

SPECIALIZATION: is this a road you should take?

I was on my way to visit the world's largest auto parts store, West Covina Auto Parts. Yes, of course they have service bays. But, as I approached, I was greeted with the deafening sound of a jack hammer pounding away at the concrete floor.

It took only an instant to realize that this fantastic repair center was in a total state of upheaval. But why?

It already was an enormously successful 11-bay service facility that would make most owners turn green with envy. Why would the owner of one of America's most successful independent service operations totally tear it apart? And why, I asked myself, would he invest thousands and thousands of dollars in what you would judge to be a "state of the art" facility?

If profit is of any interest to you, then please read on.

Shifting Gears

The reason the jack hammers were tearing up a successful 11-bay **general** repair facility was to immediately replace it with an even more modern 13-bay **specialized** repair facility.

The key point is not the expansion from 11 to 13 bays—that was just a bonus. The real reason for breaking up and moving all that concrete was to shift from a **general** repair facility to a **specialized** operation. (Four bays will be dedicated to 10-minute lube service and all other bays will be dedicated only to brakes, front-end work, and tune-ups.)

The motivation behind all of this? A better bottom line.

As a professional speaker and consultant to the automotive industry, I've helped many people to shift their repair operations from general repair to specialty work. And guess what? Not a one has done it for the fun of seeing their building mutilated and their operation disrupted. (Jack hammers are fun to watch, but only when they're pounding someone else's property apart.)

No, the motivation was a desire to improve their collection of little green pieces of paper with pictures of dead Presidents!

For an import service specialist, this is a time when it's necessary to look at further specialization—especially if you now do *all* kinds of service on *all* kinds of imports.

Consider This . . .

Do you have a greater long-range profit potential by specializing? I can think of at least 14 reasons why your answer might be "yes".

- Technology is changing with blinding speed. Can you really keep up with all systems on all import makes? Are you ready to cope with four-wheel steering on one customer's car and active (computer controlled) suspension on the next? I doubt it.
- The cost of equipment, manuals, and bulletins continues to go up. Can you afford all the tools that can be used only on a BMW . . . or a Toyota . . . or a Mercedes . . . or a Mazda? Again, I doubt it.
- Are you a victim of your own comfort zone? Do you have the attitude that things are going along pretty well now, so why tinker with success? (That attitude may



General
Import
Services

Specialized
Import
Services
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come back to haunt you in a couple of years.)

- Get a little greedy. What do the profits of a specialist look like compared to the profits of a generalist? Let the numbers talk to you.

- What is the competition in your area? Also, will specializing be dividing up an already too-small market? If a guy down the street is already specializing in Lamborghini brake work, maybe that satisfies the market. So over-specialization can be a mistake, too.

- Keep in mind that registration lists of owners, by vehicle make, are available. If you specialize by make, these are perfect customer mailing lists.

- Some tough problems—like parts sources and inventory turns—are much more manageable if you specialize, whether you do it by make, or by kind of service, such as brakes and front-end work.

- Being a specialist allows you to charge more. Car owners can appreciate that you have special tools, special parts, and specially-trained technicians. So, yes, you can charge more.

- Practice makes perfect, and the more you do a specialized job, the better you'll get. This means faster jobs and fewer come-backs. If you try to be everything to everybody, you will end up being nothing to anyone.

- Look to the future. That's a lot easier to do in our industry than in many others. By watching what cars are sold today, **you** can predict the future repair market. After all, the people who used to repair VW Beetles had ample notice that their market was disappearing. Do you see many of them around today?

- This is the age of specialization. Every day, I see a

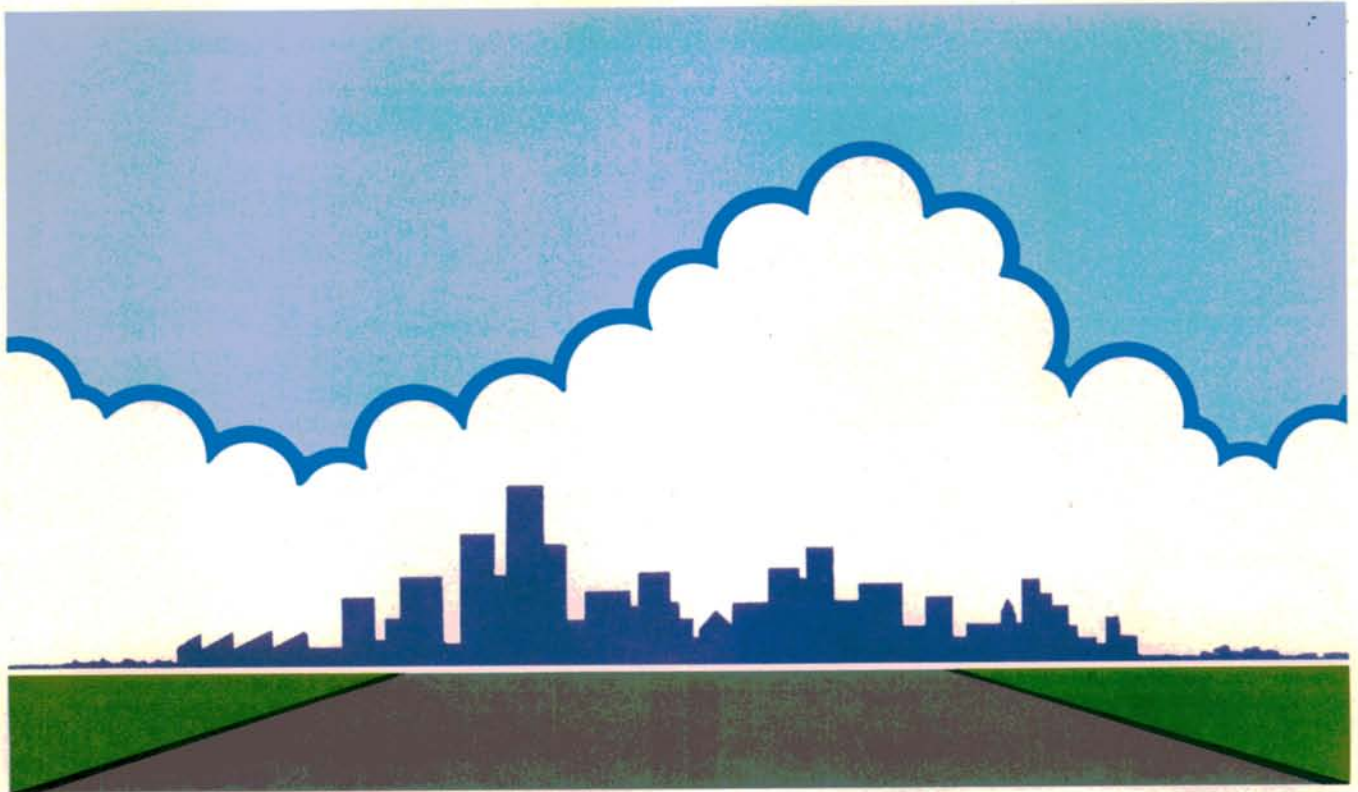
new quick-lube franchise outlet, a new tune-up operation, a new muffler shop. There are big bucks behind these franchises. Do you ever see any new "We Do Everything" outlets? Do you ever wonder why not?

- The car dealers are swamped. Many of them can barely keep up with warranty work. It's not at all uncommon to see an owner forced to make a two-week appointment to have a common bulb replaced. Believe me, the work is out there, and the dealers can't begin to handle it.

- Speaking of dealers, it certainly wouldn't be hard to get a list of dealers in your area who handle a given make of car. These dealers make an excellent source. Let them know who you are, where you are, and what you can do. Many will give you their overflow customer work. Some will even use your services themselves. Remember, not every dealer likes service work. If he can take care of his customer's needs at your shop, he may be happy to send you the business.

- Salvage dealers should know about you, too, and vice versa. If an import car has been totaled by the insurance company, all that means is that it would cost more to repair than the vehicle's book worth. There are probably hundreds of components that are completely serviceable. Do you know what makes and models your salvage yard has in this condition? It could well be worth taking a visit.

Does specialization make sense for you? Nobody on the outside can give you a ready answer. It all depends, of course, on your individual situation. But you can get a good quick evaluation if you take the following quiz.



Quick Quiz

1. Am I having trouble keeping up with all of the technology necessary to repair all the cars coming into my shop?
2. What is happening to the cost of tools, manuals, and bulletins for my shop? Do I need more than I have? Are there specialized tools and manuals that I should have, but haven't bought because of the added expense?
3. Am I being lulled into a sense of well-being by my own comfort zone? Do I have the uneasy feeling that I should be redirecting my marketing effort if I only knew how?
4. What is my profit picture? Have I done my homework and analyzed which jobs are the most profitable? Do I know if there are jobs that actually cost me money to perform? If not, can I have that analysis made for me?
5. What is the market in my area? Do I have a good handle on the competition? Do I have registration lists that tell me vehicle population by make? Does this information show me how I can specialize and still keep an ample volume?
6. What is my parts situation? How much am I buying? From whom? At what prices? Again, have I done my homework to know where I'm making money on parts? How much money do I have tied up in parts? How would this change if I specialized?
7. If I specialize, can I charge more? How much? What is the competition charging? What would a price change do to my bottom line?

8. What are my technicians best at? How do their areas of strength fit in with the new area in which I'm thinking of specializing? If I make the switch, what will happen to my labor costs? Can I do adequate volume with the same or fewer people? Will additional training be necessary in order to specialize?
9. Where is the best place to tell my story if I do decide to specialize? What about car clubs, collectors, and—especially—dealers? Have I talked with the dealers in my area about their attitude toward my specializing?
10. Have I researched the new car population in my area? These are the vehicles that will be in my shop over the next months and years; will my services fit their needs?

11. Am I willing to pay the price to specialize? A change will involve a whole lot of work and inconvenience. What are the costs? What are the rewards?

With the sound of those jack hammers still echoing in my temples, I resolved to go back to West Covina in a few weeks and watch the new 13-bay **specialized** service center creating growing piles of profit instead of piles of broken concrete.

by Jerry Wilson

Jerry Wilson is a speaker and consultant to the automotive market with over 25 years of experience in the industry. He has researched and developed techniques for selling auto parts and service which he teaches through seminars and private consulting.