

Counting The Cost: Are You Willing to Go the Distance



Saturday, 05 July 2008

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I have a passion for what I do. I love my job because I welcome the challenges that the collision industry creates. I am never bored. Sometimes I feel like I've been in a battle all day, either with an employee, an insurer or even the customer, but I never find the day-to-day business activities tedious. Some days I could easily erase from my memory, but overall I like the challenges that must be overcome to survive this crazy industry.

I have been receiving e-mails from other shop owners that I find supportive. While many ask for advice, I must confess that I really don't have all of the answers for everybody. We are all so different in our approach to collision repair; we don't see eye-to-eye on so many issues. So what works for me may not work for you, but I try to talk about fundamental business practices and issues that most will find helpful — such as "counting the cost."

As businessmen, we should be concerned about the cost of doing business. But "counting the cost" is something different. The "counting the cost" I'm talking about is counting the price that you are willing to pay for something – things like standing up for yourself, not selling yourself out, taking a stand for what you believe to be right. How far are you willing to go to make your point?

As part of the collision industry, we are each affected by what the other does. My repair practices and labor rates are determined by what other shops are doing more than what I am doing. Some tolerate DRPs, while others embrace them and still others hate them. As an industry, we don't have to agree on every issue in order to make changes.

The Chicago way

In the movie "The Untouchables" starring Kevin Costner and Sean Connery, Costner

was going after the “mob” and Connery was a cop teaching him the ropes (the “Chicago” way). Connery asks Costner: “What are you willing to pay.”

In this case, are you willing to pay with your life? If you aren’t willing to pay the ultimate price then quit now, because your stand may cost you everything. He went on to say that once you open up this door, there is no going back. Connery got right in Costner’s face and screamed at him, “What are you willing to pay?”

I’m asking you to count the cost and ask yourself the questions: What am I willing to pay? Am I willing to put everything on the line? If you are, fine, but if not, it is better to find that out before it’s too late. After many hours of soul searching and cost counting, I committed to stand up for myself and for what I believe is right rather than sacrifice my dignity and principles.

This attitude may mean paying the ultimate price of “taking someone to the mat.” Like Sean Connery said, in a nutshell, bring the battle to the enemy. If they mess with you, you mess with them more. He went on to say that “if they put one of your guys in the hospital, you put one of their guys in the morgue.” Teach them that if they mess with you, they will pay the maximum price for doing so.

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You can make a difference if you put everything on the line. If that sacrifice is too much, then you will have to live with outcomes others have chosen for you. By standing up for yourself, you are saying that if you mess with my livelihood, I will mess with yours. If you cost me my job, I will cost you yours. Send the message that you are willing to go the distance.

If an insurer takes a customer from me, I will cost them ten. I often recommend the “good insurers” to my customers. There are good and bad insurers out there as with any business.

Crunching the numbers

I have no problem filing a complaint with the Department of Insurance and teaching my customers that they have rights. I will go as far as helping them file their complaints with the DOI. Here is where counting the cost enters into my business plan.

After crunching the numbers, I realized that if the concessions continue the way they have been, I would be dying a slow death. If I continue to listen to those within our industry that say we need to learn to do things better and run leaner without getting the profit needed, I would certainly go out of business. If I am willing to jeopardize a DRP account that brings in over \$1.5 million per year, there must be a good reason.

It amazes me that I can part ways with some DRP contracts and the companies never realize that if it was such a great deal, why would I want to end it?

Common sense will tell you that there may be a legitimate problem. I've done the math and I would only need to retain 35% of my customer base to make the same amount of profit. Once I start charging my door rate and eliminate all of my administrative costs, you would be surprised at the difference shown in the numbers.

Giving back — to the customers

What if I took this one more step and passed a portion of the discounts that I used to give to the insurance companies over to my customers? I compared an \$18,000 estimate where my DRP discount totaled \$3,000, approximately a 20% discount, lowering the gross bill to \$15,000.

If I were to use a portion of this discount for my customers, I would have \$3,000 to play with in terms of retaining and keeping them. If I were able to maintain more than 35% of my customers from an ex-DRP account, I'd make more money and the customers would remain mine.

So, once again, "What price are you willing to pay?" If you are willing to put everything on the line, you will be able to change things. Do your homework, create a contingency plan, and count the cost. Develop your own plan and stand up for yourself. No one can do this for you.

My new motto is: "I'm in the collision industry but I'm not of it." I will no longer allow

what others do in this industry to impact what I charge or how I run my company. I am a business that repairs auto collisions according to what the original manufacturer recommends. It means nothing to me what someone else charges or doesn't charge or how they repair something has no bearing on me.

I am taking back my business. I am willing to go the distance and put everything on the line. And yes, I have "counted the cost."

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