



ALLDATA®

Why do Repair Shop Owners Rely on Shop Management Systems?

A good shop management system is more than just an easy way to write up estimates. It can provide the features and benefits you need as you guide your business toward successfully reaching your goals.

*by Diane Horne
and Jeff Webster*

What is a Shop Management System?

Shop Management Systems (SMS) are software programs, which assist automotive repair shop owners to efficiently and profitably manage their overall businesses. Most systems are designed to make the write-up process fast and easy, and to handle basic tasks usually perceived as chores:

- Managing office paperwork
- Accurately tracking customers, vehicles and their histories
- Scheduling customer appointments in a timely manner
- Using the stored customer/vehicle information to efficiently manage customer service issues
- Generating professional, easy-to-read estimates and repair orders

An advanced SMS does all that and much more, and if used as designed, can actually help you increase your profits with no increase in your car count.

Five Easy Steps for Big Results

If you are considering using an SMS, here are a few simple steps to help you maximize the benefits of your investment.

Whether you are going from handwritten tickets to an SMS or stepping up to a more advanced system, a commitment on your part is required to make it work for you. It is important that you:

- Understand what you want out of your business
- Learn to effectively use the product features as they were intended
- Work toward reaching your potential

Once you have committed to the process, these five easy steps will help you achieve the success you are working toward:

1. Set goals
2. Set up your SMS (pricing, margins, customer histories, parts vendors, inventory, fees, taxes, etc.)
3. Establish a customer marketing program
4. Review your reports
5. Realize your potential

Other shops have used these simple steps to realize their business objectives. Following this process will help you align your shop with proven “best practice” operations.

Getting started...

Step 1: Setting Goals

You realize that you need to better manage your shop and have decided to use a shop management system to help you. Lets start with setting goals. Shop owners who are most successful in establishing an SMS have a clear understanding of what they want to achieve. We recommend that you outline the goals for your shop and work with your shop management provider for assistance and product training. Trainers can demonstrate the best methods of achieving your business goals. They will help you become comfortable using the system and get the most from the features you need. Typical shop goals may include:

- Increased profitability
- Attract new customers
- Retain customers
- Improve efficiency from counter to fender

Step 2: Setting up your Shop Management System

Your SMS includes many productivity and profitability features. You will need to customize each feature and understand how the benefits match your goals. Product setup will take some time, but it will be worth it. Shops that devote the necessary time setting up their system can jump in and start using the program faster and more effectively. To accurately manage your goals, you must input specific measurable data. Here are some of the categories that require accurate information to help you achieve a greater level of success:

- **Markup percentages** – Determine and enter your markup percentages for parts (aftermarket and OEM) and labor
- **Profit margins** – Establish your profit margins and rely on your system to help you manage your profitability. Set warning messages to ensure that you maintain the margins you've established.
- **Shop charges** – Set often overlooked charges, such as shop supply and hazmat fees. Determine whether you want to calculate these objectives based on a dollar amount or a percentage basis.
- **Employee setup** – Input your employees and their positions to help you effectively manage your staff and track technician productivity.
- **Price matrix** – setting pricing is a critical element of tracking your profitability and maintaining consistent quotes between service writers.
- **Parts ordering and inventory** – Set up your vendors and install your parts catalogs to manage your inventory and efficiently order parts electronically.
- **Accounting integration** – If you have invested in an accounting system such as QuickBooks®, make sure you leverage your capability to integrate its functions with your SMS (for example, importing posted invoices).
- **Tax rates** – Set up your parts and labor rates. Your SMS should allow multiple and compound tax rates.

An SMS should include a guide to personalizing your system to meet your goals. Follow the guide and enter your information into the system. Once you have completed this step, take the product training to get the full benefit of every feature. Have all employees who will use the system take training and assign one person as a single point of contact with your SMS vendor. Most vendors release one or more updates of the software each year. This person can make sure that you always have the most recent version and can take advantages of all new features added to the product.

Step 3: Establish a Customer Marketing Program

A comprehensive SMS will integrate marketing functions to help you attract and retain customers. Set up your customer accounts and histories to help you achieve your objectives.

Effective marketing depends on effective communication. Your SMS should allow you to communicate with your customers. At a minimum you should be able to easily generate:

- Welcome letters
- Thank you letters
- Scheduled maintenance reminders
- Recommended service reminders

More advanced programs will allow you to communicate with your customers by email. The best systems may include or integrate with marketing programs. The features may include:

- Shop website
- Online consumer shop finder
- Online appointment scheduling through your shop website
- Personalized customer pages
- Customer communication tools

It is extremely important to establish your customer goals and take advantage of every SMS feature that can help you reach them. Vehicle owners are increasingly searching the Internet to find shops and information that helps them make decisions. A shop website is the first step to a effective marketing program, and should provide strategies to set you apart from your competitors. An effective web site should offer customer conveniences such as online appointment scheduling, customer testimonials, information about your shop and staff, and access to their vehicle's history.

Step 4: Review Your Reports

In order to meet or exceed your goals, you must track your progress. The reporting feature of your SMS should allow you to examine all aspects of your business, from profit & loss to technician efficiency to the number of customer-declined services, and much, much more. Reviewing critical reports will help you see the big picture. You will be able to detect trends, spot inefficiencies and determine where adjustments must be made. Successful shops review reports on a consistent basis, whether monthly, weekly or daily. Some shop owners find it beneficial to check certain key reports at the end of each day. Consider sharing your results with your staff so they are aware of your business goals and how their actions impact the shop. Your reports are the roadmap to managing productivity, profitability and you're your basic operations.

Step 5: Realize Your Potential

Best business practices, the right tools and your commitment are important ingredients in achieving business success. An effective shop management system is one of the key components in helping you realize your objectives. The key steps are to set your goals, enter accurate information, communicate with your customers and enjoy the success that follows. By following best practices, you can achieve your business objectives. Look to your shop management vendor to help provide the tools to help you succeed.