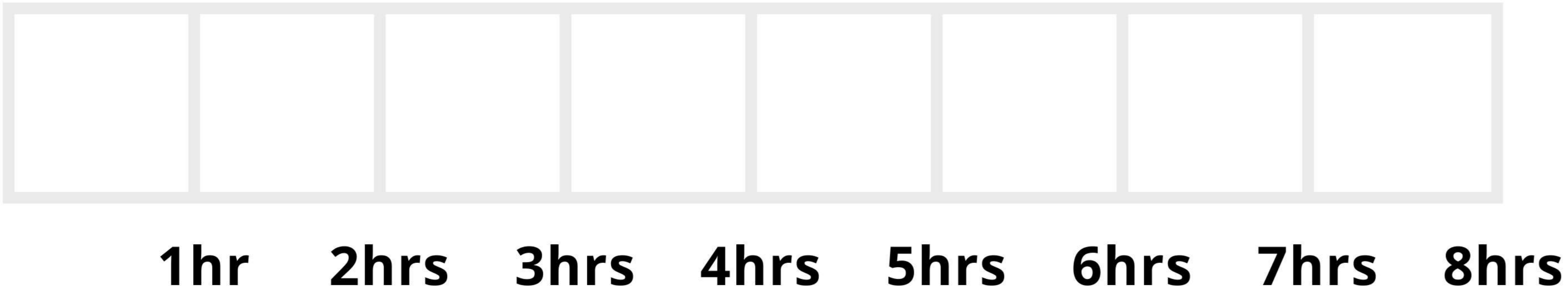
## Benchmark

## Troubleshoot

### If under benchmark

- Not enough work to supply team
- Productivity / efficiency issues
- Didn't upsell

# Average Hours Per Repair Order



**Definition**

On average, how long does each repair take to complete?

**Formula**

Number sold hours ÷ Number vehicles (invoiced) = Average hrs per repair order

**Benchmark**

**Troubleshoot**

- If under benchmark**
- Not charging correct minimum
  - Not all parts making it to the job card
  - Working at 1.25x speed but not charging industry accepted quote time

# Vehicles Per Tech Per Day



1hr 2hrs 3hrs 4hrs 5hrs 6hrs 7hrs 8hrs

**Definition**

What is the average number of vehicles a technician should service per day to work at maximum productivity?

**Formula**

Number vehicles per month (invoiced) ÷  
Number operating days = Vehicles per day

Vehicles per day ÷ Number of technicians  
= Vehicles per tech per day

**Benchmark**

**Troubleshoot**

- If under benchmark**
- Not enough work to supply team
  - Productivity / efficiency issues
- If over benchmark**
- Techs too busy on basic service and won't be able to upsell profitable opportunities

# Non-productive to productive team ratio

	<b>Definition</b>	What is the optimal number of technicians each non-productive team member can support to ensure the business is efficient and profitable?
	<b>Formula</b>	Non-productive team : Productive team ratio
	<b>Benchmark</b>	
	<b>Troubleshoot</b>	<b>Too many productive team members</b> <ul style="list-style-type: none"><li>• Service advisor overworked</li><li>• Cars leaving without payment</li><li>• Invoices not ready on collection</li><li>• Parts not ordered on time</li></ul> <b>Too many non-productive team members</b> <ul style="list-style-type: none"><li>• Under productive</li></ul>

## 3 things to remember

1

Calibrate for industry leading benchmarks

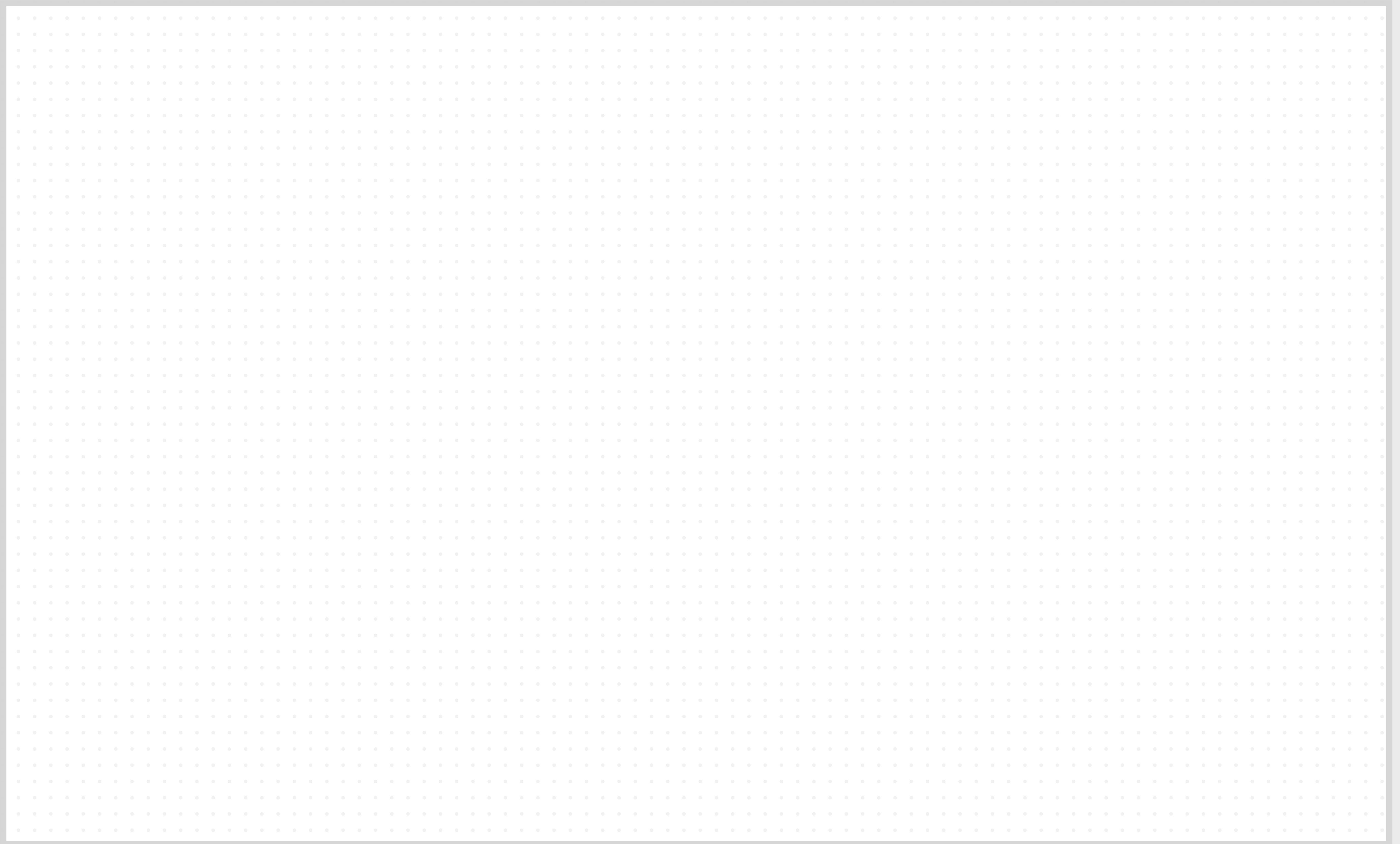
2

Allocate resources to ensure true net profit

3

Productivity drives cashflow

# Notes





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# ONBOARDING 101: THE DATABASE JUMPSTART

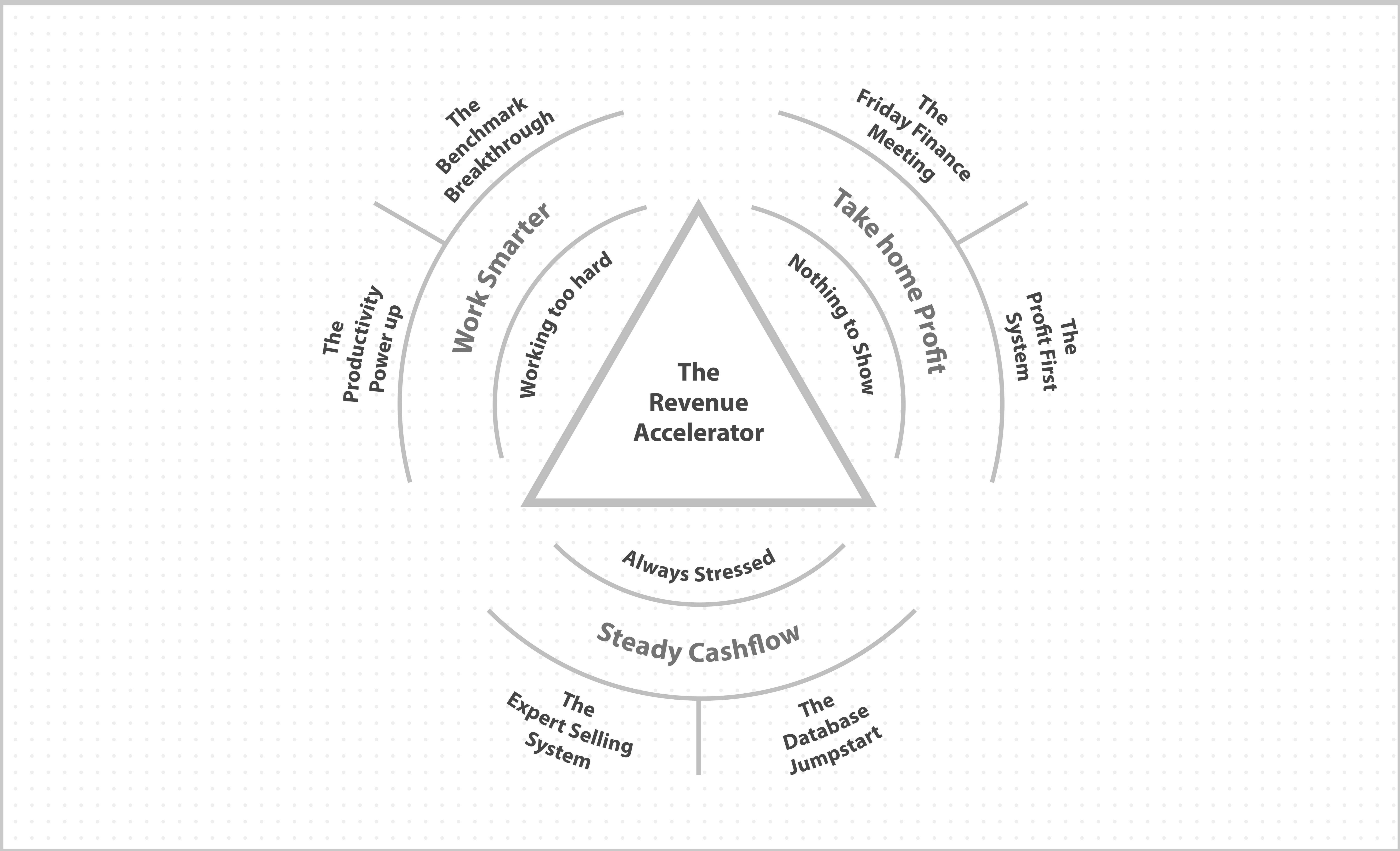
# The Database Jumpstart

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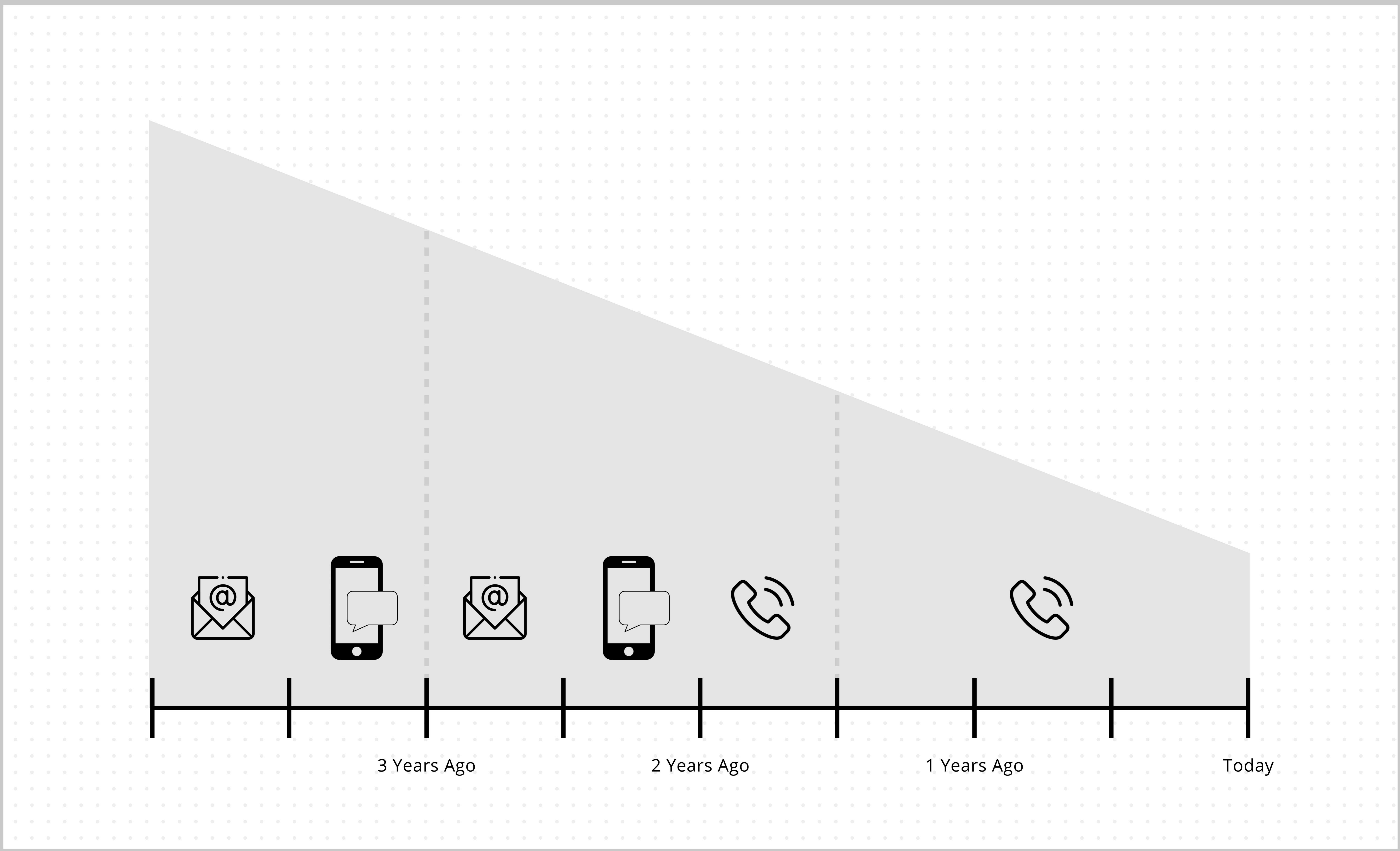
Generate instant business by reigniting  
leads in your current database



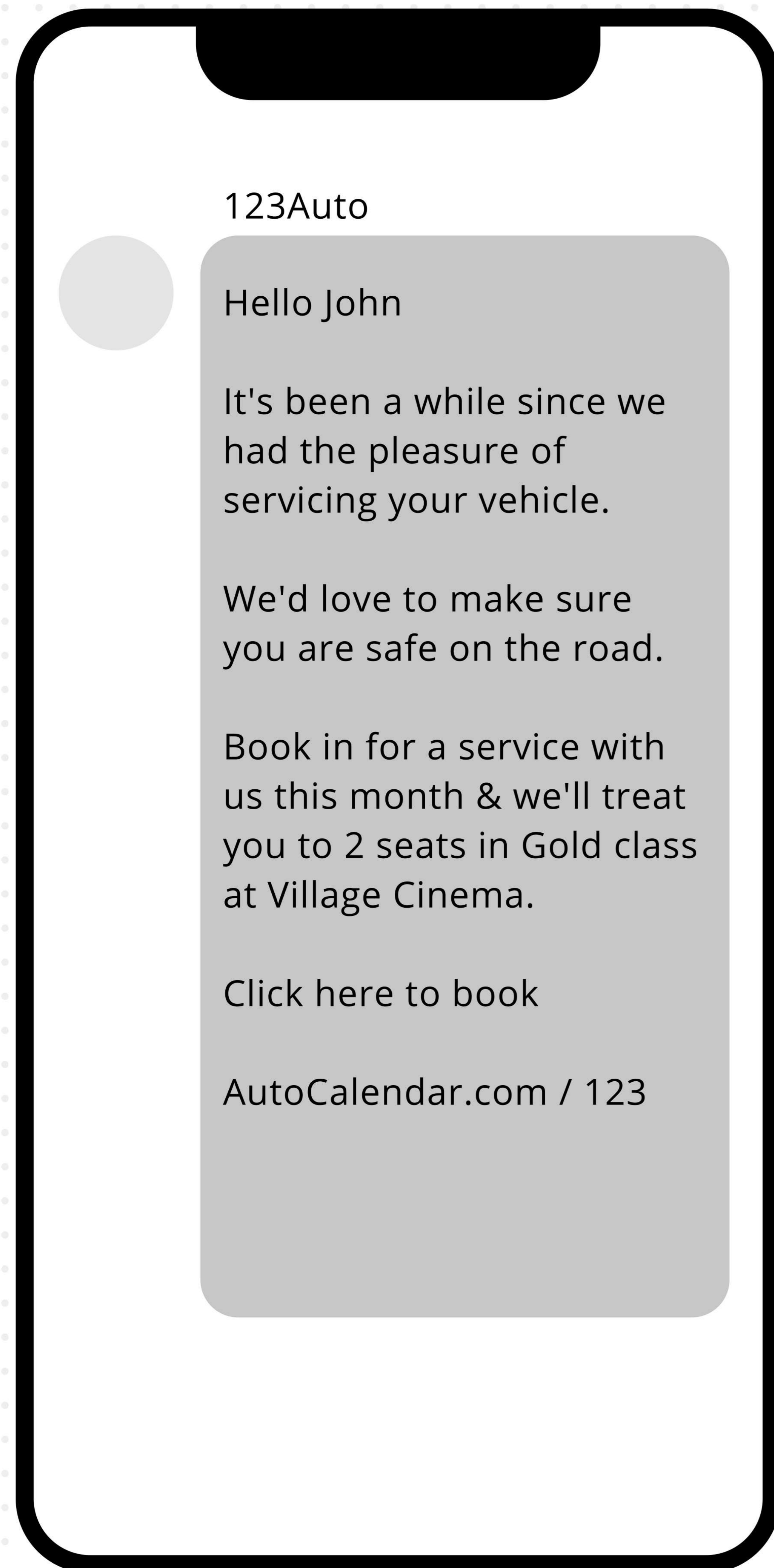
# The Revenue Accelerator



# Clean Your Database



# The Reactivation Series (1Year +)



Hi John  
We are updating our database and noticed that you haven't been in since (date). We were just wondering if you have sold your vehicle or moved away.

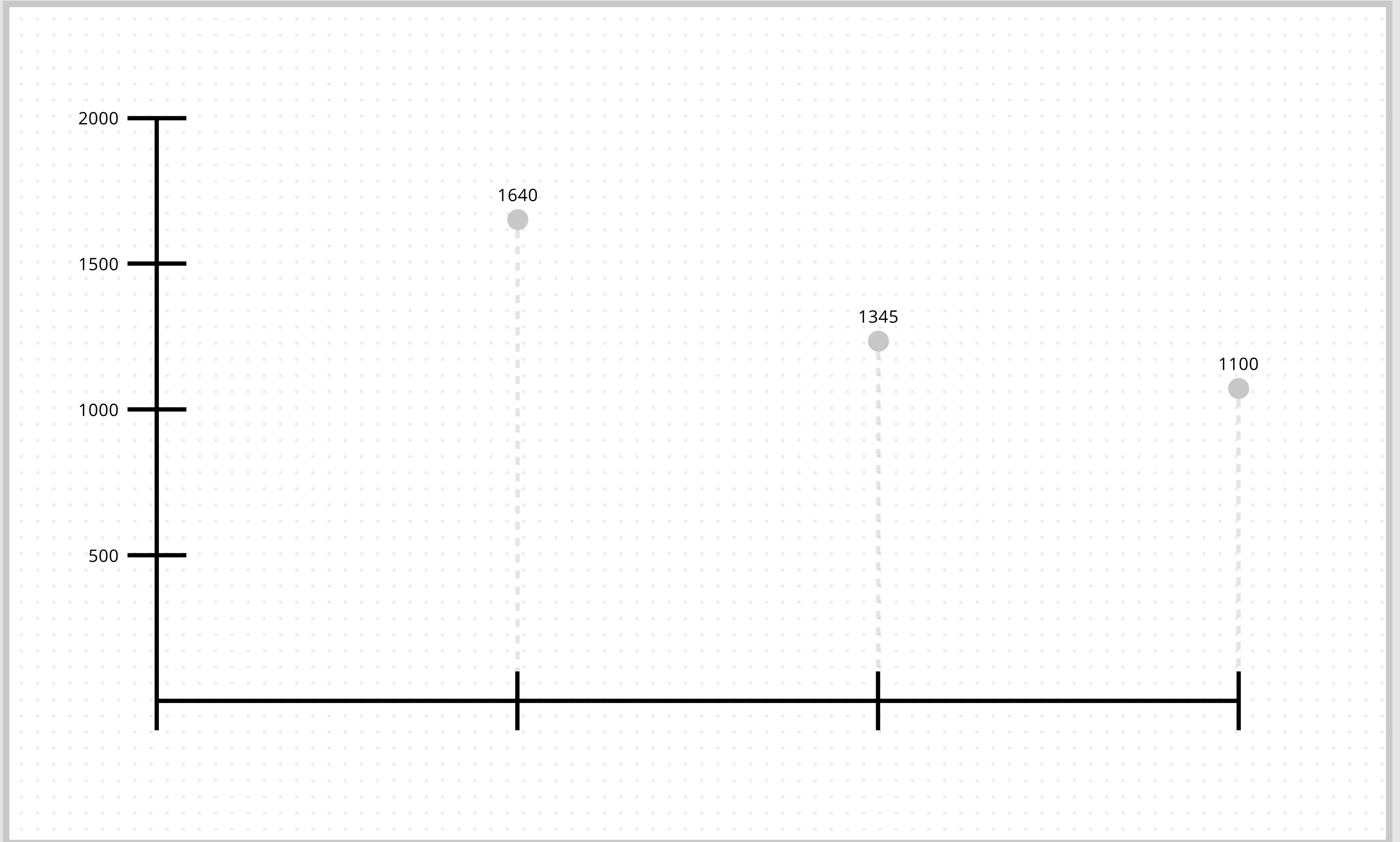
I noticed we don't have your (email). It would be great if I could get that now.

You may have seen the recent text message with our current special - Book in for a service with us this month & we'll treat you to 2 seats in Gold class at Village Cinema.

Would you like to take part in that offer?



# A Shrinking Database



# Book Before Leaving



## Next service

Thanks for coming in today Mary.

We recommend that your vehicle comes back in for its next service in 6 months. That date is Thursday 12th July.

Can I go ahead and book that for you now so the vehicle comes in on time and there is no issues?

## Said no to work offered

There were a few items you chose to not get done today. We recommend that, for safety reasons, you have these completed before your next scheduled service.

So we can complete the recommended work and ensure the safety of your vehicle, when is a good time to go ahead and book your vehicle in today?

# Recall Current Client (Less Than 1 Year)

Hi John

## Details

We are updating our database and noticed that we are missing your (email / phone / address)

## If using different mechanic

I understand. Would you mind if I updated your contact details with us so we can still let you know our specials and when you are ready to come back to us, you can?



Hi Mary

## Courtesy call

We noticed you are overdue for a service. This means oil and filter are likely dirty and need changing & it's time for a 6 monthly safety inspection.

We have 2 spots available next week (A & B). Which one suits you best?

Hi Mary

## New Car

Our system tells me that you have a new Subaru.

I'd like to let you know that we can service that for you without voiding your new car warranty.

# Customer Details Form (Non Negotiables)

## CREDIT ACCOUNT APPLICATION

To Be Completed By Applicants - Please complete all sections and read the Terms and Conditions of Trade overleaf or attached.

DATE: \_\_\_\_\_ REF No. \_\_\_\_\_

CUSTOMER'S TRADE NAME: \_\_\_\_\_

CUSTOMER'S FULL or LEGAL NAME: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

Billing Address: \_\_\_\_\_ Physical Address: \_\_\_\_\_

\_\_\_\_\_

State: \_\_\_\_\_ Postcode: \_\_\_\_\_ State: \_\_\_\_\_ Postcode: \_\_\_\_\_

### COMMERCIAL CUSTOMERS ONLY

ABN/ACN Number: \_\_\_\_\_

Requested Credit Limit: \_\_\_\_\_ Date Established: \_\_\_\_\_

Contact 1: \_\_\_\_\_ Contact 2: \_\_\_\_\_

Position: \_\_\_\_\_ Position: \_\_\_\_\_

Phone: \_\_\_\_\_ Phone: \_\_\_\_\_

### DETAILS OF OWNER (If Sole Trader) PARTNERS (If Partnership) OR DIRECTORS (If Company) OR TRUSTEE (If a Trust)

Full Name: \_\_\_\_\_ Full Name: \_\_\_\_\_

Home Address: \_\_\_\_\_ Home Address: \_\_\_\_\_

\_\_\_\_\_

Postcode: \_\_\_\_\_ Date of Birth: \_\_\_\_\_ Postcode: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Home Phone: \_\_\_\_\_

### TRADE REFERENCES

Business Name 1: \_\_\_\_\_ Address or A/C No: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Business Name 2: \_\_\_\_\_ Address or A/C No: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Business Name 3: \_\_\_\_\_ Address or A/C No: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

I certify that the above information is true and correct and that I am authorised to make this application for credit. I have read and understand the TERMS AND CONDITIONS OF TRADE (overleaf or attached) of GS Mechanical Pty Ltd which form part of, and are intended to be read in conjunction with this Credit Account Application and agree to be bound by these conditions. I authorise the use of my personal information as detailed in the Privacy Act clause therein. **I agree that if I am a director/shareholder (owning at least 15% of the shares) of the Customer I shall be personally liable for the performance of the Customer's obligations under this contract.**

SIGNED (CUSTOMER): \_\_\_\_\_ SIGNED (GSM): \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Position: \_\_\_\_\_ Position: \_\_\_\_\_

### WITNESS TO CUSTOMER'S SIGNATURE:

Signed: \_\_\_\_\_ Name: \_\_\_\_\_ Date: \_\_\_\_\_

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LOR

## 3 Things to Remember

1

Existing customers are 5-6 times cheaper

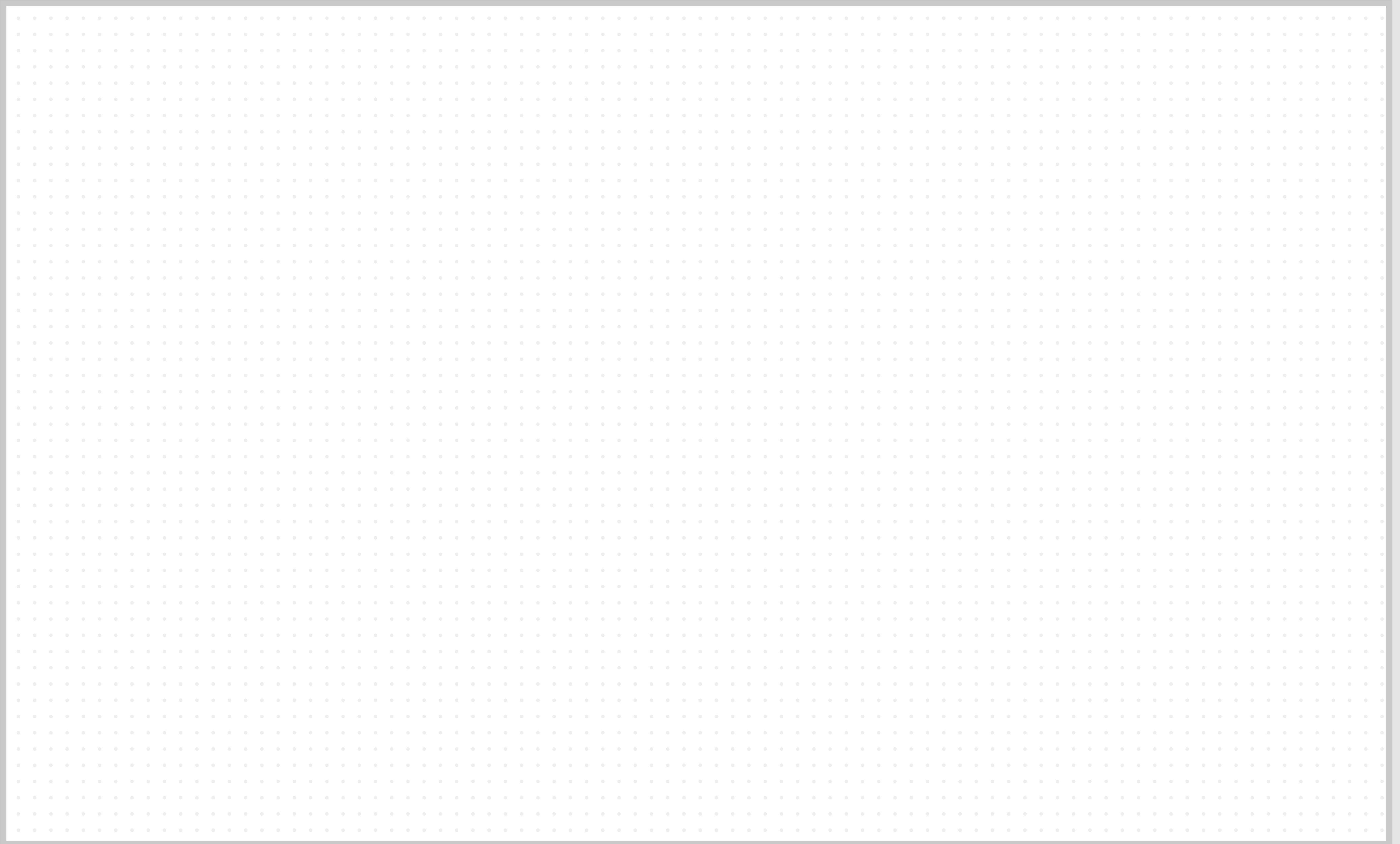
2

Stop chasing ghosts

3

Your database is your most valuable asset

# Notes





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