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2011 BUYER'S GUIDE

Tri-City Transmission

Setting the Bar for Processes and Procedures

F150 with an EPC Code that
Won't Go Away



JANUARY/FEBRUARY
2011

GEARS

FOR THE TRANSMISSION REBUILDING INDUSTRY

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On the Cover: Precision International Technically Ahead Feature story on page 16. (Paid Advertisement)

Tri-City Transmission: Setting the Bar for Processes and Procedures

by Rodger Bland
members.atra.com
www.atra.com

Processes and Procedures: They've been acknowledged in the *What's Working* program as one of the 5 *Recurring Traits* for every successful transmission repair shop owner. We've discussed them *ad nauseam*. But nowhere is the proof of their importance as well-defined as at Tri-City Transmission in Tempe, Arizona, owned and operated by David Riccio.

Think that's a bold statement? How about colored lines painted on the parking lot to identify which cars are waiting for diagnosis, which are waiting for repairs, and which are waiting to be delivered? Or separate receiving bins, so that parts can be delivered directly to the technician who's waiting for them?

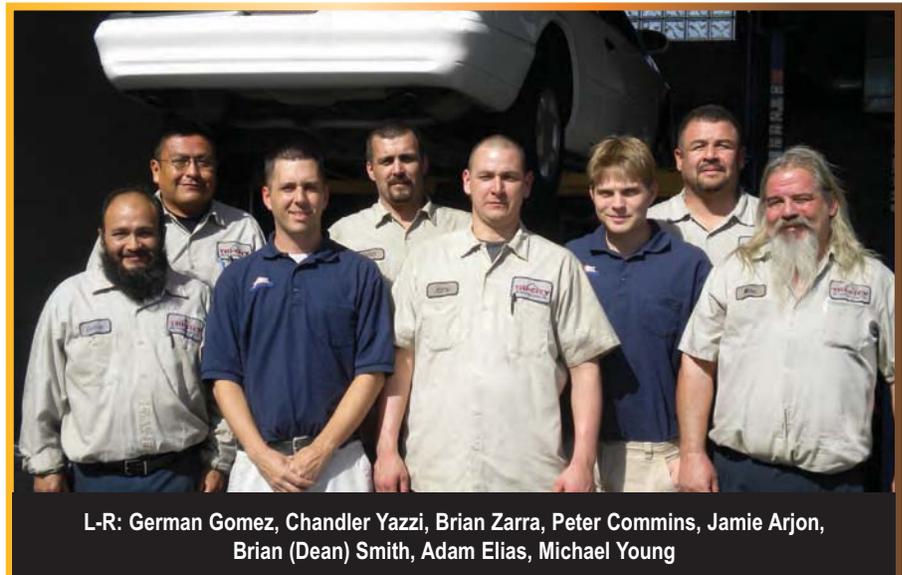
No doubt about it: David has turned processes and procedures into a fine art. And it's paying off in a big way. Last year Tri-City did nearly \$2 million in business! We'll take a closer look at the reasons behind processes and procedures in this issue's *What's Working* column.

Tri-City Then

To get a feel for how David created his shop procedures, we should probably start at the beginning, when Tri-City first opened. As it happens, that was several years before David Riccio was born.

Mike Young and Leon Bouchy opened Tri-City in 1972. And from the very start they ran a dependable, quality transmission shop based on trust and service. After two years in business they joined ATRA, and they remained solid ATRA Members for over 35 years.

In 2002 they were approached by a real estate developer on behalf of the



L-R: German Gomez, Chandler Yazzi, Brian Zarra, Peter Commins, Jamie Arjon, Brian (Dean) Smith, Adam Elias, Michael Young





Dave Riccio, owner Tri-City Transmission



Peter Commins finishing an install



Brian Zarra, Service Manager

city, asking them to sell their property to make room for a new shopping center. At first they resisted, but fearing a loss of their bargaining power to eminent domain, they finally agreed to accept a new, 9000 square-foot shop in its current location. The process of building and moving into the new shop took over four years.

David Riccio's Story

By now you must be wondering how David fits into the story. At this point, David was a salesman for a company that made custom evaporative coolers — a lower-cost alternative to A/C that works efficiently in hot, dry climates.

He was doing well at work and at home. He married Cira (pronounced "See-da") four years earlier, and their son, Solomon, was just born. David was on top of the world.

It was the summer of 2005. The morning news report predicted the temperature was going to be into triple

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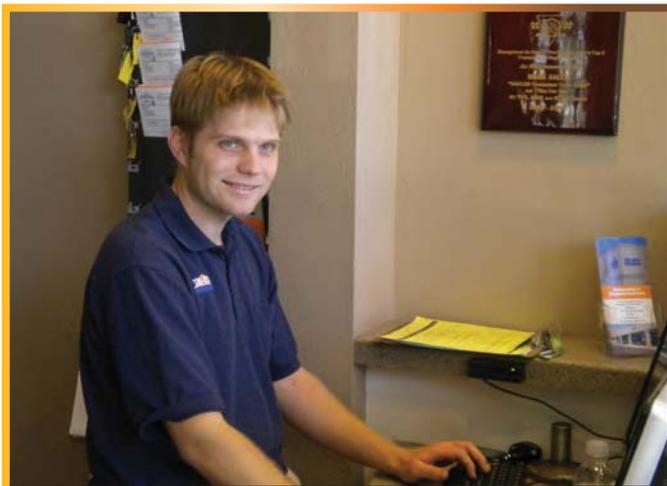
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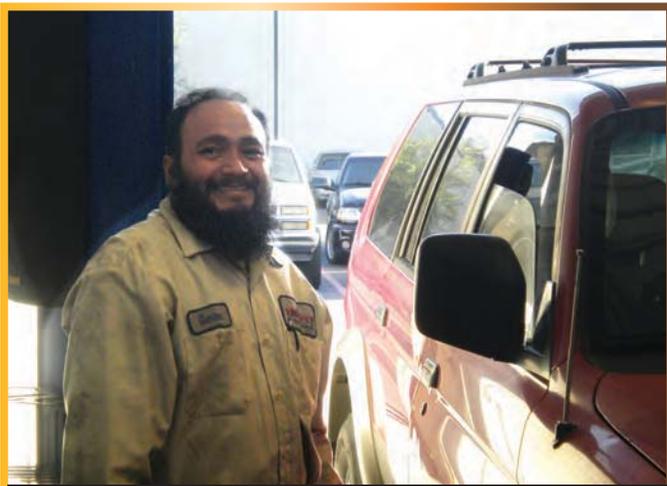
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Adam Elias pulls out another unit



Brian (Dean) Smith at the front counter



German Gomez final preps a vehicle for delivery



Michael A. Young, Tri-City Transmission head rebuilder, has been with the company for 31 years.

digits again. That was fine with David: High temperatures made it easier to sell cooling equipment. He slid in behind the wheel to head off to work, when suddenly he couldn't raise his arm to put the key in the ignition.

At first David thought he must just be overtired. He went back into his house and lay down to get a little rest. After three days the problem wasn't getting any better, so he decided it was time to see a doctor.

Days of tests stretched into weeks, and finally the doctors had narrowed the problem down to three possibilities: stroke, brain tumor, or Multiple Sclerosis (MS). Not a particularly encouraging selection. It would be several more weeks before they confirmed a diagnosis of MS.

As he was lying there in his hospital bed, he watched the news reports from Mississippi in the aftermath of Katrina. He saw people who'd lost their homes and their families, and he

decided that no matter how bad things were, they could always be worse.

But now David's future was in doubt. He needed a new means of providing for his wife and child... something that could continue to support them if he became unable to work. Some might have given up: For David, that news was just the motivation he needed to take the next giant leap forward in his career.

Several years earlier he'd been very successful as a tire store manager. He had good customer skills, and sales came easy to him. He figured owning a tire store would be a terrific way to ensure his future. So he began looking at the possibility of buying his own tire store.

In fact, he was on his way over to a local tire store to pitch a deal when he found himself driving by Tri-City Transmission. Almost on a whim, he stopped by to talk to Mike and Leon; sort of a warm-up to work the kinks out

of his "sell-me-your-business" pitch. As he was talking to them, his trial presentation began to morph into an actual pitch to purchase Tri-City.

Leon was interested right away; he was planning on retiring the following year, regardless of circumstances. Mike resisted: It was 2005, business had been pretty good, and they were just a few months away from moving into their new shop. But they were getting on in years and David persisted. They signed the deal with David on November 1st, 2006 and Leon retired on December 1st. Mike stayed on as part of a three-year deal to help David get on his feet.

Learning the Ropes

One of the first things David discovered upon taking over Tri-City was that there's a big difference between a tire store and a transmission shop. Let's face it: Suddenly he was selling a product he didn't really understand, to people who desperately didn't want to



A clipboard containing all pertinent information follows each job at Tri-City from start to finish. When the trans is out the job-clipboard gets attached to that unit.



They need a bigger board! Letters from satisfied customers blanket the waiting area.



Parts shelves are labeled with each technician's initials to ensure an efficient delivery process.

buy, at a price few could easily afford. Not an easy transition to make.

In addition, while Mike and Leon ran a nice shop, nothing was clearly defined or written down. All of the processes and procedures were in their heads. When something came up, they instinctively knew what to do — *Tribal Knowledge*, David called it. But that made it even more difficult for him to turn those processes into standardized procedures.

Not that Mike and the shop employees weren't trying to help; they were. At least, most of them were. But many of the processes so integral to operating a transmission shop had become part of their nature. It was like trying to tell someone how to breathe: You do it maybe 20 times every minute of the day, but just try to explain how to breathe to someone else!

It wasn't long before David realized he'd have to improve his understanding of the business before moving forward, so he told everyone he was taking a vacation. Then he took a trip out to Southern California to visit a

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Tri-City Transmission's diagnostic center



Chandler Yazzi – Lead Technician



Color-coded parking spaces (blue) identify which cars are waiting for diagnosis, repairs and delivery.

friend who owned a transmission shop.

He spent a week there, working in the shop and learning their processes and procedures. And he brought back a new understanding of how the transmission business works. Many of the procedures he later instituted in Tri-City were in place in his friend's shop. Other processes were waiting to be clarified and refined.

Pulling the Trigger

Upon his return, David began putting his new processes and procedures into practice, but not without some passive resistance from the employees. Never having worked in a transmission shop, what was he to compare things to? David had simply struggled to work with the existing culture, even though he knew there must be a better way. Now he'd seen it done at his friend's shop, so he knew it could be done.

All that was needed was to *pull the*

trigger... eliminate the road blocks. In this case it meant changing some key employees.

This action caused a bit of friction between David and Mike. But David recognized the importance of moving forward and surrounding himself with individuals who shared his visions.

Once the resistance to change was gone, the rest of the staff quickly accepted the new procedures and they worked with him to refine those procedures for his shop.

Next David needed to address his service writers. He knew how important they are for the success of the shop, and he needed to put the right people in place. After a few false starts he finally hired two fellows he found through Craig's List: Neither had any transmission sales experience, but both had the right attitude and personality to work well with customers. From there, training them was relatively easy.

Breaking All the Rules

One of the more notable aspects of Tri-City Transmission is that many of their procedures violate what one might consider "common knowledge" for running a transmission shop.

For example, while David still insists on checking the car before talking price, he's more than happy to provide the customer with a price range for a transmission rebuild before the transmission comes apart. And as a "Certified Transmission" distributor, he is more than happy to offer remans to his customers.

He's also willing to offer targeted repairs on some transmissions. For example, a 4L60E comes in with an obviously damaged sun shell: the fluid's clean and everything else seems to be working okay. David will agree to replace the sun shell instead of selling a complete rebuild.

If the unit fails later on, David will offer a discount on the rebuild... and

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During the interview a satisfied customer, Bob Winkler, dropped by with a gift for David and crew to show his appreciation for a job well-done on his Toyota Camry.



Dave Riccio with former co-owner Leon Bouchy and his wife, Rita. Mike Young (not pictured) was recovering from surgery during our visit but joined us on a phone conversation to discuss Tri-City Transmission's past, present and future. ATRA would like to thank both Mike and Leon for their longtime membership and support of the Association.



clutch job: While they have the car apart, David's technicians will check the pedal pads. If the pads are worn they'll replace them... free. Or maybe they'll notice an A/C control knob is missing. Once again, they'll replace it at no charge.

For most shops the idea of looking for additional work is a natural part of the job: You're under the hood or behind the wheel... this is the time to look for extra things to *sell*. For David and his staff, this is where they offer that "something extra."

In fact, David actually considers the cost of these extra items an advertising expense. And why not? We know that the most effective form of advertising for the transmission business is word of mouth. So which makes more sense: Paying an extra \$5000 a month for a bigger ad, or spending \$10 to make a customer feel special?

Most of the time David and his employees won't even mention the new knob or pedal pad they installed. But the customers notice. And they tell their friends about it.

David has made a lot of changes to the processes and procedures since taking the reins of Tri-City Transmission. But he's the first to admit that his success was built on the strong foundation Mike and Leon created all those years ago.

When David began writing his shop's operations manual, his first additions were a few simple rules that they offered him when he took over:

- Always show up on time.
- Always do what you say you're going to do.
- Always say *please* and *thank you*.
- Always finish what you start.



In a photo taken shortly after David purchased Tri-City, Mike Young (L) with Leon and David.

because he tried to help before, there's a good chance he'll get the job.

One of the most innovative procedures at Tri-City is their use of "free stuff." For example, a customer comes in for a



Cary Lockwood of YourAutoNetwork.com with David at the seminar



David hosted a seminar on Proper Phone Procedures held by the Auto Repair Good Guys Foundation, a nonprofit engaged in helping the local community by fixing cars for needy families. Foundation Director Thom Tschetter, presented the material for the seminar. For more information on the Foundation visit their website at www.autorepairgoodguys.com.



A terrific basis for any business.

Because of his illness, David knows that one day he might not be able to maintain an active role in the operation of his business. His ultimate goal is to create a business plan that makes him expendable.

Thanks to his meticulous attention to detail and the

implementation of detailed processes and procedures, Tri-City is well on its way to that goal. And with David at the helm, things are looking better every day.



A Brief Overview of Multiple Sclerosis (MS)

Multiple Sclerosis is a progressive, chronic, often disabling disease of the central nervous system, including the brain, spinal cord, and optic nerves. Symptoms can be mild, such as a slight tingling in the arms or legs, or severe, such as paralysis or vision loss.

While the cause of MS is still unknown, researchers generally believe it's an autoimmune disease.

About 400,000 Americans have been diagnosed with MS, and about 200 more are diagnosed every week. Worldwide, MS affects about 2.1 million people. The first symptoms usually show up between the ages of 20 and 40, although individuals as young as 2 and as old as 75 have developed it. MS is not considered a fatal disease as the vast majority of people with it live a normal life-span. But the unpredictability of the disease can present

many challenges, including the possibility of facing increasing limitations.

Generally, women are 2 times more likely to be diagnosed than men; leading some researchers to believe it has a hormonal link.

While MS isn't directly inherited, there are strong genetic links. Most people have a 1/750 chance of contracting MS, but the chances rise to 1/40 if you have a parent or close relative who's been diagnosed with MS.

Currently there's no cure for MS, but there are treatments to reduce the effects of flare-ups.

To learn more or donate to help research, visit the National MS Society web site at www.nationalMSSociety.org.



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Understanding Processes and Systems



by Rodger Bland
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One of the most valuable discoveries from the *What's Working* program has been the 5 *Recurring Traits* of the most successful shop owners:

1. Has the right attitude
2. Uses vision/plans/goals
3. Applies clear processes and systems
4. Hires the right people
5. Is willing to pull the trigger

Some of these traits are obvious; others less so. But one that many shop owners question is number 3: processes and systems. What do we mean by Processes and systems? Why is it important to have them so clearly defined?

What Are Processes and Systems?

To understand the reasons behind them, it's important to first define what we mean by processes and systems. For our use, processes and systems mean a set of clearly defined steps to follow every time a specific situation arises.

For example, many shops follow a strict diagnostic routine for evaluating cars when a customer comes in with a transmission problem. These routines are often spelled out in a checklist that requires the technician to examine the transmission fluid, computer codes, and so forth.

The reason for this routine is to make sure the technician evaluates all related situations... even those that won't really affect this specific com-

plaint, but might have an effect on the overall repair.

Your Goals

In general, processes and systems have three goals:

1. Avoid mistakes
2. Improve efficiency
3. Reduce waste

In addition, these processes and systems must be repeatable, so everyone in the shop can count on the results when those routines are performed by anyone else.

There are several benefits to having clearly defined processes and systems in place:

1. They help your shop earn more by being more efficient.
2. They standardize operations, giving you more time to concentrate on growing your business.
3. They turn your shop into an entity that can operate on its own, making it a more valuable commodity when the time comes to sell.

An Example

Not every process or system has to be complicated or involve diagnostic routines. David Riccio, whose Tri-City Transmission was profiled in this issue, created a procedure for parts that saves his shop time and money every day.

When David's technicians order parts, they provide the parts house with a purchase order number. The last two digits of the purchase order are the technician's initials.

Not every process or system has to be complicated or involve diagnostic routines. David Riccio, whose Tri-City Transmission was profiled in this issue (page 42), created a procedure for parts that saves his shop time and money every day.

Each technician has his own, clearly labeled parts bin in the front office. When the parts are delivered, the delivery person checks the order number and puts the parts in the bin for the technician whose initials are on the purchase order.

Later, when the technician looks for his parts, all he has to do is check his bin. If they've been delivered, that's where they'll be. No time wasted searching for parts, or having the service writer ask everyone "who ordered these parts?"

In addition, each parts house has its own bin for returns. When a part needs to be returned, it's placed in the part store's bin. When the delivery person comes to drop off parts, he checks his bin for returns. If anything's there he writes a receipt and takes it back for credit.