

WHAT DOES IT MEAN TO BE RESILIENT?



Are you prepared to withstand the coming shift in the automotive industry?

Definition of Resilient = (of a person or animal) able to withstand or recover quickly from difficult conditions.

*synonyms: **strong, tough, hardy;***



Apple CEO Tim Cook

said the auto industry is in for a "massive change" during a Monday night interview with The Wall Street Journal's Gerard Baker. Cook's comments come as rumors swirl that Apple is working on some kind of electric, possibly autonomous, car.

Cook hinted that he believes the auto industry is at an inflection point. In the short-term, he pointed to CarPlay, a system that connects iPhones to car interfaces, as modernizing users' experiences. But CarPlay doesn't seem to be the only auto innovation on the executive's mind.

"When I look at the automobile, what I see is that software becomes an increasingly important part of the car of the future," Cook said, according to the Journal's live-blog of the event. "You see that autonomous driving becomes much more important."

Google, meanwhile, has been developing an autonomous car. Already, Google's cars have self-driven more than 1 million miles.

REGARDLESS OF THE POWER-TRAIN IN THE VEHICLE THERE WILL BE A PLACE FOR US IN THIS INDUSTRY



Your ability to adapt to the coming changes will determine the level of success you realize. There isn't one person who knows with certainty what the future will hold. We do know that there will be change. Your job is to focus 100% of your efforts on the opportunity placed in front of you and capitalize on it. The independent automotive repair industry has never had opportunity like it is experiencing right now. Get ready for the next 10-year golden age because it's going to be one heck of a ride!

The automobile is going to remain a mechanical creature. - General Motors Executive

We are confident the automotive industry will change more in the next decade than it did in the last 100 years.

- Peter Schwarzen-bauer BMW



THRIVING IN THE NEXT 10 YEARS AND BEYOND



In order for any business to thrive in the future, the business will have to be able to adapt quickly to change and lead their field in emerging opportunities and technologies

Seven Sources for Innovative Opportunity ¹

1. The unexpected;
2. The incongruity;
3. Innovation based on process need;
4. Changes in industry structure or market structure;
5. Demographics (population changes);
6. Changes in perception, mood, and meaning;
7. New knowledge, both scientific and nonscientific;

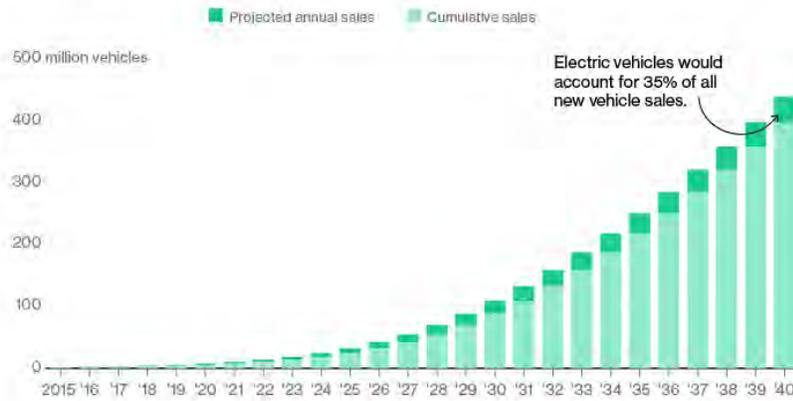
KEY #1 - VISION



Your unique ability to sort through the noise and find what is happening in the automotive aftermarket. How to spot emerging trends and capitalize on the opportunities they present.

The Rise of Electric Cars

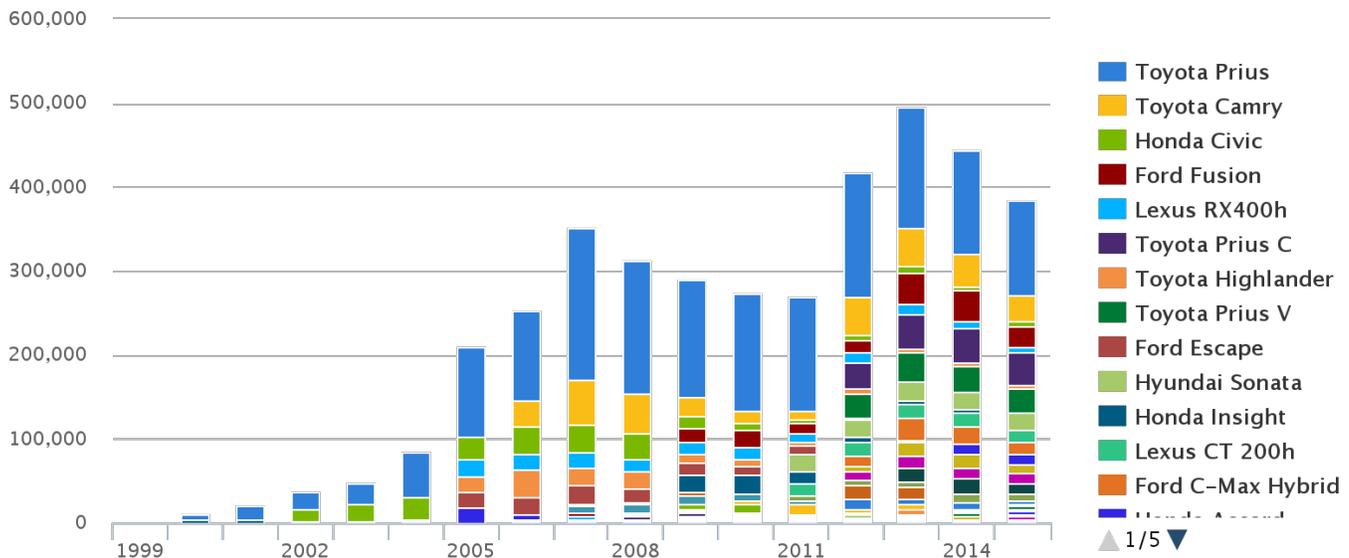
By 2022 electric vehicles will cost the same as their internal-combustion counterparts. That's the point of liftoff for sales.



Sources: Data compiled by Bloomberg New Energy Finance, Marklines.



U.S. HEV Sales by Model



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Making sense of all the noise

Exercise: Based on the graphs on the previous page please identify an emerging market that your shop should be focused on cornering right now.

Why?

The reality of the market.

Here are some facts to help you sift through the noise:

- More than 26% of new cars sold in 2015 had continuously variable transmissions.
- More than 50% of new light vehicles sold in 2015 have transmissions with 6 speeds.
- About 384,000 hybrid vehicles were sold in 2015.
- In 2015, plug-in vehicle sales totaled over 115,000 units.
- At least 24 different models of plug-in vehicles are available or coming soon to the market.
- Seventy-one flex-fuel vehicle models were offered in model year 2015.
- There are about 30,000 electric vehicle charging units throughout the nation in 2016.

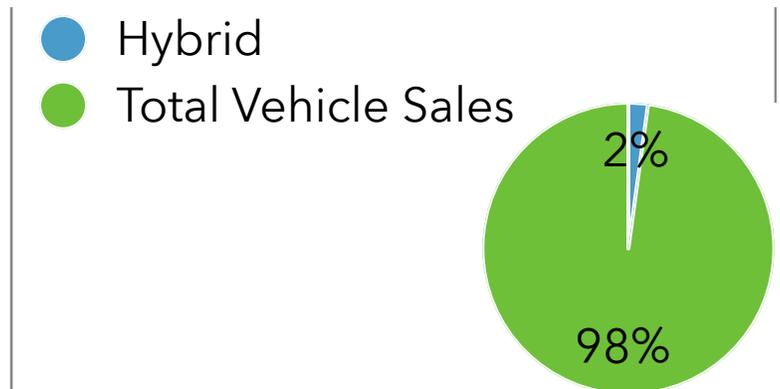
Based on the information provided pertaining to vehicle sales, hybrid vehicles account for 2.2% of total light-duty vehicle sales in the United States for 2015.

2015 New Light Duty Vehicle Sales

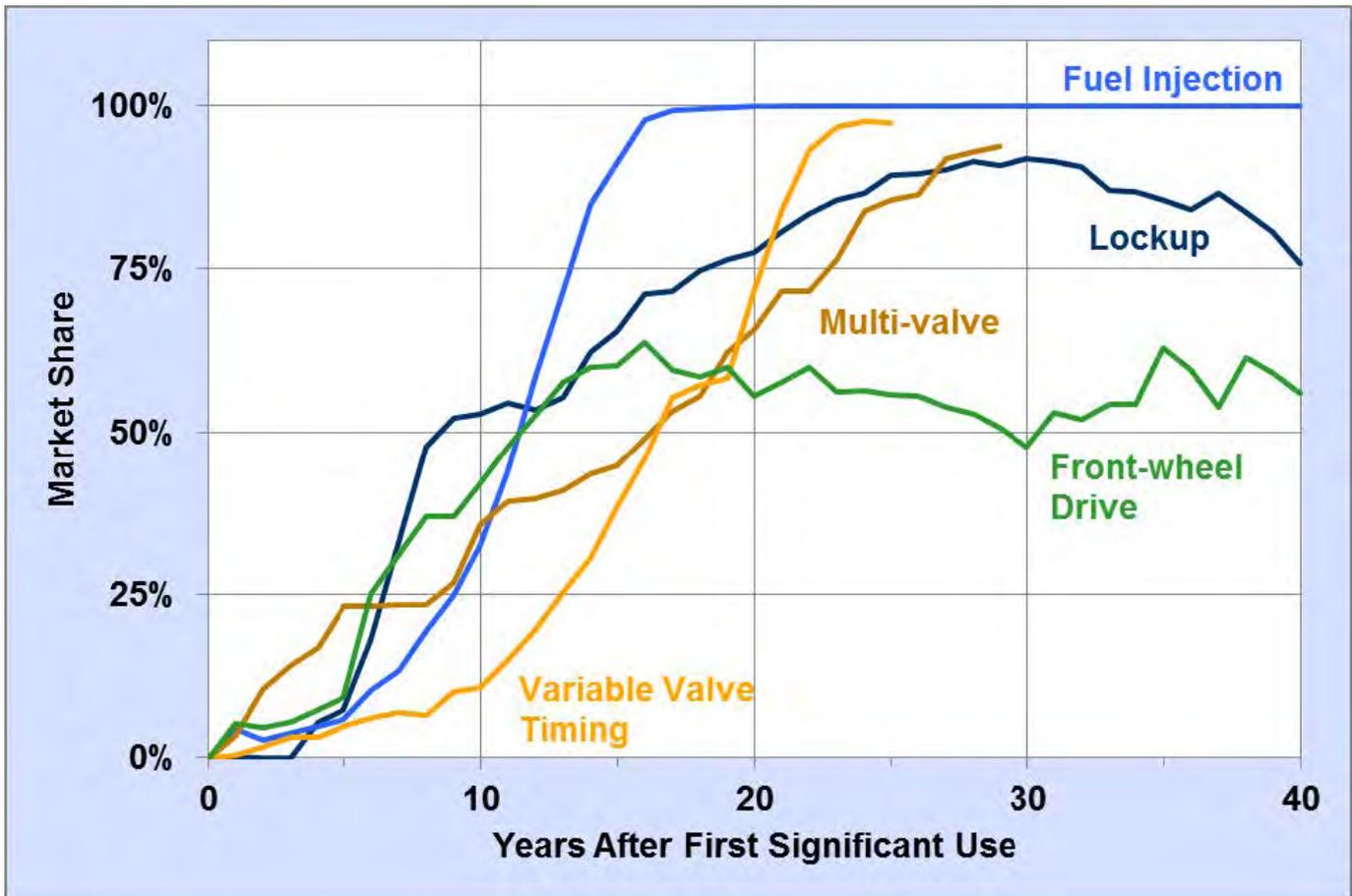
Cars 7,525,023 Light Duty Trucks 9,861,024 **Total Units 17,386,047**

Percentage of units sold that were Light Duty Trucks 56.7%

Notes:



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When a new technology is developed, it takes years to get that technology into the new cars and light trucks that are produced. Fuel injection was one of the quickest technology penetrations, with nearly 100% of market share after 16 years. Lockup transmission use peaked at 30 years with 92% of the market, but has declined due to the use of other new technologies, such as continuously variable transmissions. Similarly, multi-valve use increased to 93% before declining slightly as turbo-charging and super-charging increased. Variable valve timing use recently grew to about 97% of the light vehicle market. Front-wheel drive is primarily used in cars, thus its penetration has been limited by the number of light trucks produced.



KEY #2 - CHANGE EXPERT

Bringing innovation to your repair shop requires the ability to identify the obvious success you are realizing and then execute to duplicate that success. Let's look at a simple calculation to show you how powerful this concept of innovating for the present really is.

What would your business look like if you could produce an extra 20% in revenue with your current staff and expenses?

How much additional profit would you earn if you were able to generate an extra 20% in revenue with your current staff and expenses?

Is it worth the effort to create a business that is a lean, mean, profit producing machine?

While it is important to watch and observe what is coming down the pipeline 20, 30, & 40 years from now, it's more important to innovate for the present. There are a lot of old business models still operating in the independent auto repair shop, these include but are not limited to:

- Paper-based inspection process
- Telephone sales presentation
- Inspect then sell strategy
- Repair based business model
- Traditional loss leader marketing programs

Now let's look at how you can innovate the above old processes and create innovation in each area:

- Digital inspection process
- Digital sales process
- Consultative sell strategy at initial write-up
- Maintenance based business model
- Top 40 VIP Referral Based marketing program

Paper based inspection process vs. Digital Inspection Process

When Peter Drucker talks about innovation driven by process need, this is an example of what he is describing. A paper based inspection process was suitable before the mobilization of our society. Now that the majority of the public carries a smartphone with them at all times, this process has become obsolete. To deliver information in the manner that consumers are demanding a digital inspection process is needed. The ability to deliver multi-media content and immediately engage the customer in the buying process is paying huge dividends to the early adopters of this technology. Here are the advantages of a digital inspection process:

- Streamlines the inspection process saving your technician time.
- Ensures a quality inspection is done on every vehicle - prevents pencil whipping.
- Creates a process where an inspection can be completed by a lower qualified technician. This enables the shop to produce more work through a systematized inspection process that virtually any technician can complete.
- Engages the customer in the buying process.
- Saves the service advisor time through a digital communication process with their technician.
- Creates a searchable history and creates trust with the customer through a more consistent service experience.

Discussion: In what way can your shop use the digital inspection process as an innovation driven by process need?

Notes:

Visual Inspection Report

Customer Name: _____ Year/Model: _____ Date: _____
 RCV # _____ Mileage: _____ Service Advisor: _____ Technician: _____

ONLINE AND INSTANT TIME
 WILL REQUIRE FUTURE ATTENTION
 REQUIRES IMMEDIATE ATTENTION

Check Fluid Levels and Condition		Check Battery	
Engine Oil	<input type="checkbox"/>	Good	<input type="checkbox"/>
Washwater	<input type="checkbox"/>	Low	<input type="checkbox"/>
Transmission Fluid	<input type="checkbox"/>	Recharge	<input type="checkbox"/>
Power Steering Fluid	<input type="checkbox"/>	Acting Cool	<input type="checkbox"/>
Brake Fluid	<input type="checkbox"/>	Checking Level	<input type="checkbox"/>
Check Electrical Systems / Components		Check Brakes	
Hood Open	<input type="checkbox"/>	Visual Front / Rear Brake Linings	<input type="checkbox"/>
Instrument Panel Warning Lamps	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Washer and Horn	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Wiper Blades	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Drive Belt	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Inspect Cooling System	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Oil and/or Fluid Leaks	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Check C.V. Boots and Axles	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Check Strut and Shock Condition	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Inspect Steering and Suspension	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Inspect Exhaust System	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Fuel Filter Appearance	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Check Exterior Lighting	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Head Light	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Turn Signal	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Brake Light	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>
Headlight Restoration Needed	<input type="checkbox"/>	DRIVE BRAKES	<input type="checkbox"/>

NEXT SERVICE DUE: _____ MILES _____ DATE

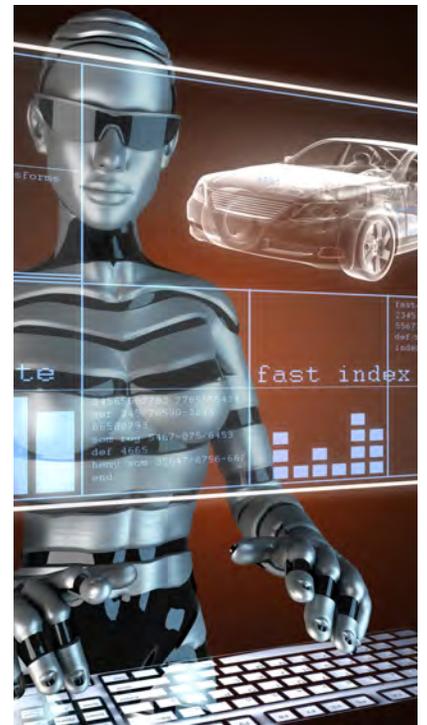
Telephone sales presentation vs. Digital sales presentation

Many shops are still using the telephone to present the majority of their sales presentations. The digital sales presentation takes the pain out of the sale for the customer. Today's consumers are moving towards brands that empower the customer to engage in the sales process and direct the sale. Consumers want to feel educated, informed, and provided with options at their fingertips. Let's take a look at how you can create your innovate your current sales presentation and the benefits the customer will realize:

- Decreases the amount of time a sales presentation takes.
- Customers naturally purchase more when they feel empowered and are provided with visual evidence.
- Increase productivity due to faster approvals.
- Increase sales and profits due to increased sales per repair order.

Discussion: What does the ideal digital sales presentation look like to you and your shop. What steps do you need to take to implement this within the next 30 days?

Notes:



Inspect then sell strategy vs. Consultative sell strategy at initial write-up



Using a consultative sell strategy at initial write-up will improve your sales and production. This is achieved by creating sales immediately and allowing the technician to perform more work up front rather than waiting for an answer from a customer on the up-sell.

What do new car dealerships do differently than independent automotive repair shops? They are experts at the cars they service and they begin consultative selling on the service drive. This approach isn't based on a hard-line approach to selling, it's more relationship based and education on the specific maintenance needs of the vehicle as well as the condition based items like tires, alignments, wiper blades, and other items. To innovate this process let's take some time and help you focus on the needs of your shop.

Discussion: What does the concept of consultative selling mean to you? What needs to happen to help your shop innovate this process within 30 days?

Notes:

Repair based business model vs. Maintenance based business model

The repair based business model is how many shops built their business. While performing repairs on vehicles will still be a major source of revenue for years to come, it's important to identify whether your customers view your shop as a repair shop or as a maintenance shop. A great story illustrates how important this point is. Mr. & Mrs. Jones were visiting a repair shop in Southern California; the repair bill was approximately \$3,200.00. This is a nice ticket for most shops and one that we'd like to be able to duplicate on a regular basis. Upon further inspection into the history of the vehicle, the service advisor noticed a trend, it appeared that Mr. & Mrs. Jones were only visiting the dealership approximately every 24 - 36 months. This seemed a bit odd as the service advisor thought the Jones were a good customer. During vehicle delivery the service advisor asked Mrs. Jones about the gap in the service history and asked what the shop could do to earn their maintenance business. Mrs. Jones simply stated that she didn't realize the shop was a maintenance facility and that they only did repairs. Ouch, thought the service advisor. How much money had he let slip out the door simply because he didn't properly educate the customer on the maintenance needed on the vehicle and that the shop could easily handle that type of service. Has this happened to your shop? Do your customers bring you all of their maintenance work, or do they skip out on you and let the quick lube handle the oil changes?

Discussion: What areas are you lacking in providing maintenance to your customers? How can your shop innovate this process and be a leader in the maintenance field within 30 days?

Notes:



Traditional loss leader marketing program vs. Top 40 VIP referral based marketing program



There are times when many auto repair shops resort to loss-leader advertising to drive car count. While this method has worked in the past, many shop owners are discovering a better way to drive car count. One that delivers a higher caliber client who is looking for a high-quality shop and is willing to participate in a win-win relationship based on trust.

If you want to generate amazing results, you must do something amazing.

Now is the time to invest your unique talents into building amazing relationships with those who can help you with your purpose and help promote your business through referral-based marketing! Instead of sending direct mail to customers who don't want it, why not invest that money into your Top 40 VIP clients? We've created a complete Top 40 VIP program for you, and to start, we need you to identify and clarify your purpose.

My purpose with my shop is:

My competitive advantage is:

My Unique Service Promise is:

Are you passionate enough about your purpose to share it with everyone you come in contact with in your local market?

Notes:



The Top 40 VIP Referral Based Marketing Program

The goal of the Top 40 VIP Referral Based Marketing Program is to create a marketing tribe for your business. This concept is built upon the principle of a win-win trust based relationship. The profile of people you are going to enroll in your top 40 VIP program would be your ideal customer. This program takes the referral-based marketing program to the next level because the intention of the program is to generate referral business for both people. This means you will be sending referral business to the other business.



Step 1: Identify the people you want to enroll in your top 40 VIP program.

Step 2: Make contact and set up a face to face coffee meeting and explain your program.

Step 3: Enroll the person in your top 40 VIP program and begin the process by taking their vehicle through the initial service steps you will be taking their customers through.

Step 4: Ensure you send a token of appreciation gift along with a Personal Note of Gratitude.

Step 5: Meet with this person once per quarter for coffee and take them to lunch once per year to exchange ideas and update each other on the progress of the program.

THRIVE

Thrive - Prosper & Flourish, that is our goal. We end our session by helping you create your customized plan to ensure you thrive in the coming years.

My Personalized Action Plan:

Due Date

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

I am committed to achieving the outcomes I've written down. In order to help my facilitate change in my life, I have chosen to partner with _____ as my accountability partner.

Accountability Partner Contact Information:

Name: _____
Phone: _____
Email: _____

Our first accountability check in call is schedule for



To ensure you follow through on these action items, it's important for you to think through your process. Identify any areas that you feel will hold you back from accomplishing your chosen outcome. Also, identify the people you need to enroll in your action plan for support.

Action Item 1:

Action Item 2:

Action Item 3:

Action Item 4:

Action Item 5:

THANK YOU FOR JOINING US!

Thank you for joining us today.

As you head back to your business, you will need support along the way. Should you encounter a flat tire or a road block and you need support. Please reach out to us, we are here to help. You can contact us at:

Call or Text 951.532.0487

Email Jeremy@Advisorfix.com

www.Advisorfix.com

*Advisor***Fix**

