



# Is there a woodpecker in your business?

## Don't let an employee with a bad attitude sink your ship

By Pat Brown

**D**on Moore, Fairview Tire, has a family-owned business in Burlington, Ontario, where he is well-known for his community involvement and providing an excellent value to his customers for tires and mechanical services.

His best technician had great skills, but his personality was a roller coaster ride: upbeat one day and “down in the dumps” the next. His attitude was bringing down Don’s team, but everyone knows how tough it is to find certified A-techs in today’s competitive world. One day, Don was pushed to make a decision. One of his good techs was going to leave because of the other tech’s mood swings.

Don’s dilemma was one that tire dealers face constantly: Do you risk losing your entire team because of one bad apple? “I put the guy on leave, and he was gone. I was astonished at the outcome. It made an immediate positive impact on my business. All of my concerns were diminished — productivity increased, everyone started helping one another, the shop mood changed. The best outcome was that I didn’t replace the tech and others picked up the work. My payroll came down, my profits increased, and my shop is a happier place to work.”

### Woodpeckers can be anywhere

For every one of his 20 Groups, Norm Gaither tells this story. Almost every company has a guy like this. You have a person who started out busting tires. He was very good, had a positive attitude, was well liked by everyone and you promoted him to the front counter. For several years he performed well and became an excellent sales person. Things went along OK for the next 10 to 12 years and all of a sudden, you notice that he’s no longer as productive as he was. He comes in late and dares you to do something about it. His attitude sucks and he is infecting the rest of your staff with his poor performance.

Sometimes this happens. You come back from a dealer meeting with five important things on your action list. And just as you walk in the door, your woodpecker says, “Hang on guys, the boss has been to another one of those meetings. We get to do more work, and he makes more money.” He says it in a lighthearted way, but he’s not kidding.

Or, your woodpecker, like Don Moore’s, might be one of your technicians. Is there a tech in your shop who was on top

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of his game many years ago when engines were simpler and the repair shop didn't resemble a high-tech computer lab? This guy is among the highest paid in the shop and his efficiency is about 60% every week. Your other techs could run circles around him, but because of his ego and seniority, they walk on tiptoes around him so they don't make waves. They may even underperform so they won't make him look bad. All the while he takes longer breaks, misses work frequently and complains nonstop about how tough it is to fix cars today.

How about this scenario? Your dad started the business many years ago and he put his brother (your uncle) on the counter because he needed a job. After your dad's well-deserved retirement, you bought the business and your uncle is still on the counter. He spends a great part of his day chatting with customers instead of writing orders and keeping the shop filled with work. His salary continued just as if your dad still owned the place. He knows you won't fire family so he just adds to your payroll, dragging your net profit down.

Sometimes the woodpecker is a family friend. A dealer in Northern California who wants to remain anonymous due to potential legal proceedings learned the hard way. "I am the second-generation owner at a tire company consisting of five stores and one warehouse. My woodpecker experience revolves around an office manager who was employed over 30 years ago by the first-generation. The office manager is a key position, the conduit for philosophy, procedures and paperwork.

"Toward the end of our relationship she began shredding important documents such as tax bills, workers' comp claims and other vital documents. This person should've been removed years prior but she had made herself irreplaceable in many ways (or so we thought). It took over two years and countless hours to rebuild files and damage done. The more influence a woodpecker has, the less influence you have as the business owner."

This dealer sums up his learning: "A good rule of thumb: If you have an employee who you would not rehire again tomorrow, it's time to make a plan for removal today."

If any of these examples sound familiar to you, you may have a woodpecker problem.

### Payroll is the key

Retail store owners often wonder why they can't show a reasonable profit. One

of the key reasons is that payroll is not in line with your gross profit. It's easy to think that in order to make more, you must sell more and that's really not always the answer.

In our 20 Groups, we measure payroll (gross pay and taxes) as a percentage of gross profit. If the payroll (not including any benefits) measures more than 45% of gross profit (GP), it is the primary contributor to poor profits. The dealer should be asking, "Can I afford to have unproductive people on my payroll?"

Payroll is the largest expense in any company. There are ways to make sure that you are making good decisions about your payroll. One way is to produce a weekly payroll report which shows sales, gross profit, GP %, gross payroll, payroll as a % of GP and then how many dollars the payroll is over 45% (see Example 1 on page 50).

In this example, the owner can quickly see that if his shop continues to have more payroll than the business can support, it is a downward spiral, maybe ending in bankruptcy. However, with this weekly report, he/she can make changes to correct the situation before it brings the company down.

### What can be done?

There are only two ways to correct this situation: Increase gross profit or reduce payroll. There are many ways to increase gross profit, but in this situation, we are going to concentrate on reducing payroll.

It's not always necessary to fire people. If your technicians are working on a "flat" rate, they will work harder and are likely to make more money versus working on an hourly rate. Changing your shop to commissions for technicians seems like a hard changeover, but seriously, when it is done, everyone will be happier and more productive.

We suggest that you offer your techs their current rate for two months or the flat rate, whichever is highest, during the transition. When they see their paychecks increasing, they will be a cheerleader for flat rate and never want to go back. And, your gross profit will increase accordingly. Mission accomplished.

### If you're not measuring, you're not managing

Measuring technician efficiency is another way to get more output from your shop. In our 20 Groups, we discuss how

## Example 1 - Weekly payroll vs. gross profit report

Week ending	Sales	Gross profit	G/P %	Gross payroll	Payroll % of G/P \$	Over 45%
2-8-13	\$19,055	\$8,575	45.0%	\$4,888	57.0%	\$1,029
2-15-13	\$18,469	\$7,345	39.8%	\$4,752	64.7%	\$1,447
2-22-13	\$17,196	\$7,162	41.6%	\$4,813	67.2%	\$1,590
2-28-13	\$20,455	\$10,155	49.6%	\$4,997	49.2%	\$427
<b>Total</b>	<b>\$75,175</b>	<b>\$33,237</b>	<b>44.2%</b>	<b>\$19,450</b>	<b>58.5%</b>	<b>\$4,493</b>

## Example 2 - Weekly technician efficiency report

Week ending	Hours billed	Hours clocked	% efficient
Tech #1 2-8-13	43.9	43.6	101%
2-15-13	72.4	31.4	230%
2-22-13	30.8	45.6	68%
2-28-13	51.2	44.7	87%
<b>Total month</b>	<b>198.3</b>	<b>165.3</b>	<b>120%</b>

## Example 2 - Weekly technician efficiency report

Week ending	Hours billed	Hours clocked	% efficient
Tech #2 2-8-13	17.4	32.4	54%
2-15-13	24.8	46.2	54%
2-22-13	32.7	44.3	74%
2-28-13	51.2	42.1	82%
<b>Total month</b>	<b>126.1</b>	<b>165.0</b>	<b>76%</b>

know, alignments make our cash register ring with amazing profit opportunities.

“Don’s reply was that we only had one certified tech to do alignments. He was pretty happy with the situation, and he didn’t have to work too hard to keep the one tech busy. Next day, I called Don into the office and offered him a raise. I said, if you can get Tony (a tire tech) certified to do alignments, I will give you a raise. He did and we began scheduling four alignments per day.

“A few weeks later, I called Don into the office and again offered him a raise if he could get Brian (a tire tech) also certified to do alignments. Don did and we started doing six alignments per day. A short time later, I

to measure efficiency for technicians. In many auto dealer shops, they expect 125% efficiency. We have found that tire dealers are much more lenient in demanding tech efficiency.

We created a report which not only measures tech efficiency, again on a weekly basis, but also ranks the technicians. Our dealers post this ranking each week, and it becomes a competition for technicians to perform high on the scale. No one wants to be low man on the totem pole.

Our second example shows how to measure tech efficiency.

Obviously, we would all like to have every tech bill hours like our Tech #1. But, when the crew sees all of their efficiency ratings, it stimulates pride in the workplace and everyone wants to be on top. If they don’t, then maybe they need to work in another shop.

Controlling overtime is another key way to get your payroll in line with gross profit. Now, before you make any changes to your overtime policies, make sure that you are in compliance with the U.S. Wage and Hour guidelines for overtime pay. It is an expensive penalty if you are not paying the legal overtime rates. However, you can reduce overtime by using a flex schedule for your people with a few techs coming in early and a few techs staying later. By using a smart schedule, you can eliminate overtime altogether and not miss a beat in serving your customers. Whatever you do, involve your store managers when you are making any changes in your shop. If people are engaged in decisions, they are far more likely to be an advocate instead of an obstacle.

Sometimes a woodpecker is costing you money in other ways. Dan Pearson, Northwest Tire in Bismarck, N.D., tells this story.

“Early in my career, I was sent to manage a store in Minot, N.D. On my first day, the phone rings and a customer wants to schedule an alignment. I asked for the alignment appointment book and Charlie says that Don schedules two alignments per day and he has the book out back. I found Don in the shop and asked why we only schedule two alignments per day. As we all

fired Don. He was not helping my store; he was hurting my store by his apathy.”

Joe Rice, Big G Tire Pros, McMurray, Pa., took Norm Gaither’s advice on woodpeckers after a 20 Group meeting. “We had a technician who was average, but his bad attitude toward the job was above average. He was with us three years, and the bad attitude started to really surface around the end of his second year. We kept working with him to help bring his focus and goals toward what our team was trying to achieve. This went on for over a year. After learning about the woodpecker analogy at our 20 Group meeting, I went home and let the guy go. The other team members thanked me for the change. The store had an increase to the bottom line within a month of the change.”

## Get rid of the woodpecker

Gaither says it pretty plainly, “Finally one day, you will get fed up and have the courage to make a decision. Your company is like Noah and his ark. If you don’t get rid of the woodpecker, your business goes down. You fire the sales guy, the tech or the uncle. Here’s what will happen. In less than two weeks, your employees will ask you, what took you so long? They will be so relieved to have a happy workplace with a fair and balanced work flow, that you will see an immediate improvement in the productivity and the morale of your staff.”

Woodpeckers eat your bottom line profits. Don’t let it happen to you. ■

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