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Shop Management Systems – A Tool for Today!

Executive Summary

Technology and a renewed emphasis on quality have changed cars for the better. And the automotive service industry has been given a great new opportunity.

by Jeff Webster

Repairs alone cannot carry a shop anymore. The time and effort spent on diagnosing and fixing some obscure problem, is simply not profitable. What is profitable? Determining your proper Adjusted Gross Margin, managing car count, strengthening customer relations and focusing on scheduled maintenance. Those concepts will help you succeed in today's highly competitive market.

Today, it is an absolute necessity to work as hard on your business, as it is on your customers' cars. The payoff will be worth it – more profit, more time for yourself and less stress for you and your technicians.

Begin with the right tool

A good Shop Management System (SMS) is essential to running an efficient and profitable shop. Your competitors – from dealerships to small independent shops – are relying on SMS programs for good reason. The features of a powerful, well-designed Shop Management System can help you maximize profits by minimizing expenses, identifying all your profit opportunities and maintaining your desired Adjusted Gross Margin (AGM). Your AGM is the percentage of revenue that represents profit. It is the key number to manage while striving to succeed.

Profitability – the #1 goal

The purpose of Shop Management System is to help you reach your business goals, and the top goal of most shop owners is to increase profitability. If your goal is to maximize the profit on each ticket, a shop management system can help you address these basic objectives:

1. Improve productivity through automation.
2. Analyze operations and identify profit opportunities through detailed reporting.
3. Improve profitability with appropriate markups.
4. Manage inventory for improved profit and sales.
5. Ease the burden of bookkeeping.
6. Increase your revenue through scheduled maintenance and declined services.

Specific benefits

Here is how some key SMS features can help your business reach new levels of success:

Maintenance Schedules – Entering the vehicle's mileage on the estimate should automatically bring up manufacturers' maintenance schedules, along with vehicle-specific parts. Today, consumers are concerned about protecting their high-priced investments, keeping their warranties in force and preserving their vehicles' resale values. You will be helping your customers maintain their vehicles in top condition and, at the same time, you will be maximizing your profit on each ticket.

Price Matrix – A price matrix automatically applies and displays your selected markup (as either a dollar amount or a percentage) for parts from multiple sources. It allows you to protect your markup on inexpensive parts, while helping you avoid overcharging on high-ticket items. If you change your selection from an OEM part to an aftermarket part, the price matrix will reflect the change. This valuable tool provides a quick visual check of your profit picture.

Profit Indicator – A means of quickly determining what jobs – and even line items – are profitable (not just the entire ticket). This is something you absolutely need to know. It

warns you if required data is missing, if your markup is not met or if any line item is not profitable – before you present the estimate.

Estimating Flexibility – Let your customer compare replacement parts of different price levels and see how each impacts the estimate. For example, you can educate your customers by giving them the option of quickly and easily choosing between three distinct brake pads. Explaining the differences may offer an up-sell opportunity.

Save Recommended and Declined Services for Next Visit – Automatically retrieve previously declined services and add them to an estimate when the customer comes in again. Your customer will appreciate that you “remembered,” and you may profit from an often overlooked opportunity.

Data Validation – Protect yourself! This feature gives you the option to require certain customer information that is demanded by law in most areas. Entering certain information, such as the mileage in and out, can also protect you from invalid warranty claims down the road.

Shop Jobs – A “shop jobs” feature instantly and automatically imports the right parts and labor for routine jobs. When writing estimates, you should be able to quickly access vehicle-specific parts and labor for recurring jobs (e.g., oil changes, brake jobs, etc.). The estimate should automatically reflect the correct parts and labor time for each make, model and engine configuration you choose.

TSBs – Quickly display Technical Service Bulletins for the selected vehicle. TSBs can help you zero in on symptoms and offer “quick fixes,” which will please your customer, and can also provide up-sell opportunities.

Appointment Scheduler/Calendar – Imports online appointments from customers or offers an easy tool for manually scheduling appointments. Your scheduling tool should automatically convert appointments to repair orders.

Accounting Integration – Automatically imports posted invoices into standard account software, such as QuickBooks.® The best systems do NOT require any intermediate third-party software to facilitate the integration. The feature should be built-in.

Conclusion

Shop management technology can boost your profits and make a huge difference in your daily operations. Filling out paper forms wastes time and money, and cannot help you take advantage of up-sell opportunities! A Shop Management System is the first step toward rethinking the way you do business. It is an essential tool for repair shops of all sizes.