

Create a Mobile Business

Written by Steve Marr
Monday, 29 July 2019 04:01

A client who was on the verge of closing an auto repair business came to me for options about restructuring the business. "Sam" operated a small facility employing two other mechanics plus a part-time office administrator. Sam worked most days from 7 am to 9 pm to keep the business afloat.

When I reviewed the business operation, three things jumped out at me. First, he wasn't particularly effective at managing his employees, so he was losing effectiveness and efficiency.

Second, while Sam charged for his labor; he did not charge a mark-up for parts. I explained to Sam that repair facilities customarily buy at wholesale and charge the customer a retail price for the parts. Somehow, he believed this took advantage of customers. I explained to Sam that the business had costs invested in time and effort to order the parts. Also, one of his colleagues sometimes needed to drive to the supply store to pick up the needed item and return it to the garage in order to repair the customer's vehicle on time. Further, he promised his customers quality parts.

Third, Sam's overhead was high. The office administrator was not always busy and the rent on the garage was expensive.

Sam liked working on cars. He liked interacting with customers. However, he wasn't particularly interested in managing employees and all the other business details. I suggested an alternative business model. I suggested he create a mobile repair van. With a mobile van, he could drive to the customer's house and repair the customer's vehicle in their driveway. Not only did this save the customer time and effort, it saved Sam the same.

With this model, he was able to move out of the garage, reduce employees, sell extra tools and come up with a 50% down payment on his new mobile repair business.

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One of my suggestions was to contact his previous customers and explain his new business model by saying, "I will come to you and save your time rather than make you come to me to waste your time." I also suggested door hanging advertisements. The target audience was those who wanted a time-saving option for their car repair.

Some individuals believe that a car must be repaired in a facility; however, most of us have seen mobile repair trucks on the highway next to a broken-down rig. It saves time and money to repair the rig on site rather than have the 18-wheeler towed to a mechanic. If the system can work for these large diesel rigs, it can work for the average person as well.

Sam was able to charge the same market rate for labor. While he still did not mark-up parts, he was able to cut his overhead significantly. I also suggested that for customers who wanted their cars worked on in the evening or on Saturdays, he should charge a premium for after-hours service. This helped him create a profitable business.

A different automotive repair garage asked me for some advice on growing their business. Part of the problem was that they were landlocked and were not able to add service bays. They were wondering if they should go to the time, effort and expense to find a new location. I suggested an alternative where they could adapt the same mobile repair model at less expense than it would take to move.

Business environments change repeatedly. At different times we need to operate differently to be successful. Scripture gives us an example of adapting to new needs. Isaiah wrote, "They will beat their swords into plowshares and their spears into pruning hooks. (Isaiah 2:4, NIV)

Other businesses create effective mobile business models by adapting. Dog groomers, personal trainers and barbers are examples of services that can come to you. Give thought to whether this business model would work for you. When establishing a mobile business model, make sure you stress the major benefit to the customer: you're saving them time, time that may put money in your pocket.