
SESSION

Pathway to Profit

DESCRIPTION

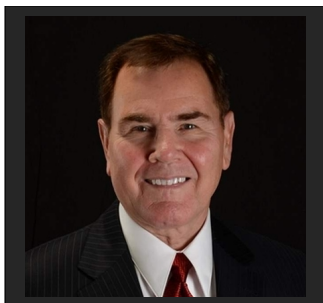
This presentation starts slowly with basic business fundamentals and quickly advances to address needed changes to increase net profit dramatically. Shop owners need to offer higher wages to attract and keep quality people and they have to increase shop net profit to do so. The four basic principles are Integrity, Competence, Empathy and Discipline.

Better vehicle quality means many shops enjoy less profit per vehicle. We sell less parts per driven mile and parts last longer than on vehicles of the past. There was a time when vehicles reached 100,000 miles and they were scrapped. Today, It is not uncommon to work on vehicles with 200,000 miles plus. Accountants, carpenters, electricians, lawyers and plumbers don't sell parts and make their profit in labor and so can you.

Research shows Internal combustion engine vehicles (ICE) have 28-30,000 parts counting every nut, bolt, rivet etc. An electric vehicle (EV) has about 7-10,000 parts. As our industry morphs toward electric vehicles, shops could sell even less parts per vehicle while shop expenses increase.

This evolution requires unshakable attention to detail to transition from parts profit dependency to labor GP paying all the bills and profit on parts as extra money.

With formula based labor rates you can sell your parts at cost and make your full average gross profit per billed hour. Many have increased their profit by \$3-\$4,000 per month using formula based Labor Intensive and Diagnostic Labor Rates.



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