



NATIONAL
AUTOMOBILE
DEALERS
ASSOCIATION

Technicians Are Gold: Are You Mining for Yours?



Brett Coker

President

Coker Automotive Consultants

Pensacola, FL

(205) 337-2542

BrettCoker@CokerConsultants.com



David Martin

President

The Mar-Kee Group

Daphne, AL

(251) 490-7010

DavidM@MarKeeGroup.com

The views and opinions presented in this educational program and any accompanying handout material are those of the speakers, and do not necessarily represent the views or opinions of NADA. The speakers are not NADA representatives, and their presence on the program is not a NADA endorsement or sponsorship of the speaker or the speaker's company, product, or services.

Nothing that is presented during this educational program is intended as legal advice, and this program may not address all federal, state, or local regulatory or other legal issues raised by the subject matter it addresses. The purpose of the program is to help dealers improve the effectiveness of their business practices. The information presented is also not intended to urge or suggest that dealers adopt any specific practices or policies for their dealerships, nor is it intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.

Learning Objectives:

Upon completion of the workshop, participants will be able to:

- Determine the processes and options available to retain existing technical staff
- Identify areas to improve the proficiency and throughput with existing technical personnel
- Plan the steps and options available to recruit experienced technicians
- Implement a training process for growing future technicians

Results of Insufficient Technical Staff?

A lack of technical staff negatively impacts every profit center in the dealership.

1) Fixed Operations:

- Parts and labor sales suffer because you cannot get the work out
- Rental car and loaner expense increases as you keep vehicles on the lot longer
- Customer defections occur because they are convenience-driven
- Do not want to wait days to get their vehicle repaired or serviced
- CSI suffers as customers perceive you are not convenient or service-oriented

2) New Vehicle Sales Department:

- PDI is affected because these ROs are competing for limited throughput
- Accessories and upsells are negatively affected
 - Salespeople stop selling them if it may impact the deal
- Sales begins competing with Customer Pay and Warranty for limited throughput, causing stress between service and sales

3) Pre-owned Vehicle Sales Department:

- Reconditioning slows as these ROs are also competing for limited throughput
- Turnaround time is critical to maintaining inventory turns and maximizing gross profit per vehicle
- Pre-owned business competes with Customer Pay and Warranty sales for limited throughput

How Much is a Good Tech Worth?

A good tech is worth his/her weight in gold (or about \$276,000/year in gross profit):

40 hours per week X 115 percent proficiency = 46 FRHs produced per week
46 FRHs X \$100 effective labor rate = \$4,600 in labor sales per week
\$4,600 labor sales X 75 percent gross profit = \$3,450 labor profit per week
Parts ratio at 100 percent = \$4,600 parts sales X 45 percent gross profit = \$2,070 parts gross per week
\$3,450 labor gross + \$2,070 parts gross = \$5,520 total gross per week X 50 weeks = <u>\$276,000 total gross profit</u>

Where Are All the Technicians?

- National shortage of qualified technicians
 - Estimated between 25,000-100,000
 - Only going to get worse
- Few vocational technical classes in high schools
- Negative industry perceptions (grease monkey, low pay)
- Big demand in RV and marine. Seeking and hiring your technicians.
 - Will increase as the economy strengthens
- Job market is strengthening which presents competing employment opportunities

So What Do We Do Now?

To maximize shop throughput (the amount of flat rate hours that can be produced out of your shop) you must address this opportunity in three areas:

- 1) Retention**
- 2) Proficiency**
- 3) Recruitment**

1) Retention

Management techniques:

It is a new world and you need to embrace it.

- Technicians must be treated with respect and dignity
- Service and dealership management must show appreciation to these valuable employees
- Service management must have periodic shop meetings and individual technician meetings for clear communication
- Recognize your technicians' value like you do with your sales staff. Awards, meals, special parking spaces, spouse recognition, etc.

Flexible Work Schedules:

- Some technicians would prefer four day work weeks. Take advantage to address their desires *and* increase service department open hours.
- Do not just retire older techs. Convert them into part-time techs and mentors.
- Understand your technicians' particular family and personal needs and try to customize their schedules accordingly

Compensation Plans:

- Average pay needs to be adjusted upwards, as can many retail rates
 - All shops, including independents, average \$39,000 per year
 - Franchise technicians averages \$59,000 per year
- Supply and demand dictates that you should pay your technicians more to make them less receptive to poaching
- Focus on incentivizing proficiency

Benefits:

- Ensure that your health and benefits package are aggressive
- Ensure that your technicians and their spouses understand their benefits
- Ensure that your PTO and vacation benefits are generous enough
- Know what motivates each technician and design benefits accordingly

2) Proficiency

- **Productivity:** Number of clock hours actually working in the stall divided by the number of clock hours the tech is available at the dealership
- **Efficiency:** The number of flat rate hours produced, divided by the number of clock hours actually working in the stall
- 100 percent proficiency is no longer acceptable. The new standard needs to be 125 percent depending on the ratio of warranty versus CP versus internal
- An increase from 100 percent to 125 percent in a 10-tech service department equals an additional 100 hours per week
- Equals an additional \$624,000 gross profit per year

Increase Productivity:

- Deliver parts to the technicians
- Hire shop assistant(s) to perform menial tasks currently performed by techs
- Ensure that computer access, special tools, etc. are easily accessible
- Implement two-way radios or other system to keep technicians in their stalls

Increase Efficiency:

- Must continue to fully invest in technician training to ensure fixes are done quickly and correctly the first time (comebacks are a killer)
- Always try to incentivize technicians based on their proficiency
- Implement a Team concept with a mix of A, B, C & apprentice techs
 - Provides a career path for new technicians
 - Provides a training mechanism
 - Self-dispatching
 - Improves proficiency
 - More technicians in fewer stalls

3) Recruitment

Though there are fewer opportunities, you must still sow the seeds as you never know when a tech may move to your area or want to leave their current employer.

- Be careful about recruiting from local franchise competitors
 - Unethical
 - Creates a bidding war
 - Typically you get the problem technician who jumps from shop to shop
- Can recruit from independent shops, but you may have to pay more to off-set:
 - Independents may not be open Saturdays
 - They have no low-proficient warranty work that your techs have to perform
- Mass Merchandisers
 - Such as Pep Boys, Meineke, Goodyear, etc.
 - Entry-level positions for your Express Service, or apprentice for your teams

Advertising

Your marketplace dictates which media is the most effective. Try options and keep sowing the seeds. Be aggressive, have an effective hook, and stay at it.

- Websites
 - Monster: www.Monster.com
 - Craig's List: www.Craigslist.org
 - Auto Care Career: www.AutoCareCareer.com
 - Career Builder: www.CareerBuilder.com
 - Need Techs.Com: www.NeedTechs.com
 - In Deed. Com: www.InDeed.com
 - Autojobs.Com: www.AutoJobs.com
 - ACT Auto Staffing: www.ACTAutoStaffing.com
- Newspaper
- Radio / TV
- Billboard
- Sandwich board
- Customer email blast
- Creative ideas

Word of Mouth

- Tool vendors: Everyone asks him / her for leads, but give it a shot anyway
- Ask and incentivize your own technicians to bring leads

Grow Your Own

Though it takes time, best bet for the future is to develop your own technical staff

- Teams are best way to develop new technicians while saving money on training
- Hire and provide a career path for young people. You are investing in their future, as well as yours.
 - Express oil change entry level
 - Teams as mentioned above
- Pair up with your local high school to develop a vocational tech program
- Take advantage of your manufacturer training programs to find green techs

Last Thoughts

- Supply and demand requires a change in your business model
- Future technical needs are changing rapidly
- Need to find techs who are technically savvy
- Some technicians can and want to focus on maintenance and repair
- Others will need to become technical diagnosticians who understand complex electronics and computer applications