

The Transition from Technician to Shop Owner: American Dream or Nightmare?

I call it the “bonehead cycle” of the Independent Repair Shop. Workers in the average Independent Auto Repair Shop are sick of being treated like dirt, working in poorly lit and ill-equipped conditions on junk cars that “just need to be fixed so they can get by.” The boss constantly complains that the workers are making more than he is and they ain’t making much. Tired of working for a “bonehead”, the technician takes a bold step and opens his/her own shop, setting labor rates below the market in a bid to get a lot of new business.

Time goes by, the new business holds on and the parking lot is full, so the new owner hires some technicians to get the work out the door. But this isn’t good work and it doesn’t pay well. The new shop owner finds the hired help is making more than they are. The money for the much-needed new equipment isn’t there and the workers believe the owner is a “bonehead”. So the technician strikes out on their own and opens their own shop.....

In this way the “bonehead cycle” continues for another round. This all-too-true story is a sad reflection on our industry. It perpetuates the poor wages, working conditions and image that we all disdain.

So, how do we break this cycle? By understanding the differences in being a technician and being a shop owner/businessman.

This article will explore how to make the transition a little easier. I started my own shop 6 years ago in a one bay shop (15 feet by 30 feet) on a dead end dirt road in a storage building. Today I have a 10 bay shop that’s clean, well lit and well equipped. My story can be your story.

Start with a large bag of donuts, some crayons and a few large pieces of sack—hey, I never said planning had to be real formal, you know. It just has to be intelligent. Now, eat a donut and start listing the types of work that you do best. The biggest mistake the new shop owner makes is trying to do every type of work for every type of customer. They’re desperately afraid to let a potential customer walk out the door with their wallet in tow. They need the money and they’ll do the job—often at a loss, figuring they’ll “make it up next time”. The real problem here is “next time” doesn’t come very often.

Now, back to the crayons and the sack—we need to figure out what we do best and build a business around it. This is the business plan. A business plan written on pieces of sack with a crayon is better than no business plan at all.

The main reason businesses fail is they’re undercapitalized (not enough money) and they’re not well planned. The typical new business owner uses every bit of cash they have to get the doors open and when the profits aren’t there, the expenses eat them alive.

The easiest way to have cash is to not spend cash. Equipment takes money, so let’s figure out what equipment we really need. This really sounds far-out, but listing what you do best is the most sensible approach you can take. Build your business by doing what you’ve always done best-whatever that is.

In my case, what I’ve always done best is preventive maintenance. It always made sense to me that if an upper radiator hose had a life span of 3 years, why not just replace

it before it blows? If changing the transmission fluid on a schedule kept the transmission from blowing up, why not service the transmission on a regular basis?

The rent on my first shop was only \$165 a month. The sum total of all my expenses was only \$22 a day!! It's kind of hard to **not** make a profit when the phone only had to ring once all day long. Besides, I'd discovered that a great many people out there didn't want car trouble and were looking for a shop who was honest and made sense.