

GROW YOUR BUSINESS, NOT YOUR WORK

SOLVE REPAIR SHOP HEADACHES WITH
BUSINESS SYSTEMS



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SOLVE REPAIR SHOP HEADACHES WITH BUSINESS SYSTEMS

Is your repair shop making enough money? Are you going to be able to retire comfortably from your shop? Can your business run without you?

If you're like many diesel repair shop owners, the answers to one or all of these questions is probably no. The good news, though, is you can take control of your business and move your shop toward the future you want. And a lot of it comes down to how you see your business—and your role in it—in the coming years. Have you thought about where you want your shop to be next year? Five years from now? Ten? Thinking about and setting goals is one of the only ways to truly know if your business is on track, and it can help you solve some of your day-to-day problems as well. That's what our new series, *Grow Your Business, Not Your Work*, will focus on.

Repair Shop Goals

USA Today published [a study](#) in May of 2017 that states approximately 20% of new businesses fail in their first year. But making it to that milestone is no guarantee of long term success. Only half of businesses survive five years, and one third is all that make it past ten. Don't let your repair shop fall victim to these statistics, especially not when there are things you can do to keep your doors open for years to come.

A common mistake many small business owners, including diesel repair shop owners, make is the often quoted "working in the business, not on it." Michael Gerber wrote about this idea in his book, [The E-Myth Revisited: Why](#)



[Most Small Businesses Don't Work and What to Do About It](#), from which the quote seems to stem.

In fact, Gerber continues on this idea in [his article](#), "The Fatal Assumption Every Startup Needs to Avoid". He mentions that many businesses fail because while business owners are working hard, they're doing the wrong work, focusing on the day-to-day work of the shop, rather than on growing the business. You hire technicians and office staff for a reason. Let them do their job, while you focus on what yours actually is—helping your business thrive.

Bob Cooper writes in [his article](#) for Elite, "The 7 Most Common Reasons Auto Repair Shops Fail," that the lack of clear goals is one of the main reasons shops fail. Goals, he writes, keep owners motivated about their business and help them make decisions. So what are your shop goals? Write them down and start working toward them.

Working Toward Your Goals

Once you've determined some goals for your shop, you'll need to think about how you can work to achieve them. Implementing systems in your shop can help with this. These systems will help you keep your shop running uniformly and also helps you identify when and where your shop falls short of its goals. For more information on business systems, check out our [white paper](#), "The Importance of Systemizing Your Diesel Repair Shop".

Some Common Repair Shop Problems

By focusing on managing your business rather than working in it, you'll not only be able to build a more profitable shop, but you'll be able to fix some of your daily issues as well. This series will focus on how to accomplish this in detail for the following common repair shop problems:

Business Security

Is your business going to be around for years to come? Is it a viable retirement plan for you? If you're not sure, you might want to take a look at how systems can help you have a more secure future.

Not Making Enough Money

Month after month, you notice your shop is barely making enough money to keep its doors open, but you can't figure out what's going wrong. Systemizing your shop can help you pinpoint areas where you're losing money, allowing you to become a highly profitable shop.

Business Can't Run Without You

Sometimes we all need a vacation. But does it seem like you're unable to take even a day off without your phone ringing about some shop problem? Putting management systems into place can help you enjoy some peace—and maybe even an actual vacation.

Busy but Not Making Money

Your bays may be constantly full, but you're not seeing the profits you want. That means something is going wrong in your business systems, but the key is finding where. Managing your systems can help you pinpoint these and come up with a plan to boost those profits.

Staff Not Following Procedures

Maybe you already have systems in place, but your technicians don't consistently follow them without you looking over your shoulder. Reevaluating these procedures and how they impact the shop environment allows you to better shape how your shop operates moving forward.

Can't Get Work Out Fast Enough

Are work delays keeping you from the profits you want? Overseeing your systems draws attention to why these delays are happening and allows you to move vehicles through your shop at a rate that helps boost your bottom line.

Not Enough Technicians

We all know there's a shortage of qualified technicians. But did you know there are things that you can do as a repair shop owner that can help you find and keep techs in your shop? Don't let this be the reason you can't keep your shop open!

Parts Problems

Mistakes happen. But they shouldn't happen frequently enough that your business suffers. Evaluating this part of your shop procedures can really impact your bottom line and keep your customers—and you—happy.

Too Much Time on Office Work

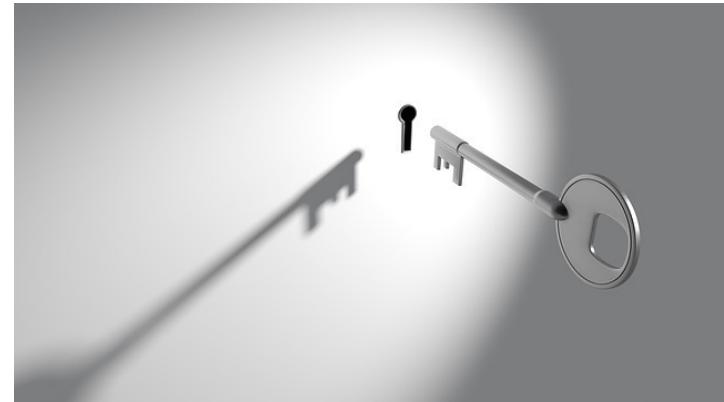
We get it. Office work is essential to keeping your operation going. But is it really the most cost effective to have the owner do it? Laying out these systems can help free up your time—and save your shop some extra cash.

HR Problems

Employee turnover can be expensive, and it can also impact your shop environment, causing even more employee problems. Don't let this hold your shop back, when there are things you can do to fix it!

If you have systems in place, but still find yourself complaining about some of these issues, it might be time to innovate your systems. Our [past blog](#), Innovating Your Diesel Repair Shop Systems, can help you work through some of the issues you might be running in to. Read on to learn in depth how you can solve these repair shop problems!

WILL YOUR REPAIR SHOP BE HERE IN 5 YEARS?



When was the last time you thought about your retirement? If you're like many small business owners, you may not have thought about it as much as you should. In fact, [a study](#) conducted by Manta finds that one-third of small business owners don't have a plan for their retirement at all. Can you imagine working your whole life, only to get to retirement age and realize you don't have the money to stop working? Don't let this happen to you and your repair shop. Make sure that you have the systems in place to keep your doors open for not only the next five years, but until you're ready to leave—and maybe even beyond.

It all starts with you. As the business owner, you're the one who needs to make the plans for the future success of your shop. Many diesel repair shop owners find themselves caught up in the day to work of the shop, rather than planning for future growth and profit. These are the businesses that fail. If you want your business to keep its doors open, you need to be the one to guide it. You can manage this by setting goals and creating the necessary systems to maintain a steady or increasing profit. Even mature businesses can fail without proper systems and oversight, so make sure that you and your repair shop are on the right track!

The following infographic lays out some steps you can take:

WILL YOUR REPAIR SHOP BE HERE IN 5 YEARS?

1. WHAT IS YOUR GOAL?
 To have a repair shop that makes X dollars a year so that I can sell my business or earn passive income on my retirement in X years.

2. WHO IS RESPONSIBLE?
 Your entire staff will likely be involved in this goal. Make sure they know their roles and responsibilities.

3. HOW ARE YOU GOING TO MEASURE?
 Choose KPIs that help track profits in your shop, including closing ratio, average order value, gross profit margin, net profit margin, etc.

4. WHAT SYSTEMS NEED TO BE IN PLACE?
 Systems should be set up to keep your shop running uniformly, including how you greet customers, how quotes should be written, and how reporting should be done.

5. WHAT KIND OF REVIEW PROCESS SHOULD I HAVE?
 Since this goal involves your whole shop, you'll want to continually review the systems. Shop meetings can help you keep in touch with everyone.

What is Your Goal?

Set a goal. Figure out what your shop needs to be making for it to remain open each year, thinking at least a few years ahead, but ideally keeping in mind the time when you want to leave the business. Having this goal listed out will give you something to work toward, a solid reason to try and keep the doors open every day.

To have a repair shop that makes X dollars per year so that I can sell the business, or retain ownership and earn passive income on my retirement in X years.

Who is Responsible?

Think through how your shop is organized. Remember that you as the owner can't do it all. Consider what kinds of work need to be done in order to achieve your profit goals. Odds are, you'll need an accountant/bookkeeper to let you know where you stand profit-wise, as well as some kind of office staff to interact with customers. And of course you'll have your shop crew—your parts and/or service advisor and technicians—who do the work to bring in your profits. This would be just a basic staff, with obvious room for additional employees, depending on the size of your shop. You might want to hire someone to handle marketing for the shop, or an office manager to run the day-to-day. Regardless, each employee should know who they report to directly to help the shop run smoothly and move toward stable profit. Clear communication is vital. This particular goal should involve every one of your employees, all working together to keep the shop open and profitable.

One of the most important things is making sure that each job has a defined role—and this includes you as the owner/CEO. When everyone knows what they're responsible for, it's easier to ensure that everything gets done. And know that you can't do it all yourself. Set your goal and lay out what each employee will need to do in order to help achieve it. How many quotes will your service writers complete? How many customers will sales need to convert? How **efficiently** will your technicians need to work? That is your job as the owner, to think about the business goals and how to achieve them, rather than making sales or turning a wrench yourself. You need to end up with a profitable shop that can still operate when you're retired.

How Are You Going to Measure?

Since this particular goal relies on profit to achieve, you'll want to plan the measurements to match. Our past **series**, the Profit Boosting Boot Camp, describes 10 key metrics to measure to help boost your repair shop profits. These would be good numbers for you to track as you work to consistent profits in your shop. This way, you'll know if you're hitting your goals, as well as areas to work on if you're falling short. It would also be good to decide who is responsible for reporting these numbers to you. For example, do you want each technician reporting on their productivity directly to you? Is your accountant or sales person responsible for preparing a report on your profit margins? Ensuring that everyone knows what they're responsible for makes sure that you're getting all the reports you need.

Developing the habit of tracking these numbers will allow you to know if your business is secure, or if some other action is needed. It also falls within the role of the business owner to monitor these numbers and plan accordingly.

What Systems Need to be In Place to Make Your Goal Attainable?

To properly ensure that you are moving toward your goal, it's important to have systems in place. Systems lay out exactly how tasks are to be completed and make sure that everyone does it the same way. This brings a sense of uniformity to the shop, as everything should be completed the same way each time, to the same level of quality. If properly put in place, your shop should be able to run without you looking over everyone's shoulder.

How customers should be greeted when they entered the shop: This can go a long way to retaining customers, and there should be a universal way your front office staff is trained to greet and interact with customers

How quotes should be written: If your estimates are uniform, it's easier to ensure that nothing is missed. It also makes it easier for the customer to understand what's being quoted to them, as well as the salesperson to sell it. (This is especially true if the service writer is not the one who interacts with the customers directly).

How each job should be performed: This includes where tools should be put and any other seemingly small details that will help your shop run more smoothly.

How reporting should be done: This way, you know how and when the reports should come to you, and your employees know exactly how to give you the information.

This is by no means a comprehensive list of all the systems you should have in place, but that depends on your business size and company structure. In many cases, the above list could be broken down into smaller items to suit the needs of your business.

As you begin to systematize your business, you might find yourself thinking that there is simply too much to lay out in systems yourself. And you would be right. Creating systems is not necessarily something you need to handle on your own, especially when your employees are a valuable resource. You can have them do a lot of the leg work for you, writing out their work processes. Then, you'll only have to tweak and approve to set a shop system, rather than having to write it out for yourself. And by having your employees help write the processes, they may be more likely to follow them. They'll feel less like a command from on high and more like collaboration between you and them. In the end, you all win. You get a shop that you'll be able to retire from when you need to, and they get a great place to work for years to come.

What Kind of Review Process Should I Have in Place?

It's one thing to set up systems, but you also need to make sure that they're working for your shop. That's what makes metric and performance tracking so important. If you're employees aren't meeting their personal goals, or your shop isn't profiting as projected, you should take a look at the systems you set out. At what point is it beginning to fall apart? Once you identify that, you can work toward a solution to fix the broken system and get your shop back on track.

To aid in this review process, it would be good to have meetings with your staff to make sure that processes are still being followed and to hear what is going right and wrong. It also keeps you in touch with the shop. Just because you aren't doing the repair work yourself, your employees should still know you as a presence.

Following these steps should set you on the path to build a business that lasts. You'll be in control of the direction it takes, and able to know whether or not you're making enough money, not only to keep your doors open for the next five years, but to allow you to retire when (and if) you're ready.

MANAGE YOUR WAY TO A PROFITABLE SHOP



If you're like most repair shop owners, you've got your eye on your bottom line, and you always want it to be a little higher. This section will focus on what you can do if you just aren't making the profits you want, so that you can get your shop on the right track, whether it's because you want to make more money or if you're behind where you want to be for the year.

If you feel like you're not making enough money, you're not alone. In fact, in a nationwide **survey** we conducted, we found that most shop owners listed profitability as their biggest concern for 2018. And yet, many don't know where to start when it comes to boosting profits. So just how do you go about making your wish for increased profitability a reality? The answer lies in your own vision for the business and the steps you take to realize it.

Take a look at the infographic below. It lays out some of the steps you should think about:



What is Your Goal?

This first step is always to have a plan—and you as the business owner are the only one who can make that plan. You should lay out in writing what you think your shop should be making, or what you want it to be making, and work backwards from there. Can you currently identify places where your shop is losing money? If you don't have systems already in place, this might be hard to tell. If that's the case, you'll probably want to implement systems to see where your shop issues really are—and one of them is likely that your lack of systemization is costing your shop money.

Your financial goal will probably look something like the following (with your numbers filled in for the X's): I plan to have my repair shop earn \$X,XXX,XXX annually by the year 20XX by increasing profit each year by x%. This may seem like a simple thing to do, but it will give you something tangible to work toward. And having it written out makes it all the more likely you'll work hard to achieve it. There's something about having a goal down on paper that makes people hold themselves more accountable.

Who is Responsible?

Once you have your goal in place, you need to determine who is responsible for helping you achieve it. As the shop owner, you can't be everything to everyone, so you'll need to delegate some of the responsibility to others. With this goal, it will likely be everyone in your shop who needs to help you achieve it, as to increase profits, you'll need everyone to work together as a team.

It's not enough just to decide who will be helping you. You need to make them aware of it as well, making their duties and expectations explicit for them, otherwise they won't be able to properly help you. David Rogers wrote an **article** that discusses the importance of communicating a shop's organizational structure to your employees. He finds that it's less important how you set it up—that's up to you and your business's needs. What's important is that everyone knows who they should go to with questions or problems and that they follow that procedure. And believe it or not, that includes you. This can help save you money in the long run, helping your goal of increased profits.

Rogers goes on to say that as the owner, you shouldn't be directly addressing each and every problem an employee brings to you. In fact, most employees shouldn't be bringing their problems to you at all. That undermines the authority of the managers you've put in place, doesn't keep them in the loop with the problems, and takes up your valuable time with small issues that can be handled by someone else. Instead, those employees should go to their direct supervisor, and if the problem is large enough, the supervisor should then bring it to you. If an employee comes to you directly, let your manager know, and allow them the space to correct the break in the chain. The same goes for you—if you notice an issue with a tech, you don't necessarily have to address it to them directly. Instead, bring it up with whoever their manager is and allow them to handle it. You put a management structure in place for a reason—don't be afraid to use it.

How Are You Going to Measure?

Deciding on what metrics to measure can be difficult, but in this case it should be guided by places where you think your shop is losing money. You could track **efficiency** and **productivity** if work is taking longer than your estimates to customers say. This would be costing you time and money, so it's important to know what's going wrong. Similarly, you could closely monitor your **gross profit** margin on parts if it looks like your parts markups are costing you money. This is by no means an exhaustive list, just some starting points. We recommend taking a look at other posts in our Profit Boosting Boot Camp **series** to learn about other metrics you could track to increase your profits.

It would be good to look at other metrics for your shop, but by really focusing in on the problem areas, you can better create systems designed to improve overall shop functionality and increase profits.

What Systems Need to be In Place?

As we've discussed in other posts, systems are what truly keep your shop organized and moving forward. They can also give you peace of mind as the business owner, knowing that each task should be repeatable with the same results each time. Here are some examples of systems you might want in place to help achieve this goal (the exact system design depends on your shop, and once you begin creating processes, you'll likely find others you want to add):

Estimates: It's important that each estimate given to a customer is as accurate as possible, otherwise you'll find yourself footing the bill for some of the repair. You don't want that. Having a definite process service writers should follow as they prepare quotes can help decrease the amount of errors or differences between quotes, saving you money in the end.

Repair Types: It would be helpful for each repair type to have its own set of processes for how you want it done. That way you know each technician should be completing the job the same way, cutting down on errors and customer comebacks. It also will help you troubleshoot any future issues.

Shop Organization: Literally, how should your shop be set up? Having a place for each piece of equipment, down to the garbage bins can help speed up repairs, as technicians won't lose time searching for something. This applies to how work benches should be kept as well. A clean bench inspires customer confidence and helps the technician to work faster.

Who is Responsible for What Tasks: It doesn't make sense to have your most experienced techs performing oil changes, when their time would be better spent handling the more complicated jobs, which they could complete more quickly than a less experienced tech. Make sure everyone knows how work should be assigned to minimize confusion, and ultimately save you money.

What Kind of Review Process Should be in Place?

Having a review process of some kind set up is important, as it allows you to identify problems and come up with solutions for them. In some cases, looking at the reports could lead you to notice areas that you didn't even know were a problem in the first place. It's likely that you'll want your employees to report to their direct supervisor, who can then deliver the reports to you for review. Weekly shop meetings are also a good way to touch base with everyone and keep yourself present in the daily operations of the shop. You'll be able to discuss shop wide issues and how you plan on addressing them in the future.

Beginning to plan your business in this way can set you on the road for more profits. As I'm sure you know, nothing in business is certain, but having systems in place for you to oversee can help you prepare for anything.

KEEP YOUR REPAIR SHOP FROM HOLDING YOU CAPTIVE

When's the last time you were able to take a vacation and not have to worry about getting phone calls from your diesel repair shop? You might feel like without your presence, the entire operation would fall apart. This isn't a good way to live, or to run a business. This section focuses on creating a self-sustaining business—one that can run without relying on you for everything. Not only does this give you the opportunity to take time away from the shop, but you can also begin to refocus your energy where it belongs—on your business and helping it to grow.

Your time is precious, and I'm sure you feel as though you're being pulled in a million directions each day. Wouldn't it be nice to get a little breathing room and pass off some of the smaller details on others? Many things can help you accomplish this, including how you **shop** for parts, but it comes down to how you manage your shop and see yourself as a manager and owner.

This goes back to what we discussed in the first post in the series. You should be working on your business, not in it. This really requires a mindset shift. Odds are, if you're like many diesel repair shop owners, you started your career off as a technician and over time you decided you could do it better. However, to run a successful business you can't continue to think like a technician. Suddenly, it's not just yourself that you're responsible for, but all your employees as well, so you need to pay attention to the business itself, creating a future for yourself and the employees that rely on you.

This infographic lays out the ideas detailed in the post:



KEEP YOUR REPAIR SHOP FROM HOLDING YOU CAPTIVE

1 SETTING YOUR GOAL

Small Goal: I want to take a week vacation from the shop without receiving any phone calls.

Large Goal: I want to have a business that can operate without my needing to be there directly managing every detail.



2 WHO HAS RESPONSIBILITY?



Both you and your employees will share responsibility for this goal: your employees need to follow their procedures and you have to be willing to remove yourself from directly overseeing the everyday details of the shop.

3 MEASURING FOR YOUR GOAL

Make sure you continue to monitor your shop's overall performance metrics, but also to how your employees are handling the new systems. You can use these measurements to better optimize the processes.



4 CREATING SYSTEMS



To truly have a business that can run without you, you need to have systems for absolutely everything your employees do in your shop. This will give them something to refer to as they work and minimize the problems you have to solve.

5 THE REVIEW PROCESS

Make sure you're evaluating how each process is actually working and try to optimize each as best you can. This will help save you time and money.



Setting Your Goal

With this, you might want to start with a smaller goal: I want to take a weeklong vacation from the shop without receiving any phone calls. If you haven't been able to do this, it's definitely time to reevaluate the systems in your shop.

Once you've established procedures that allow you to meet this smaller goal, you'll be well on your way to what you larger goal should be: I want to have a business that can operate without my needing to be there directly managing every detail.

Who Has Responsibility?

For this goal, partial responsibility falls on your employees and their ability to follow the systems and procedures put in place. But you also share some of the responsibility. You have to be willing to remove yourself from directly overseeing the details of day-to-day operations in the shop. This sets an example for how you want your employees to act. You want them to become reliant on their processes and systems rather than on you providing them with exact directions all the time. This requires you to take a step back and force them to look to their processes. Make sure you have some kind of management structure in place, so that they know who to go to with their problems, but this doesn't have to be you.

Instead, you should spend time monitoring the success of the systems you have in place and the key performance indicators for your shop. This will allow you to focus in on what's working and what's holding your shop back—and it just might give you a much needed break.

Measuring for Your Goal

For this goal, besides keeping an eye on your shop's overall performance metrics, make sure you also pay attention to how your employees are doing without your direct oversight. Are things still getting done? Are your systems successful? Where do you still need to implement systems? Use questions like these to help you both create and revise processes for your shop. Are your technicians not completing jobs in the proper amount of time? Try and determine whether this is due to someone not following the process or a fault with the process itself. Then you can better decide how to handle the issue going forward.

Creating Systems

Creating systems in your shop is the key to getting the freedom in your business that you want. Ratchet+Wrench published [an article](#) that confirms this idea. They interviewed a pair of shop owners who credit both their business growth and their freedom to having their shop completely systematized. They point to not only setting up systems for your employees to follow—both the office staff and the technicians—but making sure they know why these processes are in place. It helps not just your business, but the employees as well. They can have more confidence knowing they are doing their job exactly how you want it done.

Having a system for everything not only helps ensure the work gets done with little variation or problems, so long as everyone follows the process, but it also gives you a chance to step away from the business a little. Your employees won't need you to answer every one of their questions—they'll have their processes to refer to. The only problems that should come to you are when systems fail. That's what your job really should be about.

As we've discussed in previous sections, you don't have to be the one who creates all these processes. Often, the most effective systems come from having the employees who will carry out them out assist in their creation. In the end, then, you'll come up with something that should work for everyone, moving you closer to having a completely systematized shop.

The Review Process

The review process for this goal is especially important, because if you want your shop to be able to run without you, all the systems need to be as flawless as possible. That's why it's important to check in on how each process is performing. Is it taking too long because of redundant steps? Are there places that cause your technicians problems because they are unable to use the equipment they need? These are the types of things to look for and revise. Try to make your systems as optimized as possible, to help your employees in the present and to prevent future headaches for you.

Having a business that runs itself can put you on the road to increased profits and give you a chance to envision how you want your shop to be in the future. You can also rest easy knowing that when and if you choose to retire, you have a shop that you could sell or continue to earn profits from without your having to be there each day.

FULL BAYS, NO CASH?

Have you noticed that you consistently have full bays, but you don't seem to make any money on the work? Have you ever really stopped to think about why that might be? It could be caused by too high overhead costs, poor efficiency, too low of costs on parts and labor, or too many customer comebacks. But one thing that can help you identify and solve these problems is making sure you have the proper systems in place.

Earlier in the series we talked about general ways to make your shop more profitable. This post will dive into a specific issue—what to do when your bays are full but you're not seeing the profits. As a shop owner, this is one way you can grow your business, you just need to know where to start. Like so many other repair shop problems, you should begin with a goal, to help give yourself a plan of action. Then, work through the systems you have in place (or need to develop!) to find areas for improvement. This, overall, will help you to be a more effective leader for your business—and help to increase profits.

Check out our infographic for a summary of the information in this post:



Set a Goal

So what should your goal be? This depends on the individual shop and how you think your shop should be performing. Take a look at how you're doing now, profit-wise, and decide what kind of profit margin you want to be making on each job that comes into your shop. That will help you figure out your goal. It might look something like this:

To make X% profit on each job that comes through my shop.

Who is Responsible?

Like many things in your diesel repair shop, the ultimate responsibility lies with you. This does not mean, however, that it is your job to look over the shoulder of each of your employees all the time to make sure things are being done correctly and efficiently. It is the job of your management team to ensure that sort of thing. Plus, not only does it waste your time, but it also might cause some ill will toward you from your employees. Having them think you don't believe that they're capable of doing their job can cause them to second guess themselves and work less efficiently.

Instead, rely on reports to help you judge how things are going in the shop. If you notice work taking a lot longer than it should, see if you can identify why. Or, talk to whomever you have in charge on the shop floor to see what they feel is going wrong. Then, you can address the broken system to help things get back on track.

It should be part of your technicians' jobs to be accountable for their own efficiency. They shouldn't require your micromanagement, leaving you free to look at how the shop is operating as whole and making larger scale decisions. If, for some reason, you find that systems are not being followed, you can address that as well. It should be an expectation that shop procedures are being followed to the letter at all times.

How Do You Plan to Measure?

Once you have those decisions made, you need to figure out how you want to measure profit growth in your shop. Fullbay wrote an article that lays out one way you might think about how profits should be made in your shop.

Two things you might want to measure as you work towards making a greater profit on the work you already have in the shop are efficiency and productivity. We recently wrote posts on both repair shop **efficiency** and **productivity** and how you might go about measuring them. Efficiency will tell you how long it actually takes a technician to complete a job vs. how long it was supposed to take them. If they have a less than 100% efficiency rate, you're losing money on the job. Productivity, on the other hand, divides the number of billable hours of your technicians by the actual number of hours billed. These will help you get a better handle on what is actually happening in your shop and which areas need to be improved.

Something else you might want to keep a close eye on are your overhead costs. If they get too high, it will take a serious bite out of your profits. Some things you can't control, like the rent or mortgage of your space, but there are other ways to keep your overhead costs down. Take a look at each line item and see if there is a way to bring it down. Even small adjustments can have a large impact on your profits.

Putting Systems in Place

The overall effectiveness of your goal depends on having the proper systems in place. Without systems, you won't be able to track improvements, hold employees accountable or ensure that work is being completed effectively. It might seem like a lot of work to get all these processes in place, but it's one of the best ways to help increase your profits overall. To that end, you could consider adding or revising the following systems to help you increase the profit on the work you already have in the shop:

Efficiency and Productivity: To effectively track these, it's important to have general expectations and processes in place. This helps you see where things are falling short, and it also helps your technicians better understand what is expected of them.

Job Procedures: There should be set processes for each job type that comes through your shop to ensure accuracy and consistency. Doing so can help reduce the

amount of errors, and therefore customer comebacks, which will save you money.

Shop Organization: Having processes for absolutely everything in your shop can really save you time in the long run. This includes having a system for where everything goes. It can save technicians time if they know exactly where a part or tool is, rather than running all over the shop looking for it.

Customer Quotes: Having a set way of writing up estimates for customers can help cut down on errors, leading to increased profits for you.

Parts Ordering: Looking into different solutions for how you order parts can help save you money, especially if you work with vendors on discounts for frequent customers or buying in bulk. Similarly, don't order extra parts if they're just going to sit on your shelves for months. Keeping an inventory of frequently used parts makes sense, but you'll lose money if you never actually end up selling the parts.

Profit Margins on Parts and Labor: It's important that you're making enough money on the parts and labor you sell. Take a look at your markups—are they within market range for your area? Don't be afraid to charge a fair price to ensure you aren't losing money. Just be careful not to go so high in order to make money that you drive your customers away.

Reviewing Your Metrics

Reviewing is the only way for you to be able to see what's actually working so that you can revise as needed. Tracking your efficiency reports in particular can help with this. If you notice lower percentages on certain job types, it's probably a good indication that something is wrong with the process that is slowing your technicians down. Or, something might be off with the way the job is being quoted to customers, setting an unrealistic timeframe that your technicians can't meet. Identifying and fixing these issues will help the efficiency rate move closer to 100% or more, bringing in additional profits for your shop.

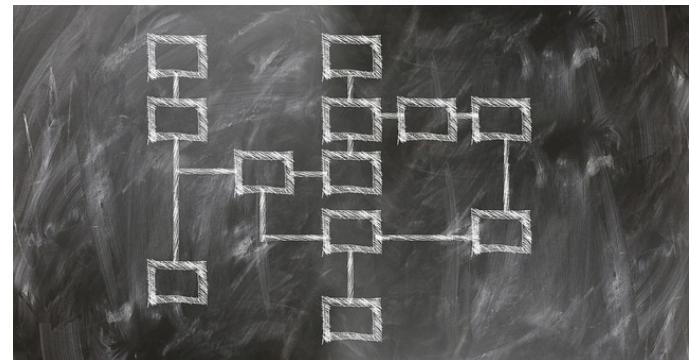
It's good to be busy, but you want to make sure you're the right kind of busy—the kind that makes you money. Having a profit goal and setting up measurable systems to help achieve that goal will help you take concrete steps to fix whatever issues in your shop are keeping you from making the money on jobs that you need.

SETTING UP PROCESSES YOUR REPAIR SHOP WILL FOLLOW

Systematizing your diesel repair shop can help with a lot of your issues, like keeping your repair shop secure. But it's one thing to have systems in place and another to get your employees to actually follow them. So as you're working on implementing systems in your shop, it's time to think about what another of your goals should be—making sure everyone follows the carefully crafted processes you've put in place.

This is important to think about even if you already have systems in place, as you need to know whether or not they're actually working for your shop. It can be easy to assume that if an employee is not following process it's because they are undisciplined or have no regard for the rules. In reality, though, that's only one possible reason why the system might be ignored. There could be flaws in it that prevent it from functioning as intended, your employees might not know where to find the processes, or they could be confused about why they're expected to follow these systems. That's why it's important to be monitoring and evaluating how your processes work and when they might need to be revised. It's not enough to just set systems. As your shop grows and changes, your processes will need to as well. You can read more about innovating systems by reading our [past post](#).

The following infographic summarizes some of these ideas:



SETTING UP PROCESSES YOUR REPAIR SHOP WILL FOLLOW

1 CREATING A GOAL

To have a fully systematized shop where all employees follow their processes by the end of the 20XX business year.



2 ASSIGNING RESPONSIBILITY

THE SHOP OWNER- Puts systems into place, explains why they're important, sets expectation that processes are followed
THE MANAGER- Monitors how systems work in the shop
TECHNICIANS AND STAFF- Are accountable for following the systems put into place

3 MEASURING SYSTEM SUCCESS

Consider using process adherence as a performance review metric and really keep an eye on shop efficiency once the systems go into place.



4 CREATING SYSTEMS

Since employees are more likely to follow systems if it's part of shop culture, it's important to have a process for everything in the shop.

5 THE REVIEW PROCESS

Employing a review process is vital to hold employees accountable and to help pinpoint where systems are failing



Creating a Goal

Like with other problems you encounter in your repair shop, think of the solution in terms of a goal you can work to achieve and write it down. This will help keep you on track and focused moving forward. For this particular problem, your goal will probably sound something like:

I plan to have a fully systematized shop where all employees follow processes by the end of the 20XX business year.

Assigning Responsibility

The Shop Owner

While you can't be everything for everyone in your shop, nor should you try, you as the business owner share some of the responsibility in achieving this particular goal. You are the one who ultimately puts the systems into place, even if you have your employees or an outside firm write them. You also have to be the one who creates the expectation that these processes are to be followed at all times. It's important to let your employees know why these systems are going into place, otherwise they'll be less inclined to follow them consistently. Some of the benefits of systems are increased safety for your employees, as dangerous processes will not be put into place, more success for your business, which results in future security for them, and a better work environment where everyone knows what's expected of them.

Making your employees a part of the process can help them feel included and valued, which in turn helps ensure that they will follow those systems. It will feel less like a set of demands forced on them and more like a true collaboration. It's also important to have your employees sign off on the processes, which functions as a contract. That way, if they stop following their process, you can pull out their signed copy and discuss. In some cases, this might require disciplinary action.

Your Managers

Your managers are your eyes and ears. They should be the ones who check on the success of the systems by monitoring their implementation and watching them in action each day. They should address any minor issues and provide guidance or correction to those who seem to be struggling. They should help ensure that the processes aren't just written and forgotten, but something that your shop lives by each day.

Your Technicians and Other Staff

Your employees will need to be accountable for their actions. It is part of their job to follow the business systems. But they should also feel free to point out any issues in the systems, or bring up a better way to do things, to help keep the business moving forward. It's no good to keep a stale system just because that's the way you've always done it. Plus, allowing for innovation and encouraging new ideas can help keep your employees engaged in the process.

But they also need to be aware that ignoring the systems can result in disciplinary action and even termination, depending on the situation. It's important that they understand that processes aren't suggestions, but the way you want the business to run. That's why it's vital they know about the systems and where to find them. In some cases, it might even be a good idea to put them up around the shop as constant reminders to your employees. Wherever you store them, make sure they are easily accessible so that no one can use that as an excuse not to follow them.

Measuring System Success

The only way to know if you're moving toward achieving your goal is to measure. So it's important to decide how you want to go about it. Some places, [like Novatek](#), recommend making Standard Operating Procedures part of the review process for your employees, suggesting that if employees know that they're being monitored on this, they're more likely to follow the procedures. You can also measure whether accidents have decreased in the shop since implementing the processes, whether customer comebacks have decreased, and other general shop information. Monitoring employee efficiency can help tune you in to whether or not they're following their systems as well. However you decide to measure, you'll need to decide on some required reports, and, yes, make a system for those as well.

Creating Systems

For this to be a successful venture, you'll need systems for absolutely everything in your shop, from how customers are greeted to how the shop needs to be closed each evening. This may seem like a massive undertaking, but if you enlist the help of your employees, it will go much more quickly. Give yourself a timeframe in your goal of when you want all the procedures to be written, and work through them systematically to make that happen.

The Review Process

Having a review process in place is especially necessary, as employees need to be held accountable. You also need to be able to pinpoint why a system is not being followed: confusion, poor training, faulty system, or blatant disregard that might require disciplinary action of some kind. In that case, you'll want to take action. Letting employees ignore the procedure with no consequences only reinforces the idea that you aren't serious about them in the first place. **Fender Bender** encourages shop owners to set up "non-negotiables" and to not be afraid to have the difficult conversations with employees who continually disregard them. You're not doing anyone any favors by allowing it to continue, and it sets a bad example for the rest of the shop. It'd probably be best

to issue warnings and other corrective measures before outright termination (except in extreme cases like harassment or theft), but in the end, don't be afraid to let go of an employee who doesn't fit in. It'll be better for shop culture overall.

So in the end, you don't just want to create systems, but you want to create systems your repair shop will actually follow. This will not only make you a more profitable shop overall, but it should create a better environment for your employees to work in. Remember that a procedure doesn't always speak for itself—make sure your staff understands the why and the how of it. In the end, you'll be surprised how many of your repair shop headaches you can solve by ensuring that your staff follows their procedures.

KEEP WORK DELAYS FROM STALLING YOUR REPAIR SHOP

Closely related is something else you might be experiencing—lost money due to work delays. It can be a very frustrating problem, as you have the customers in the shop, but much of the profit you should be making is lost because of the amount of time it takes to complete the repair. But what can you do about it?

Have you noticed that jobs are taking a lot longer than they should in your shop, but you can't pinpoint exactly what's slowing them down? Is there something off with the quotes given to customers? Are your techs losing time having to clarify the repair order with the service writer? These are questions that can only truly be answered if you have the proper systems in place.

Something that's important to consider as you work toward improving repair time is your **shop's efficiency**. This measures how long it takes a technician to complete a repair against how long it was estimated to take. The goal is to have an efficiency rate of 100% or higher, meaning that your technicians would be completing jobs in the amount of time quoted to the customer, or less,



making your shop more money. It's important to have a handle on where your shop is with this metric as you move to improve it.

Once your baseline efficiency rate has been established, you can make moves to improve it. That's where systems come into play. If you don't have proper processes set up for your shop, it becomes nearly impossible to track what's being done well and what needs a little work. It's difficult to pinpoint problems, and your shop will end up floundering. Instead, work on implementing or improving systems with an eye on boosting efficiency. Odds are, you'll figure out what was going wrong in your shop in the first place, as well as address any upcoming issues much more quickly.

Our infographic lays out some of these ideas:

KEEP WORK DELAYS FROM STALLING YOUR REPAIR SHOP

1 SETTING YOUR GOAL
As a shop, we will complete repairs in the time quoted or less for every job that comes through, saving an average of \$X per repair.

2 WHO HAS RESPONSIBILITY?
THE SHOP OWNER- Puts systems into place, monitors the systems
SERVICE WRITERS- Need to be accountable for following shop processes on writing estimates
TECHNICIANS- Need to be accountable for their efficiency and for following shop processes

3 MAKING SURE YOU'RE MEASURING
Measure things like efficiency, but also how well your staff is adhering to their systems. Keep up with tracking these measurements.

4 CREATING AND REVISING SYSTEMS
Some processes you might want to consider:
-Preparing Service Orders and Estimates
-Shop Organization and Tool Placement
-Parts Inventory and Ordering
-Communication Between Service Writers and Techs
-Job Procedures

5 THE REVIEW PROCESS
Reviewing your systems and shop measurements must be an ongoing thing. This will help address problems much more quickly.

Setting Your Goal

Like the other issues you might face, solving your work delay problem relies on you having a clear goal. Your goal might be:

As a shop, we will complete repairs in the time quoted or less for every job that comes through, saving an average of \$X per repair.

The way you approach this goal depends on what the major problem is that's slowing you down. Each shop will be different, which is why it's so important to have systems in place that can help you identify what's going on.

Assigning Responsibility

As with most things in business, the ultimate responsibility will end up being shared between several people, all with different roles to play.

The Shop Owner

As the shop owner, it is your job to make sure the proper systems are put into place to help your shop flourish. It's you who needs to monitor those systems to see where they might be breaking down and work with your employees to come up with solutions to those issues. You're the big picture person, and it's important to keep in that mindset.

Service Writers

Your service writers are the ones who provide quotes to the customers, so it's vital that they be accurate. If the estimates are off on timing, it could be part of the reason you're technicians aren't able to get jobs done on time. They need to be accountable for following shop processes for writing estimates and performing inspections, and they need to make sure that they aren't rushing through things just because the shop is busy. The more accurate the estimate, the more you'll end up making in the long run.

Your Technicians

It's the job of the technicians, though, to make sure the work is done on time. That means that they need to complete the job without wasting time, and following processes can really help with this. If they know exactly where everything is, and they're provided with a comprehensive repair order, they won't need to worry about spending an hour tracking down a part or verifying information with the service writers. They will then be accountable for their own efficiency.

Making Sure You're Measuring

As it's one of your main responsibilities, you need to make sure you're measuring how your employees are doing, both in regard to their efficiency, as well as their adherence to the processes. (Keep in mind that sometimes they might be disregarding a process because

they don't want to do it, and at other times there is something broken that prevents them from completing it properly. It's better not to jump to conclusions before evaluating what the problem actually is.)

Terry Keller, writing for **Shop Owner Magazine**, reminds shop owners that you can't just measure your employees; you also have to analyze and use the data. What is it telling you? He finds that the numbers aren't about them as a person, but how they are performing in their position. This can help you to more easily handle difficult situations.

He also points out that you need to keep up with tracking the measurements. Having information from several weeks ago doesn't really help you now. You need to know what's happening in real time, so make sure you make it part of your daily routine to review the measurements coming from your shop.

Creating and Revising Systems

As we've mentioned before, having the right systems in place is critical to the success of this goal. Don't be afraid to change a system if it isn't working, especially as your shop grows. Continuing to use an outdated system can be just as detrimental as having no system at all. Some of the systems you might think about for your shop could include:

Preparing Service Orders and Estimates: This is one of the most important things to have to help get your work done on time. If your technicians aren't given an appropriate amount of time to complete the job, it will always look like there are work delays, and you'll be constantly losing money. But, if you have uniform processes for how inspections should be completed whenever a customer comes into the shop and how their estimates should be written, it's much more likely that they'll take the time to be accurate and thorough.

Shop Organization and Tool Placement: If everything has its place in the shop documented, your techs will be able to save time, as they won't have to be running all over looking for the part or tool they need. It might seem like ten or fifteen minutes to find a part is nothing, but it can really add up.

Parts Inventory and Ordering: Having a defined way to know which parts are in the shop, which need to be

ordered, and the best way to get those parts can also save time. You don't need to be spending time running all over town looking for parts. This takes away from the job at hand. Instead, get to know your vendors and work to make a process on how parts can be ordered and shipped when needed. This can also help with accurate time estimates.

Communication Between Service Writers and Techs: Streamlining this process can help save time as well. If your technicians are forced to hunt down the service writer each time they need something clarified on the repair order, valuable time is lost. Instead, come up with a system to help keep communication open. What works will vary from shop to shop, so think about how your shop is currently organized and how best to coordinate proper communication.

Job Procedures: Having a procedure for each repair job documented can help with timing as well. If each tech knows the exact process for how a job should be done, they can move much more efficiently through the repair.

The Review Process

Reviewing and monitoring your systems will be a constant, ongoing thing. You'll always need to know if your employees are hitting their numbers, or if your systems are falling apart. Keeping on top of this can help you address work delay issues quickly and efficiently, rather than responding after it's too late to do much. Try to make reviewing measurements a part of your daily routine to help you stay tuned in to the shop.

Obviously, you don't want to be losing money on the jobs that come into your shop, so make sure to maximize each minute. Putting systems in place and holding your employees accountable for them can help you boost your profits and set your shop on the path for future growth.

HOW TO GET AND KEEP QUALIFIED DIESEL TECHNICIANS

If you own a repair shop, I don't have to tell you there's a shortage of qualified technicians. It's a problem the vast majority of shops are currently facing. But what can you do about it? If there's not enough, there's not enough, right?

Actually, there are quite a few things that you can do to help ensure you're getting the best possible employees to fill your open positions—obviously you don't just want anyone off the street who can hold a wrench. You want quality, trained technicians. So just what should you be doing to help these techs find their way into your shop?

It takes a little time and investment on your part, but it is possible to get the quality techs you want. It should be said that this is a long term strategy, helping you plan for the future of your shop. It might take a little time, but it will better help you achieve your long-term goals—and save you money.

Did you know that the cost of replacing an employee can range from **30%-400%** of their annual salary, depending on their skill level? This can be taking a huge bite out of your profits if you're experiencing high turnover rates. Wouldn't it be better to take a little time and find the right people, rather than paying again and again to hire people that just don't quite work out?

The cost of employee turnover speaks to the second part of keeping your shop fully staffed—retention. You not only want to get good technicians into your shop, you want them to stay there. A lot of that boils down to shop culture, on top of benefits and pay. Your employees want to feel valued, like they have a place, and to keep them, you have to make sure your shop has an environment that creates that feeling. We'll talk about how to achieve both parts of finding qualified technicians throughout the post.

The following infographic touches on some of these ideas:



HOW TO GET AND KEEP QUALIFIED DIESEL TECHNICIANS

1 SETTING YOUR GOAL

To hire X qualified technicians within the next calendar year who fit in with shop culture, and to be able to retain those technicians through improved benefits, better recruitment efforts, and an emphasis on a good working environment



2 WHO IS RESPONSIBLE?

THE SHOP OWNER- Create relationships with technical programs, set shop culture
HR/RECRUITER- Interviewing and hiring quality candidates
OTHER EMPLOYEES- Maintaining shop culture



3 MEASURING YOUR PROGRESS

Depending on your approach, you might want to measure: how a partnership with a local school is going, your shop's turnover rate, efficiency, job performance, etc.



4 SYSTEMS YOU MIGHT CONSIDER

Some processes you might want to consider:
-Recruitment
-Training
-Benefits
-Relationships with Local Technical Schools and Programs



5 REVIEWING YOUR SYSTEMS

Reviewing your systems regularly can help you see how they're working for your shop and let you better alter course to achieve your goal.



Setting Your Goal

As with any of these repair shop headaches that you want long-term solutions for, it's vital that you spell out your goal. For this particular issue, it might be something like:

I want to hire X qualified technicians within the next calendar year, who fit in with the shop culture, and be able to retain those technicians through improved benefits, better recruitment efforts, and an emphasis on a good working environment.

Who is Responsible?

Since this goal affects your whole shop, each of your employees, including yourself, will share in the responsibility of helping to hire and retain new technicians.

The Shop Owner

As the shop owner, you'll be at the forefront of looking for new technicians to bring into your shop. Even if you're not currently in need of technicians, odds are you will be in the next few years (retirements, shop growth, unforeseen turnover, etc.) So it's good to start laying a foundation for the future. And that means forging relationships with local schools and technical programs to help get your name out there. Ronnie Garret, writing for **Heavy Duty Trucking**, points out that those who do not partner with local schools often find themselves shorthanded. The new technicians are routinely snapped up pre-graduation by shops and companies that work with or sponsor tech programs. They have the access to new technicians, leaving none for any other repair shop.

So you want to be one of those shops with the access. You or some of your higher level techs could offer to mentor students or teach.

You could provide access to equipment or onsite training. Find out what the schools in your area need, and see if your shop can provide it to them. That way, you can start recruiting before techs graduate, and give yourself a much needed leg up.

It's also your job to help set and maintain shop culture. You want your employees to feel welcome, and like they have room for advancement. You can read more about improving your **shop culture** in one of our earlier posts.

HR/Recruiter

This person is whoever in your shop is actually responsible for interviewing and hiring new employees. They need to make sure they are bringing in only qualified technicians who seem like they'll be a good fit for the shop. This will help with turnover rates, as well as overall shop culture.

Other Employees

It will be the job of your other employees to help maintain shop culture. They need to make new technicians feel welcome and engage in their training process, rather than viewing them as people who don't know how to do anything. Encouraging ongoing training amongst all your employees can help with this. Think about setting up different pay scales or programs to encourage continuous learning and advancement.

Measuring Your Progress

There are several ways you might measure how your recruiting efforts are going. For example, if you set up some kind of partnership with a local school or technical program, you can see how many employees you've gained as a result. You can also measure changes in your shop's turnover rate. Since implementing new systems to improve culture, have you noticed less people leaving the shop? Efficiency and job performance are also good indicators to help you see if you've hired the right people. Deciding on your overall goal and the specific methods you plan to achieve it should also factor into to how you measure your progress. Try to tailor it to your specific plan.

Systems You Might Consider

You've probably guessed that creating processes is a big part of achieving this goal. You want to make sure they're actually documented systems, not just things you assume are generally understood throughout the shop. It's really the only way you can accurately measure your success to make future business decisions, and recruiting/retention plays a large role in that. Some systems your shop might benefit from include:

-Recruitment: Having consistent recruitment standards can really help with the overall hiring process. That way you aren't bringing in people just to fill spots, but instead hiring only people who you feel will thrive.

-Training: While your new technicians will likely come with certification, they probably won't be instantly ready to jump into a full workload in your shop. Make sure that they're getting the proper training they need to be successful in their new position, and think about encouraging further outside training. Not only is this beneficial to the technicians, but it can actually help your shop grow.

-Benefits: It's not just pay that new employees are concerned about. Make sure you have a benefits system in place. This can include the standard insurances and time off, but you might also think about things like tool allowances, comp time in place of overtime pay, and company outings and events. All these would be benefits for your employees and help with overall shop culture.

-Relationships with Local Technical Schools and Programs: As we talked about above, forging relationships with local schools is one of the top ways to improve your recruitment efforts. Systemizing how you want to go about these partnerships can help both help you continue the partnerships from year to year, as well as measure how they're working for you. If you need to make changes, you'll be able to better see what they should be and how they'll affect your shop.

PREVENT PARTS PROBLEMS FROM DERAILING YOUR REPAIR SHOP

Are you having trouble getting the right parts? Are your orders getting mixed up? Markups not making you enough? Parts problems can cause major time delays for your diesel repair shop, costing you money. But there are things you can do to help keep problems like these from costing you too much.

Reviewing Your Systems

After putting all the work into creating and documenting, you don't want to just leave it at that. Instead, make sure you're reviewing how they're working for your shop. Is your recruiting up? How about retention? If you don't see the results you want, reevaluate the systems you have in place. What could be changed to help better achieve your goal? This way, you can be systematically moving toward your goal, rather than just blindly trying to find your way.

Remember that this is a long-term strategy, so you might not see immediate results. Instead, see it as an investment in your shop. Not only will you better be able to fill your current openings, but you'll have systems and processes in place that will help you with any hiring needs into the future.



This section focuses in more specifically on parts problems and the way they cost you both time and money. And, more importantly, how you can fix them. In fact, we've written another [blog post](#) about how you can save money by carefully selecting your parts vendors. It can have a bigger impact than you might think.

The occasional parts mix-up is inevitable—you thought you had something inventoried but you don't, or your local parts store is out of stock. It's when it becomes a frequent issue that you can really see it cutting into your profits. Developing systems for ordering, stocking, and marking up parts can do wonders in helping prevent these issues. There's no need to just accept it as a part of the life of your diesel repair shop. Take action to reclaim those lost profits!

Our infographic helps lay out some key points:



Setting a Goal

A lot of separate pieces could play into the way parts and parts problems affect your bottom line overall, so you want to be sure to set a clear goal that addresses the way you see them impacting your shop specifically. The example goal below shows how you might incorporate several of the issues into one plan:

We want to increase profits by X% in the next year by decreasing time spent looking for parts, wasted inventory, too low of markups, and mixed up orders. We'll address this by implementing systems related to how we find/order parts and how markups are figured.

Deciding on Responsibility

Since this goal affects your whole shop, each of your employees, including yourself, will share in the responsibility of helping to hire and retain new technicians.

The Shop Owner

Part of your main job as the shop owner is to set the long term plans in motion and oversee how they unfold. It's no different here. You need to make solving these parts problems a priority and make sure that the proper systems get implemented to ensure success. Then you need to oversee how they work in the shop. Is your parts manager still having difficulties? Then you might need to edit the systems. Are you seeing drastic improvements? In that case, it's probably fine to continue to monitor the existing systems and see if they continue to work for your shop as it grows.

Your Parts Manager

Your parts manager will play a large role in ensuring the success of this goal. They are in the trenches, working with the technicians and the parts to make sure everyone has what they need to get the jobs done. Ideally, they should advise on the systems you want to implement, to make sure that they're what your shop actually needs. They can also help monitor inventory to cut down on excessive ordering that loses your shop money.

They should also be working with vendors to find the best suppliers for specific parts, as well as any special pricing they might be able to get for frequent or large orders. A lot of suppliers will work with you on this. (Check out our **Repair Shop Value Program** to see some of the ways HHP can work with you on this!)

Measuring Your Systems

As you decide how you plan to measure your success in achieving your goal, you should evaluate which parts problems are most impacting your shop. Those should be the ones you focus the most energy on. How much have they cost you, in time, money, or both? Decide how you want to measure going forward—number of errors? Dollars lost? Time wasted? Metrics like these can really show you how your systems are working going forward.

Another thing you may want to measure is your gross **profit margin on parts**. This number shows you how much money you're actually making on parts. Remember that this is not the same as your parts markup, so it's important to have a good handle on both.

Creating Your Systems

As with any new goal you're trying to achieve in your shop, your success comes down to the systems you implement. Bad systems will only make the problem worse, but the right processes can set your shop on the path for increased profitability. Some systems to think about for this particular goal might be:

-Parts Markups: If your parts markups are too low, you won't end up making any money on the parts you sell to customers. Evaluate yours, and make sure that they're actually covering the costs of purchasing, receiving, and installing, preferably with some left over for the shop. Remember that you don't have to use the same markups for all parts. Fullbay put together an [article](#) that gives you an example of how you might go about pricing your parts.

So, to avoid confusion on parts pricing, make sure you have some standards in place that ensure you're actually making money.

-Finding Parts: Stop wasting time sending people out for parts. Instead, create a system that details where you normally get each part from, based on price or availability. That way, no one has to go hunting all over town, nor do they have to pay too much for parts. You

can order them from whoever will save you the most money or get the parts to you in the quickest amount of time, depending on the urgency of the job. Make sure that this is accessible and understood by whomever orders your parts.

-Parts Inventoried: Buying in bulk only makes sense if you know you're going to use those parts. Otherwise they just sit in your storeroom, costing you money. So it makes sense to make a process for which parts should be kept in inventory, because they are used so frequently, and which should be purchased on an as-needed basis. This will both help ensure you always have those commonly used parts on hand, and keep you from ordering things you probably don't need. The types of parts will vary from shop to shop, so it's important to do an evaluation of your inventory to decide what these standards should be.

-Shop Management Software: You might consider purchasing shop management software if you don't already have it. This can help you regulate and monitor your parts ordering and help keep everyone in the shop on the same page. If you do decide to go this route, you'll have to set up a separate set of systems on how to implement and use the software in your shop to make sure you're getting the maximum return for your investment.

-Vendor Selection: You want to make sure you're choosing the right vendors when you order parts. Your parts manager should be familiar with the vendors and what they offer. They should be communicating with them to make sure your shop is getting the best prices, including any possible discounts. Also make sure that you're taking shipping and pricing into account. It's possible that someone might have a lower price, but you might end up losing more money on repair delays waiting for the part to arrive. Weigh out the costs of each before deciding on which vendors to use.

It might seem obvious, but don't continue to use suppliers that frequently mess up your orders. That is just throwing time and money down the drain. Instead, work with those who ensure you're getting the right parts, on time. (Call HHP at 844-215-3406 to talk with our certified technicians if you have any diesel engine parts questions. We want to make sure you're getting the parts you need!)

Reviewing Your Systems

Once you have things in place, you want to make sure everything is running as smoothly as you hoped, and that you're well on your way to stopping losing money because of parts problems. Monitoring and reviewing your systems will help with this. Remember those measurement metrics you decided on? This is where they

come into play. Use them to see how your systems are working and whether or not any changes need to be made. Don't be afraid of revisions—it's all part of the process! You don't have to suffer because of issues with your parts any more. Take steps to improve your profits and ease the stress that comes with part problems!

BUSY WORK KEEPING YOU FROM GROWING YOUR REPAIR SHOP?

We've all said it before: I'm just too busy! And there's no doubt that you are busy. But are you the right kind of busy? As a diesel repair shop owner, your time is valuable, but more often than not, many shop owners find themselves caught up in daily office tasks like bills and invoices. While this is a vital part of keeping your shop running, is it really the best way to spend your time?

It goes back to the idea of working on your business, not in it. We talked about this earlier, and it's an important thing to remember here. If you're not working on ways to keep your shop profitable and growing, who is? That's where the majority of your time should be spent. If a task can be handled by someone else, then you should let them take care of it.

Plus, it's not cost effective for you to be spending so much of your time tied up with office work. Think about the cost per hour of you getting paid to do something versus what it would cost you to pay someone else to do it. Likely, it's cheaper for you to have someone else take responsibility for the little tasks that distract you from your actual job of running your business.

"But no one else can do it as well as me," you may object. In some cases, that may be true, but the root of the problem is that you don't trust anyone else to do it right. And that's where systems come in. If you have systems in place for how you want the bills paid, from where they go once they arrive in the mail to exactly where they should be put to send out, then you can trust someone else to do it—they should be doing it exactly like you would.

So get these systems in place, so you can get to work on what your job should actually be—building your business.



Take a look at the infographic for some of the ideas laid out in this post:

BUSY WORK KEEPING YOU FROM GROWING YOUR REPAIR SHOP?

1 YOUR GOAL

To hire X new employees to handle [insert tasks taking up your time].
OR
To rearrange and reprioritize staff job roles and systems so that [insert tasks] no longer fall solely on owner to accomplish.

These will help the owner focus on creating and implementing strategies to help the shop make SX in profit by the year 20XX.

2 THE RESPONSIBILITY

THE SHOP OWNER: Set up systems, hire employees, delegate
BOOKKEEPER/OFFICE STAFF: Complete tasks, follow processes, report to the owner

3 MEASURING THE SYSTEMS

Tracking your own time spent can be a good way to measure the success of the systems, as can the reports from your staff.

4 CREATING SYSTEMS

Some systems you might want include:
-Bill and Invoices
-Customer Service
-Waiting Area Cleaning
-Other Tasks

5 REVIEWING THE SYSTEMS

Again, review reports to make sure tasks are being completed to standards and keep track of your own time. This will give you a good idea of how systems are working in your shop.

Your Goal

Your ultimate goal here should be to give yourself more time to accomplish other shop goals. This can be set up in different ways, depending on the needs of your shop. Here are a couple ways you could write out your goal:

To hire X new employees to handle [insert tasks taking up your time]. This is to help me focus on creating and implementing strategies to help the shop make \$X in profit by the year 20XX.

OR

To rearrange and reprioritize staff job roles and systems so that [insert tasks] no longer fall solely on me to accomplish. This is to help me focus on creating and implementing strategies to help the shop make \$X in profit by the year 20XX.

The Responsibility

The Shop Owner

Your goal is to save yourself as much time as possible to focus on other aspects of your business, so your responsibility here will mainly be to not let yourself get caught up in the day-to-day tasks that take up too much of your time. Set up systems, hire new employees, and delegate. That is how you can get away from losing entire days to office work. It'll also be your job to enforce the idea that people should not be bringing a problem to you unless it truly is something only you can solve. Otherwise, direct them to the process they should be following.

Bookkeeper/Office Staff

These staff members should be the ones who actually complete the tasks that take up too much of your precious time. If you don't have them, then you should hire them. You'll definitely save yourself some headaches, and probably money, in the long run. It will be their responsibility to complete the tasks by following the processes you lay out and report back to you. It should be an expectation that each task should be completed according to process.

Measuring the Systems

A good part of measuring if your systems are working is by tracking your time. How much time are you still spending managing invoices? How many hours per day do you find yourself manning the front desk? If you don't track where your time is spent, you won't know if you're achieving your goal of spending more time focusing on how to grow your business to increased profits.

You will also need to review reports from your staff. Are they having problems with the systems? Are tasks being completed in a timely way, up to the standards laid out for them? If not, try to root cause the problem. Is it due to a flaw in the system, or an issue with employee training? This is a more valuable use of your time than actually completing the task yourself.

Creating Your Systems

The systems you'll need for this particular goal are related to the tasks you need accomplished, and will vary from shop to shop. Some that you might find useful include:

-Bills and Invoices: How exactly do you want these completed? When should they be sent out? How should invoices be approached? Accounts reconciled? Make sure your bookkeeper or accountant knows exactly what your expectations are, so that nothing is missed.

-Customer Service: Who should be greeting customers and checking them in? How should they be given estimates? Make sure your staff knows exactly who is responsible for ensuring this gets done consistently every time someone enters your shop.

-Waiting Area Cleaning: A lot of owners find themselves taking on a custodial role around the shop as well. Again, keeping everything clean is important to the success of your business, but it's not your job as the owner to handle it personally. Decide exactly how the waiting areas and restrooms should look to set a standard, and then figure out who is responsible for maintaining it. Do you want to hire an outside crew to come in and clean? Will you have your front office staff handle it? This should be a clear expectation for whoever you delegate the job to.

-Other Tasks: Again, you could find your time being consumed by a variety of busy work. Work to identify which tasks just aren't vital for you to complete yourself and delegate them to others.

Reviewing the Systems

Like with every other goal, you want to make sure you're reviewing how your systems are functioning within your shop. You'll want to review the reports from your employees to make sure every task is being completed

up to standards, but you'll also want to keep track of your own time. If you have more time to spend on other shop projects, then your systems are probably working. Just make sure that you don't fill that time with more busy work, which defeats the purpose of the entire goal.

It is possible to have more time, you just have to be willing to delegate to other members of your staff—or hire new people when necessary. So stop making excuses, and start working to grow your business.

DON'T LET EMPLOYEE PROBLEMS HOLD YOUR REPAIR SHOP BACK

We've said it before, and I'm sure you've heard it—there's a shortage of qualified diesel technicians out there. But that shouldn't be a reason to hire just any candidate who walks through your door. You could be doing more harm than good!

In an earlier section, we discussed how to go about hiring qualified technicians, and we explained how even though there is a shortage, there are things you can do to help your shop find qualified candidates. But you want to make sure you're finding the right candidates. Employee turnover can be an expensive mess, and having a toxic employee in your shop can create even more problems. Don't let one bad employee drive away your good ones!

As you're looking at your retention rate, the employees you currently have, and how many you want to bring in, you should also evaluate your hiring procedures. You want to make sure that when you're interviewing candidates you're not just looking at their technical experience and expertise, but evaluating their personalities and how they would fit into the shop as a whole.



If a candidate raises flags for you in the interview, it's probably better not to hire them. You might try and talk yourself past the warning signs because you just need someone quickly, but if that candidate turns out to be a toxic person, you stand the risk of not getting the quality work out of them you need and driving away your good employees.

Even if you do bring in someone and they don't seem to be working out well, try to address it with them. Let them know again your expectations for your technicians as far as work and attitude. If they still don't take what you're saying to heart, don't be afraid to let them go. It would save you time and headaches down the road.

You should also focus on keeping the employees you have. You don't want to lose good technicians because they're frustrated with a bad work environment or feel that they're unappreciated.

While this might seem like a lot for you to think about, they're all things that can be addressed through the use of systems. You can streamline how you screen and hire

candidates, how you address problems in the shop, and ways to maintain a positive work environment.

Our infographic gives you some things to think about as you work to solve this problem:



Setting a Goal

Like with anything else you want to achieve in your diesel repair, it helps to have an actual goal written out. You might consider something like this:

Our goal is to reduce employee turnover by X%. We plan to do this by removing problem employees and hiring better candidates through more streamlined hiring procedures, in order to improve shop culture and increase profits through reduced turnover and increased efficiency.

Assigning Responsibility

For this goal, too, responsibility is shared by many people throughout the shop. It's important that everyone knows exactly what you expect from them—and you need to know what you expect from yourself.

The Shop Owner

Since you're probably not down on the shop floor constantly (at least you shouldn't be—you should be **focused on growing your business** and letting your managers do their jobs), you rely on others to bring you reports of the major problems. These would be your responsibility to address.

Similarly, you are the one who will need to oversee the systems and make judgment calls about their overall success. Are you finding and hiring better candidates? Has retention increased? Your systems can help tell you that.

You'll also be the one who can help make changes to the overall shop culture. If your employees seem dissatisfied, try to find out why. Do they feel they have insufficient benefits? Do they want more training to improve their skills? Would they benefit from some team building outings? Things like this can help make your shop a better place to work.

Hiring Manager/HR Person

Whoever is in charge of your hiring (this might be someone you have on staff, an outside firm, or possibly you) should help improve the hiring process to bring in better candidates. They should consult on how best to screen candidates to find ones that are not only trained, but will fit in to your shop culture.

Shop Managers

Since they are the ones on the floor all the time, they should be the ones to bring any major problems to your attention, so that you can work to solve them. It should be part of their processes to know what and when to bring these things up with you.

Measuring Systems

Make sure you have a plan in place for how you want to go about measuring your new (or improved) systems. **Efficiency** and **productivity** are both good ways for you to help keep an eye on how things are going in your shop. You might also want to make sure you know your turnover rate, and then monitor it over time to ensure your systems are actually helping to improve it.

Building Systems

As I'm sure you've put together, the success of this goal relies on the systems you implement in your shop. Some you might think about include:

-Shop Operating Procedures: You might also consider this an employee handbook. It should lay out how employees are expected to act at work, job expectations, lay out benefits, etc. You can also lay out the things you absolutely will not tolerate in your shop. Have each employee sign it, so that should a problem arise, you can point out that they were aware of the shop policies. You'll come from a stronger position, then, when confronting employees who are creating problems in your shop.

-Hiring Processes: These can lay out exactly how you want to look for candidates, screen them, common interview questions, and your general expectations for possible employees. This will help to hire people who have a better chance at being successful in your shop.

-Tech School Partnerships: As we've mentioned before, you should consider some kind of partnership or mentorship program with tech schools and programs in the area. This can help you locate candidates before they hit the job market, giving you a leg up on other shops that are looking to fill positions as well.

-Chain of Command: To help with overall expectations and system implementation, there should be a clear chain of command laid out for your shop. People need to know who they report to directly.

-Training: Having processes in place for continued training can help you retain employees. They'll be able to grow their skills, and also set them on the path for future advancement.

Reviewing Systems

Once you have everything laid out and put into place, you want to make sure you're tracking how the new processes are going. This is where the ways you decided to measure come into play. You should have a baseline to go off of, and then watch how things change. If the systems don't seem to be having an impact, you might want to review and revise them. In the end, though, systemizing this process should help you take care of employee problems and bring better people into your shop.

Through systems, you can effectively manage your business without having to be present for everything that happens. Instead, you can put your time and energy into growing your diesel repair shop into a profitable place to work for years to come.