

# Jeff Miles The Business Doctor REPORT

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Welcome to Better Business Tip # 4 brought to you by The Business Doctor.

## Why Picking Up Pays

The automotive industry is one of the greatest industries you could want to work in, depending on your attitude.

Are you one of the people that focuses on the glass being half empty or are you more positive and look at it as being half full?

Now here is a question, "How many new business clients have you picked up this week?" You know the ones that work in offices or factories. The ones that need to be dropped off, early. The ones that work with other people just like themselves.

How many would you like to pick up? Lets do a simple calculation to see how much you would be prepared to spend, yes you heard me correct, spend - to get that new client.

Would you spend \$40, \$60 or perhaps a whopping \$100?

Well let's consider some simple Lifetime Value calculations.

Let's say that the average customer gets their car serviced around 3 times a year (what you're saying that's too often - now who's looking at a half empty glass). I'm sure that in the next 3 to 4 Video Postcards I can show you how, to get the average clients back 3 times.

Let us also say, that the average customer spends around \$300 every time they bring

their car in. It might be only a basic service but if you are looking after your client - then their safety is your highest concern and it is likely that you may find several safety or repair issues that need attention.

Let's also assume that the cost of you providing the Labour is as much as 50% of this client's, actual invoice value. That means that it costs you \$150 out of every \$300 sale (this does not include parts.

This means that every new client is going to generate an additional \$900 per year. That is simply multiplying \$300 by three = \$900. Now at a 50% cost to generate that sale (remember that parts are not included) you will make a Gross Profit on Labour of \$450 pa.

Now **how many years do you hold onto your clients** - only one year, no you generally hold onto your clients for many years, isn't that more the case?

Just imagine picking up just two new clients a week. Wow, over 52 weeks that would be over 100 new clients at a Gross Profit margin of \$450 x 100. Grab your calculator, go work it out.

Now, add your parts sales onto that as well as the wheel alignment's and balancing and detailing. Massive isn't it.

**So, I hear you asking** "o.k. smarty pants, how do I get these new customers?"

Easy, just start dropping off your existing customers at their work. Give them some vouchers.

Now here comes the first really neat part.

Tell them that for every new customer that comes in with one of the vouchers that they have given away - you see you write their name on the back of the voucher.

You tell them that you will give them, because they have referred someone to you, that their next service now valued at \$129 - well, they get that for **FREE** or that amount can be taken off their next bill.

Now here comes the next part, the Referral voucher gives the person coming in 50 % off a service valued at \$129. Now that is a massive saving for the person who is redeeming this gift voucher. It is just on \$65 dollars.

Now all of this is assuming that you have room for more customers. And that you have some spare Labour available during the week to accommodate more work.

Now when my automotive clients do vehicle servicing, they replace Oil, Oil Filter and Plugs and this is purchased from our suppliers at Trade price which is around \$28 dollars.

All you need to do, is start driving your customers to work, be polite. Oh that reminds me. When you drop off your clients, **don't swear**, don't talk negative, don't smell and don't wear your dirty, grease covered work clothes in their vehicle.

Think about your client and ask them how long they have worked at this current place you are driving them to. How many staff do they employ in the whole company, ask your happily satisfied customer, how many people work in their department.

Your head should be reeling now with the possibilities for additional customers.

So why not start dropping off and picking up customers tomorrow?

I have watched many of my clients use this same technique and the clients love the courtesy of a free drop off.

**But don't waste the chance** by sending a young apprentice or someone without social graces. This marketing is too precious to muck up.

Send you best communicator.

As a business coach one of the sayings that I love is "**For things to change First I must have to Change**".

If you have any comments or stories that you want to share just drop me a line at [jeff@thebusinessdoctor.com.au](mailto:jeff@thebusinessdoctor.com.au) as I would love to hear from you.

Until next time please enjoy good business and great profits.

Regards

*Jeff Miles*