



THE ROADRUNNER



The Auto Trades Bulletin for Businesses in the Automotive Industry

Automotive Service Association of Arizona

A Message from the Chairman



Kathy Draskovic owns Mike's Auto Tech in Glendale with her husband Mike. She can be reached at 623-979-2653

Throughout our lives we're always learning, adapting and evolving, or at least we should be. There have been so many changes in our industry since Mike and I started our business. As the industry has changed, so has the way we run our business.

I attended CARS in Las Vegas at the beginning of November. I have attended so many classes and seminars, but yet it always amazes me, how much there is to learn. I always learn at least something from every class. Attending the classes this year was no exception.

As usual, I came back ready to make some small adjustments, and some bigger changes. I just wish I could have taken our whole crew from the shop so that they could get excited about making the changes too. I'm sure when they hear that I'm going to a class or seminar, they roll their eyes, knowing I will come back ready to change some things.

The classes were very short and to the point. They were informative, without wasting my time. They were well worth every minute. There were many changes made to this year's event, including the name: ASRW—Automotive Service and Repair Week which combined both CARS and NACE at the Mandalay Bay in Las Vegas. There were a lot of events going on and I still have blisters from all the walking.

After all is said and done, I'm very grateful for the experience. As long as there are people willing to show us a new way of doing things or looking at things, I'll be attending classes. Trying to learn, adapt and evolve.

Speaking of learning.. The State Board met on December 13. One of the changes for 2009 will be format of our Sunrise event. It will be a full day packed with training for you and your technicians. Circle Saturday, July 18 on your calendar, details of the event will be available soon.



Saturday, July 18
Details coming soon!

Happy New Year

May the new year be filled with health, happiness and prosperity.

From your
Board of Directors and Staff



Looking Back at 2008

ASA of Arizona was hard at work during 2008.



- Launched new website January 08—www.asaaz.org
- Testified at ADEQ Clean Air Act hearings
- Met with legislators, sat in hearings, contacted legislators on the opposition of SB 1291—Towing of Vehicles (Bill was pulled and did not move through legislative process)
- Distributed annual ASA of Az directory
- Coordinated Chapter meetings along with local Chapter Presidents in Yuma, Mohave, Tucson, Prescott and Verde Valley
- Had a successful Sunrise 2008 in Prescott, Arizona
- Sponsored Two for the Road USA Radio Show
- Work closely with Collision Division Work group to:
 - Launch State Farm Education Letter
 - Collision Industry Social
 - Launched Autofixblog for Collision Professionals
- Improved member communications through email and fax
- Continued to certify "Green" Shops throughout the state.
- Worked with ADEQ and stakeholders to improve Green Shop Program

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Chapter Happenings

Phoenix Chapter— Holiday Party at Turf Paradise



Tucson Chapter— Holiday Dinner at Viscount Suites



Welcome New Members

Regular Member—Mechanical

Deer Valley Car Care
Richard Glass 21465 N. 78th Avenue
Peoria, Arizona
623-792-5147

Associate Member—Parts Supplier

SanTan Honda - Superstore of Chandler
Dan Murphy
1150 S. Gilbert Road
Chandler, AZ 85286
480-285-2804

ASA Members Participate in NABC's Recycled Rides Project.

Recycled Rides is a community awareness project whereby members of the National Auto Body Council repair and donate recycled vehicles to families in need throughout the United States. Repairers, insurers, paint suppliers and parts vendors all participate in this project. **911 Collision Center in Tucson, Raintree Auto Body in Scottsdale and Impact Auto Body in Mesa** participated in this event.

On November 24 Bob Schubert of Impact Auto Body handed the keys of a recycled 2002 Honda Odyssey to a representative of the Disabled American Veterans of Mesa which will be used to transport disabled veterans to appointments.



Message from the Executive Director



Luz A. Rubio, CAE

Happy New Year!!!!

Once again, as I do every January I remind you to include ASA as part of your New Year's resolution. I'm talking about involving yourself in your industry, learning from your peers and informing yourself of what is yet to come so that you are prepared.

We all do it every January, propose that we are going to have time to do everything we didn't get to do the year before. The good intentions are there, but when reality sets in we start reacting to the present rather than planning for our future.

If you do one thing this year, take one hour a week for ASA business — visit the website, our local and our national (www.asaaz.org / www.asashop.org), read the newsletter or magazine., respond to an email or write a comment on the blog, call an ASA member and exchange ideas. Just devote one hour a week to learn about what is going on in the industry and what ASA is doing on your behalf.

You Board of Directors at ASA of AZ is not reacting, but planning ahead to bring information and education to you in order to maximize the success of your business. This year we are planning on reformatting our Sunrise event. We realize time and money are a commodity, and we don't want to waste either of them. On Saturday, July 18 we will be offering a full day of management and technical training. Plan for your future, circle the date on the calendar and I'll see you there.



- KKNT Radio 960 AM - Phoenix - Saturday - 6 PM to 8 PM
 - KBSZ 1250 AM - Wickenburg - Mon. 10-12 noon
 - KIKO 106.1 FM - Globe - Friday 12 - 2 PM
- Two for the Road USA** has been ranked the #1 weekend talk show on KKNT 960 AM and continues to be a weekend favorite for the Arizona listener.



The Automotive Service Association of **Arizona** is an affiliate of ASA, the largest not-for-profit trade association of its kind serving automotive service professionals. ASA is dedicated to and governed by independent automotive service and repair professionals. ASA's international membership base includes numerous affiliate, state and chapter groups from both the mechanical and collision repair segments of the automotive service industry.

ASA advances professionalism and excellence in the automotive repair industry through education, representation and member services. ASA's national office is in Bedford, Texas. For additional information about ASA, including past news releases, go to www.asashop.org, or visit ASA's legislative Web site at www.TakingTheHill.com.

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ASA Newsletter—The Roadrunner

Is owned and published by the Automotive Service Association of Arizona, representing businesses in the automotive industry. This newsletter is published at least 11 times a year and is for information purposes only. The contents of the newsletter including editorials do not necessarily represent the views of the association.

Tech Tips from Denny



Denny Mandeville, AAM is the owner of Canyon Automotive in Sedona and the Verde Valley Chapter President he can be reached at 928-282-4424

As noted in *A Message from the Chairman*, it is getting harder to make the sale lately. It flies in the face of reason that if people cannot purchase new cars, and their current cars are getting older and in need of more repairs that our business is slowing down. But it is. One area we are pushing harder, than before, is maintenance. Use the recommended mileage schedules to your advantage, as well as the marketing of "keeping your car in safe operating mode longer with the best mileage possible". If you subscribe to **IDENTIFIX** they provide a darned good maintenance plan along with explanations as to **why** a service is beneficial or required. What we find works pretty well is to look at the current mileage, and go for the next service interval and provide them with the suggested maintenance and estimated cost. We print out the "customer copy" with all the explanations and give it to the customer at the time they are picking up. This works especially well with the major/expensive intervals and we are able to close more sales than waiting for the customer to come to us for service. Education, on our end, is what keeps our customers happy and safe, because they sure don't get it from the dealer when they purchased the car.

Have you ever had a belt start to shed one, or two, ribs and nothing that obviously caused it? I have seen this more on the diesels, but it does occur on gas engines as well. The belt tensioner may be coming apart- often not enough to be obvious, but just enough to shift a belt off the next pulley. It took me three belts on the first vehicle before I figured it out- and it was a month between belt replacements, so it isn't a quickly confirmed problem.

Tip #2

Customer had his '96 F350 towed in for stalled in flight, no re-start. This was a 7.3 non-inter-cooled engine. No codes, of course (which was surprising) so I proceeded diagnosing the hard way, checking for fuel delivery, initially. I also monitored the data while cranking and noticed low Injector Control Oil Pressure- but it hadn't set a code, and it should have. When I checked the high pressure oil reservoir there was no oil in it! After refilling the reservoir the engine started- and only ran until the oil was depleted. Repeated this step twice more until I was convinced the oil pump was not re-supplying the high pressure side. While researching pattern failures I ran across an **AERA** (Engine Re-builders Association) bulletin **TB1849** about an oil plug, located in the timing cover that could vibrate out of the main oil galley leaving the oil pump. The engine number fell within the range of these engines (#201681 thru #375549). The engine serial number CAN be found on the machined pad next to the oil filter. You will

have to scrape the paint off to read it- it is NOT visible without scrapping. The number reads up and down. Safe to say, mid 1995-mid 1996) engines are likely candidates for this problem.

Step 1 of the repair procedure is to "remove the engine", and depending upon flat rate used, runs between 17 and 20 hours. I'm here to tell you 2 men, with fresh experience, can remove this engine in 45 minutes- and re-install it in less than 2. Long story, but we had to yank this engine a total of 3 times before we got it right.

As you can imagine, quoting 20 hours worth of labor, plus parts, on something you can't prove, is gut sucking at its best. The reason you have to pull the engine is because while the oil pump is external, the pickup is bolted to the oil pump inside the oil pan. Rats! You can imagine my relief when I found the plug lying in the block- see photo. I re-installed the plug using loc-tite and new seals. Remember to pack the oil pump with Vaseline to facilitate quick prime at restart.

Little tricks we learned for rapid engine R&R- take turbo off, and the wye, but leave the short pipes in place. Remove the AC and vacuum lines from the brackets where they cross the cowl and tie them up to provide the clearance for these pipes. Loosen the down pipe by the transmission and remove the clamp from the pipe on top. Twist the engine slightly to the passenger side to clear the wiper motor. After the engine is out, loosen (but don't remove) the transmission dipstick bolt. Loosen the clamps for the exhaust pipes to allow easy connecting to the turbo wye upon reinstallation. Take the right side inner fender bolts out, and pull the inner fender out to allow reaching the transmission dipstick bolt during re-installation.

One more trick- in years past we used half-moon shaped wrenches called starter wrenches (some were J shaped). They were common fare on the tool trucks, but are now special order. One of my wrenches has a 10mm end (Snap-On # CXM1012)- this wrench is a necessity and saves sooooo much time on turbo R&R as it reaches around the angles and between the firewall.

So, referring back to paragraph 3 as to 2 extra R&R's- here is another tid-bit. The oil pan is held on with the silver colored IHC RTV and requires quite a bit of brute force to remove the oil pan. I thought I had it straight by laying it on the floor and beating the flanges. After the second session of oil leaks I had a flash and bolted the dry oil pan to the block. Whoa!- there was the leak, caused by a not quite flush corner. We beat the oil pan flat to the block and stopped that leak. Word to the wise- and I will be looking at block-to-oil pan fit a whole lot more carefully in the future. Ain't experience a bitter, wonderful, teacher?

Refresher on why we look at IPC PID when diagnosing a stall or no start. There are two oiling systems on this engine, both supplied by a low pressure, externally mounted, oil pump. There is a high pressure pump mounted in the valley where the injector pump used to be mounted on 6.9/7.3 engines. This pump supplies high pressure to each cylinder head to operate the injectors. No high oil pressure, no injector spray.

Why am I going into detail, you ask? There are still quite a number of these engines out there, and you can be the hero, and make money by remembering the short cuts.



Collision Industry Blog is Launched!

The ASA of Arizona has launched the Collision Industry Blog—AUTOFIXBLOG.COM. Here is another tool to exchange information, hash out issues, propose solutions and provoke conversations on industry issues.

Over 35 comments have been posted to date in categories ranging from:

- Prevailing Rate
- Get in the Game or Go Home
- Share you Ideas
- Welcome
- Business Matters

Individuals may subscribe to receive notification of new postings by entering their email address. Once a new comment is approved, notifications via email are sent to all subscribers.

Comments can be submitted as a response to a new post or visit the website and submit a new thought under one of the posted categories. A link to the blog can be found at the bottom of the homepage of the ASA AZ website:

www.asaaz.org.

We invite everyone to subscribe and submit a comment!

All comments are subject to review prior to posting, the ASA Az staff reserves the right to withhold any inappropriate comments.



Have You Visited the ASA of Arizona Website?

A resource available at your convenience with information and resources. We have designed the website with our members in mind and includes:

- Listing of member benefits
- Associate members/resources
- Current press releases
- Upcoming training
- Shop locator for you to use as a referral source and for consumers to use as they search for a local ASA shop
- Legislative Update, both local and federal issues posted regularly
- Legislative contacts

We have added other features for consumers that will provide information about our membership to consumers looking for a dependable ASA shop. Also posted is the Motorist Bill of Rights with guidance information on selecting a shop for mechanical and collision related repairs.

Save the www.asaaz.org as one of your favorite sites to visit and check it regularly as new information is posted frequently.

You'll Find It At CARQUEST

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- *For the CARQUEST Store Nearest You, Call: 1-800-492-PART or Visit CARQUEST.com*



Collision Division

A Shop Owner's Guide to Surviving the Recession

Suggestions for evaluating your business in a slowing economy.

by Marcy Tieger

It's here. "Recession," "a period of reduced economic activity," "economic downturn," "tough times;" call it what you want. The more important issue is what are you going to do about it?

Reinvent

In his book, "150 Best Recession-Proof Jobs," author Laurence Shatkin identified the job of educator in his top 10 list. The reason? Educators are needed to retrain those who are motivated to seek specialized training to stave off obsolescence, as well as those who have already been laid off.

Many in the collision industry get it- to educate and stay ahead of the curve, is critical to a shop's success. The only modest decline in attendance at NACE this year, despite tough economic times, is a testament to this fact. There is a hunger to develop new ways of approaching the business of operating a collision center.

Implementing lean, the "greening" of businesses, developing a "fast lane" model for light hits (minor damage), flex hours to enhance cycle time, are some of the ways that shop owners are reinventing their businesses. Smart business owners are taking advantage of the fact that they are not slammed with work to explore the trends and ideas that have been swirling around them, but they put off because they were perceived as too disruptive or costly. And while some changes may have a hard (capital) cost, say implementation of waterborne as a component of a "greening" campaign, time to conduct thoughtful research often yields surprising results --the cost can actually be nominal and conversion relatively seamless.

This is also the time to focus on marketing and improvement. Says G. Michael Maddock and Raphael Louis Viton in their Business Week article, "Innovating During Recession," "It has been well documented that maintaining marketing and innovation spending during recessions creates a major bounce effect once the market stabilizes." They suggest that if you can gain market share now, while others may be retreating, even if it costs you money, do it. Your growth will be exponentially larger when the market recovers.

Renegotiate

Many shop owners are evaluating their supply agreements and long-term contracts with an eye toward renegotiation. For some, this is a matter of survival; for others it is a well-timed business decision designed to prey on the vulnerabilities of suppliers who reluctantly agree to renegotiate for fear of losing the business (and rarely invoke the terms of the

contract to quash the process).

I practiced law for 21 years; I know how to draft contracts, how to enter them and even how to get out of them. However, the best advice I can give about renegotiating an existing agreement, especially a written contract, is proceed in good faith. If your very survival is dependent on it, share enough detail to make that point. If you are grinding a vendor for a fraction of a point because you can, think twice. You may win that battle but find your reputation for being "difficult" precedes you in future transactions with this vendor and others.

Reflect

"Anticipate the difficult by managing the easy." (Lao Tzu, father of Taoism.)

Perhaps the last advice an owner struggling for survival wants to hear is "be philosophical." And yet, to some extent, a Zen approach which distinguishes that which is controllable from that which is not can be liberating.

Things you can't control: The proliferation of crash avoidance technology borne from a fundamental human desire to avoid injury or death. The tendency of car owners to use their property damage checks to pay for necessities during tough economic times (even while their car rusts and deteriorates for want of repair). You've got the picture.

Things you can control: Customer service, marketing, cycle time and following SOPs (to name just a few). When the shop is crazy-busy it's easy to become lax about those things which unchecked seem trivial, isolated or overly nuanced. But now, more than ever, is the time to look at them: How many rings does it takes to answer the phone and how pleasant is the person who answers it? Is your business attractive from the street and if not, could it be cured with a coat of paint and a few plants or flowers? Do your techs spend way too much time looking for misplaced tools, wading through more SKUs of supplies than the shop needs or taking calls on their cell phones? Is your cycle time creeping up and do you know why? The cumulative effect of "the little things" can bury a business.

Are you listening to your customers? Apart from any feedback you receive through a formalized CSI program, you cannot ignore the regular feedback customers deliver along the way before the post repair CSI call. Do you conduct a regular morning huddle to assess work flow and ruffled customer feathers? Do you require your employees to initiate customer contact to advise of the status of repairs (proactive) or do they just wait for the customer call (reactive)?

If you participate in DRPs, review your compliance with DRP requirements. In a perfect world, every time you failed to meet a requirement you'd get a pleasant handwritten note with an, "oops, better luck next time" reminder and an inquiry about your golf game. But this is

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“THE TRUTH ABOUT YOUR ADVERTISING”

By David Rogers



I know I need to advertise, but **what works?** And how do I do it without **wasting my cash?**

The answer to both of these questions is as simple as it is important (and if you've ever thought about these questions long and hard for your shop, you're on the right track). But before you can even approach answering these questions, you've got to answer another one: **what's the baseline?**

In other words, in order to make better decisions in the future, you've got to first try to understand as much as possible about the past.

That's not to say that there aren't advertising agencies out there who are more than happy to tell you what to spend and where without a moment's hesitation. It's just to say that if you're serious about making smart, informed decisions about your marketing budget, and putting your money into what you know works, your best bet is to take a look at what you've already done.

Think about it: how else can you intelligently answer the questions “How much do I spend?” “Where do I spend it?” and “When should I spend it?” without first knowing a bit about what works...or at the very least, what didn't work.

Sometimes that's all we have to go on, but it *is* better than not having anything to go on at all!

So first thing to do when answering these (and *any*) tough marketing questions is to begin to measure the same key baseline that you should measure in any investment: the **ROI** or **Return On Investment**.

It doesn't even take a lot of fancy mathematics; simply follow this formula:

Total Cost = Cost + Discounts

Net Return = Sales x Gross Profit %

Total Cost ÷ Net Return = ROI

In other words, it's not about how many customers you got, and how much traffic you drove. The only really important number is how much money you actually made through your advertisement.

That's why it's so important to focus on *who* your advertisement attract, instead of *how many* it attracts. If you want a great Return On your Investment, you have to focus on bringing great customers, the kind that will spend money, refer their friends and family, and trust you with all of their preventative maintenance needs.

I'm going to share a little advertising business “insider's secret” with you. Most ad agencies don't have a clue as to the difference between a good customer or a lousy one.

When they track the success of their marketing program, nearly every marketing company you'll find will count any warm body that comes through the door as a success. For whatever reason, every lousy, aggravating, profit-killing customer who comes through your front door is a major success for most marketing companies.

Now, if you've ever dealt with a company like this in the

past, chances are you've had a feeling that a success to a typical marketing company doesn't usually translate to success for your shop.

And if you've ever measured and tracked your average repair order, repeat visits, as well as number of referrals, then you know that the wrong customers answering your marketing call can actually cost you a lot of money, cause you a lot of stress, and destroy your company's morale. All of which has probably left you feeling more than a little intimidated about investing anything into another marketing program or advertising campaign!

The secret, of course, is to ditch the way that advertising agencies think. Every customer that comes into your shop is not a victory, so don't advertise to everyone! The truth is, if you don't want to bring in the “bottom-feeder” customers, you shouldn't advertise to them: never offer cheap discounts, **no matter how busy they've made you look or feel in the past.**

A solid marketing plan must focus on targeting the right customers, and using ads that increase the average repair order as well as the car count!

The good thing for your shop is that you've probably already got a great head start on knowing what to do for your own marketing and advertising plans. Begin studying the numbers from the past as they relate to these key principals, and you will begin to understand where the future must be.

The trick (if there is one) is then to set out to separate out the types of offers that increase the average repair order from those that will suck your resources dry. Once you've drawn that distinction, a great way to boost your ROI is to offer bundled services or packages.

For instance, with gasoline prices on a roller coaster, you might offer a fuel injector service, a new fuel filter, and an air filter for a package price on certain vehicles. Or try a fuel savings analysis, with a fuel injector service and oil change for one price.

The idea is to get customers to begin to think about how many different things they can do to get more miles out of every dollar by increasing their investment with you.

From there, it's time to start choosing the right customers, and understanding where to advertise, and where NOT to! But that's a topic for another day!

In the mean time, if you'd like to learn more about marketing to the right customers, I invite you to visit my website to learn more and to download my free ebook on marketing, “You're Wasting Money on Marketing and you Should Probably Stop.” Get it anytime at www.autoprofitmasters.com!

Labor Law Posters

ASA gives members easy access to state and federal labor law posters. This benefit simplifies the task of locating the necessary information employers are legally mandated to post in the workplace. 1-800-272-7467

OSHA Highlights Strong Year of Enforcement

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) continued to exceed enforcement goals during Fiscal Year (FY) 2008 according to newly released data. The agency's emphasis on eliminating serious safety and health hazards has resulted in an unprecedented 80 percent of all violations issued being in the most serious categories.

Nationwide, OSHA logged 87,687 violations with 67,052 of these violations cited as "serious." The proportion of those violations classified as endangering employees is at the highest level ever, and this administration has made more criminal referrals for wrongdoing under the Occupational Safety and Health Act than any previous one, including 12 in FY 2008 alone.

Additionally, in FY 2008, OSHA conducted almost 39,000 worksite inspections, surpassing the agency's goal for the year by 2.4 percent. On average, 4,000 more workplace inspections were completed each year (38,515) between FY 2001-2008 as compared to the prior administration FY 1993-2000 (34,508).

"Workplace inspections and issuing citations are a critical part of OSHA's balanced approach to improving workplace safety, but the real test of success is saving lives and preventing injuries," said acting Assistant Secretary of Labor for OSHA Thomas M. Stohler. "According to preliminary num-

bers for 2007, the workplace fatality rate has declined 14 percent since 2001, and since 2002, the workplace injury and illness rate has dropped 21 percent - with both at all time lows. This year's inspection numbers show that the strategic approach used by OSHA - targeting highest hazard workplaces for aggressive enforcement while also using education, training, and cooperative programs to improve overall compliance - can help achieve significant reductions in workplace injuries, illnesses and fatalities."

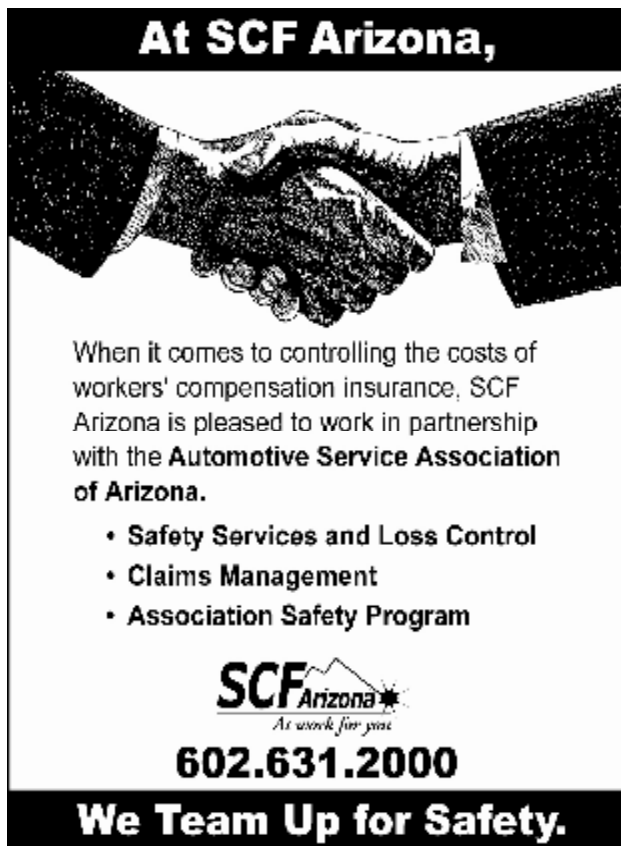
Innovative approaches such as the Enhanced Enforcement Program (EEP), Site Specific Targeting and National Emphasis Programs (NEP) are methods OSHA uses to target the most hazardous workplaces and employers with high injury and illness rates.

EEP's purpose is to pursue employers with a history of serious, willful and/or repeat violations with OSHA. During the program's first five years (FY 2004 to 2008), OSHA identified 2,471 inspections that qualified for the EEP.


Site-Specific Targeting allows OSHA to focus its enforcement efforts on workplaces with the highest rated injuries and illnesses. In FY 2008, 3,800 worksites were targeted for unannounced comprehensive safety inspections.

The NEPs focus on major health and/or safety hazards of recognized national significance. They also guide OSHA field offices to plan programs and conduct inspections consistently across the nation. During FY 2008, OSHA conducted 8,730 inspections related to an NEP.

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ARIZONA GREEN BUSINESS



AUTOMOTIVE

For a checklist visit our website:

www.asaaz.org

A Shop Owner's Guide to Surviving the Recession

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an imperfect world, and the same people who are monitoring your KPIs are scrambling just like you, and would much prefer to work with shops that follow their requirements without a whole lot of babysitting.

Bottom line: conduct an internal compliance audit on all DRP requirements. If you agreed to the terms, make sure you follow them.

Also, get ahead of any problems. If you have had the benefit of someone telling you you're not in compliance (yes, benefit, sometimes an inattentive owner may not know the extent of the problem until it is too late) schedule a meeting to discuss this with the DRP representative and cement the relationship. Be prepared to own up to any short-comings and commit to fixing them. Again, be proactive not reactive.

Retool

If you have not had to lay off an employee, you probably know someone who has, and so does your team. We are working in an economy where "right-sizing" (the prettier twin sister of down-sizing) has resulted in lay-offs in all industries.

For the first time, many shops are faced with having to downsize because of fewer cars in the door, which begs the question: How brave will you be in the selection of who goes and who stays, and will you use this as an opportunity to eliminate employees who are a drag on your business?

For instance, are you one of those shop owners who gripes about a master tech who rules the roost, bullying employees and acting like a prima dona, but is too afraid to let him go?

While evaluating the quality of your team and even the possibility of looking outside the business to upgrade, standards of decency may dictate that you ask: Is there something I (my shop manager/a designated mentor/a one day seminar) could do to coach and assist an underperforming employee? In the rush of business, we sometimes put up with mediocrity and bad behavior in our employees and even model it in our own behavior. With time to reflect and retool, consider the fairness equation in rehabbing an employee. But if it doesn't make sense, let them go and recognize that there are plenty of great people, victims of down-sizing, who are ready to be part of your A Team.



www.nastf.org

Reorient

With all of this talk of boldly and imaginatively plowing through a tough time, it would be unfair to ignore the financial, mental and physical cost of retooling. While some characterize the cost of say, converting to waterborne paint, as nominal, (one multi-shop operator who converted several small shops estimated the cost to upgrade booths and blowers at around \$10,000), for others, this expense may represent the tipping point on a scale where the "it's time to pack it in" weight has been bearing down for years.

The problem for many shop owners who reach this point is properly valuing their businesses. During the 90's, it was not unheard of for shops to be sold for 4 to 5 times the annual cash flow of the business.

Many shop owners remember those times and assume the same will be true now, in spite of many indicators to the contrary. As such, a shop owner who is contemplating a sale should do his or her research and get a good feel for the market.

For instance, an asset purchase sale may be more streamlined for those in a hurry, but it will yield a far lower value than a business sold at multiples of cash flow (in today's market, usually in the neighborhood of two or three times cash flow for a healthy business, with few exceptions). However, to make the case for the second scenario, where consideration is paid for goodwill in the business, may require that an owner hang on a little longer to bulk up the business before going to market. This may require him or her to cement DRP and dealer relationships, build up the customer pay side of the business, better manage vendor contracts, and cleaning up the books so that personal expenses are no longer run through the business. This kind of pre-work can enhance the value of the business and make it more attractive to a potential purchaser.

Conclusion

Difficult times require something other than a business as usual strategy, but they do require a strategy. The shop owners who are best positioned to weather the storm are those who do not retreat, but instead use this time to reflect, retool and even, reinvent their businesses.

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