

Making Money: Tips for Your Shop's Success

By Larry Hagemeister

Because of the world market that we have today there has never been a better time to make money as a rebuilder. We need to be good businesspeople as well as good rebuilders. Here a few easy ways to improve your bottom line.

Use business cards to their full advantage. Different colors of business cards can be eye-catching—keep a variety. Make cards for your employees. This is great for business because not only are you handing them out, so are your employees.

Make nametags with number of years of service noted. The number of years your company has been doing business is also informative. It is good to let your customers know your business standing and dedication to doing quality work.

Have a drop box. Don't make it hard for your customers to do business with you because you are closed. A drop box can be simple to make and it tells your customers that you want to make doing business with them easy and convenient.

Make deliveries—even a weekly route. This is very important. Customers and companies like this service because they can rely on you to be there once a week. You can maintain their fleet of trucks, forklifts, etc. Oftentimes companies get new equipment and they do not have a spare starter or alternator. This is a perfect time to suggest they stock one.

Focus on the little things like terminal kits, solderless connectors, battery cable

ends, relays, Cole Hersee products, switches, zip ties, etc. These items all need refilling, and you and your company will know exactly what your customer needs. We need to give our customers other reasons to call us besides just starters and alternators.

Have a clean shop. No-brainer here! A clean shop conveys to your customers that you are responsible and dedicated to running a top-notch business.

Print your name on things people won't get rid of. Advertise on calendars, coffee cups, mouse pads, and thermometers.

Take advantage of your on-hold message. This is a great way to let your customers know what other services you offer while they are waiting to speak with someone.

Show customer parts before giving price. Never, ever quote a price on a unit or part until you set it in front of your customer. It is painful enough that your customer has to buy a starter or alternator (ya know, because they never go bad). By sitting the unit in front of them, all shiny new, or with a good looking paint job, this will sell it. Now you can see how serious the customer is about doing business with you.

Make and display custom-built cables. Having a station to build custom cables out in the open for your customers to see is good business. They might have never known that you could provide that service for them and it's just another reason for them to come see you.

Show credit on invoices. This can be good for your customer to see the 15 percent off a sale in the form of a credit on the invoice. This shows that you took the time to be sure your customer was taken

care of.

Give core credits until they buy. By giving core credits when the customers purchase is more than the credit applied. This allows you to always generate a positive invoice. This also cuts down on accounting confusion, and the possible chance of a credit being taken twice.

Brand name batteries help you sell alongside your battery labels. Interstate and Delco are well known brand names with a quality product. These companies spend thousands of dollars on nationwide advertisements. Selling your brand of battery with your label right beside theirs gives your customer an option of buying batteries, and you get the national recognition selling Delco or Interstate thanks to their advertising.

Make up eye-catching fliers. Eye-catching fliers are easy and effective. You can use the change of season to promote different items. Spring/summer can be about lawnmower, motorcycle, jet starters and batteries or parts. Fall/winter can be about snowmobile, ATV, etc. These fliers let your customers know what is available to them and they are easy to post on local bulletin boards (feed stores, farm supply, even grocery stores).

Put your label on products you sell. Everything leaving your shop should have identifying information so customers can easily access your phone number or Web site.

Always offer an alternative. Keep things positive, even if you don't offer a service that the customer is looking for. Give a suggestion as to who might be able to help. Thank them for checking with you.

Provide small engine parts and service. Briggs & Stratton, Kohler, Tecumseh, all have programs that are

easy to set up and having their advertisement sign on your building is more reason for customers to stop in and do business with you.

Give credit on parts returned. There is no way around the fact that parts will be defective or returned for a refund. This situation can get "sticky" depending on the customer's attitude. If they are upset at the time and you hand them a cash refund, they will walk out mad and you'll never see them again. On the other hand, if you offer in-store credit, they can use it later when they have had time to cool down and you are able to keep them as a customer.

Itemize hazardous waste, transport CTL, and other fees on invoice. Many companies have fees, like fuel surcharge, hazardous waste fee, etc. Consider the costs when you are delivering parts and batteries or picking up parts for rebuild. Applying a fee will help offset the fuel cost and disposal charges associated with the services you provide. We charge a hazardous waste fee on our invoices and include this explanation:

"This Hazardous Waste Management and Transportation Control fee is to provide customers with the assurance that the contamination found on the items to be rebuilt, grease, mill by-products, fuel, solvents and cleaners will be disposed of properly and not allowed to get into drinking water. It also provides the assurance that the batteries picked up for recycle will be handled properly and not allowed into landfills. In the event of emergency freight/shipping costs, this fee will also cover that."

Consider pricing and profit carefully. Rebuilders have viable pricing and profit methods. One concept is called market driven pricing. This is the price that the

market will bring. If a new starter for a tractor (for example) costs you \$69.50 and the tractor dealers sell it for \$329.75, why should the rebuilder sell it for percentage markup? Why not sell it for close to what the dealer sells it for? Here is something to try: Check your pricing on a 4000 starter or a new 6571 28MT, give the local tractor company a call and see what they sell it for.

Use tried-and-true sales methods. If a potential customer orders something or inquires about a part, make it a point to call on that company and let them know you can include them in your weekly route. Find out if they would like a courtesy phone call the day before your route to see if they need anything. Try to bring a new item to show your customer at least once a month.

Send in your other sales representatives to call on your customers once in a while. We find this to be very successful, because they tend to buy from both people and a new face lets your customer know you are dedicated to take care of them.

When greeting your weekly accounts ask them something about what you talked about on your last visit, for example, “Did you go to the car show?” or “How was your fishing trip?”

Also, keep pens and pencils out of sight, to look like you’re there to see them and not just to take an order.

Larry Hagemeister is owner of Hagemeister Enterprises, Inc., Redmond-Lebanon, Ore.

Gross Profit Formula	
Selling price (-) cost (—) by selling price (=) % Gross Profit.	
Table for computing profit mark-up:	
<u>Net Profit</u>	<u>Multiply Cost Price</u>
50%	2.0000%
40%	1.6667%
35%	1.5385%
30%	1.4286%
25%	1.3334%
20%	1.2500%
15%	1.1765%
12%	1.1364%
10%	1.1111%
08%	1.0870%
07%	1.0753%
05%	1.0527%