



An Interview with Aaron Stokes



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Aaron Stokes is the founder of Shop Fix Academy, owner and operator of five auto repair shops and the radio show host of “Fixin’ Cars with Aaron Stokes” on Nashville’s 99.7.

Recently we met with Aaron Stokes to talk about OEM repair information, protecting your shop, where the industry is headed, and more.

Part 1: OEM Repair Information as “Stop-Loss” Insurance

ALLDATA: If saving time throughout the workflow is a key profit driver for shops, how exactly do you calculate the value of that time savings?

AARON STOKES: I think that a lot of repair shops try to go about calculating the savings. I don’t think you can calculate the savings. I think you have to instead look at the possibility of loss. And the possibility of loss is so great if a technician does something wrong, why in the world you would ever risk that is beyond me.

There are too many brands, too many models, too many new pieces of technology coming out. And if we don’t get that exactly right and a technician breaks something, the one item they break could cost hundreds if not thousands of dollars or multiple thousands of dollars. That, in comparison to a small fee for repair information is beyond me why anyone would ever even consider it.

So I don’t look at it as savings. I look at it like stop-loss insurance. The amount of money ALLDATA saves me from possibly things going drastically wrong every month is probably in the tens of thousands of dollars. So why in the world would I only rely on a technician’s memory

or knowledge, or especially a brand-new technician that I just hired? It’s a cheap insurance policy. Why would I ever risk it? It makes no sense to me.

ALLDATA: How does the average shop view using repair information platforms and how important is it to have access to OEM repair procedures for mechanical repair shops?

AARON STOKES: Well, I think the average shop thinks it’s not that big of a deal, because they’re not there with the technician realizing how fast things are changing. I think a lot of technicians have an ego they like to protect, so they don’t always want to admit they don’t know something.

So with OEMs rolling out vehicles every single year, more complicated things that we’ve never seen or heard of before, more than ever we need to have that information readily available to us so that we can make the right decision and save the company money, the customer time and money, and be able to get that repair done correctly and as fast as possible.

ALLDATA: How do we get around that mindset?

AARON STOKES: I think it starts with the owner, starts with the top-down. We have to be willing to admit we’re human, we make mistakes. We have to give our employees a place where they can actually say, “You know what, I don’t got it all figured out” and that’s okay.

We have to see concern for the customer’s car above all else. Their vehicle is number one. And we’re going to make sure that we do it right, whether the bolt is a torque-to-yield or there’s a testing procedure for a component that we think might be bad, whatever it might be. We need that employee to follow that step by step by step.

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And so I think it's a huge deal that we do it the right way. And anyone that, in my opinion, doesn't place the right way, the absolute top quality at the top of the list, if they don't say, "Hey, this is how we have to do it, this is what we believe in our repair shop, we got to do it this way," if they don't take that type of attitude, they're not really putting the customer's car first.

“ Also for technicians, it's a massive time savings. I mean, I'm going to tell you right now the technicians that turn the most hours, period, they live inside of repair information.

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And I would even go as far to say that even if they do put the customer's car first, even if they say, "Hey, this is what we believe" but they don't put their money where their mouth is, honestly, they're a liar. Sorry, that's strong. But they got to do it right. They can't fix this car shooting from the hip. You just can't do that anymore.

ALLDATA: On the collision side, shops are taking the risk of liability seriously, and there's increasing support for following OEM procedures. How do we get general repair shops to think about repair information as their own "insurance" against liability?

AARON STOKES: Well, I think they are comparing it to safety like the body shop industry. And they're going, "Oh, well, we know to tighten lug nuts, we know to tighten brake calipers, we don't need it." They don't think that it could affect also the way something operates or runs or is designed to run and that that could somehow come back on them and cost them money.

So every time something goes wrong, instead of saying, "Oh, how could I have not caused this," they blame the technician, they blame anything and everything. They don't ever say, "It's my fault." And when you say, "It's my fault" and you go, "How can I stop this from happening in the future," you have to take ownership and start looking at the ways you've created stopgaps in your business. And if you don't have it in a certain area, how can we go get it now? And that's where ALLDATA comes in.

Part 2: Saving Time and Money with ALLDATA Repair

ALLDATA: In what ways does ALLDATA Repair help shops save time, from owners to service writers to technicians? What are the benefits?

AARON STOKES: I would say from owners, the owner is now not paying employees to chase their tail and go in circles, right? Also I think that with advisors, the advisor is able to get the accurate information for hours, for quoting a job, paying the technician for locating the correct part, and being able to find that part at a local parts house, a dealership, et cetera, and be able to provide that to the customer.

Also for technicians, it's a massive time savings. I mean, I'm going to tell you right now the technicians that turn the most hours, period, they live inside of repair information. They are a constant student of the game. They are always looking, "Hey, how can I find this shortcut here? Okay, they're now recommending not to remove the transmission, instead to loosen it and do this over here because there's this shortcut. They're now not recommending for us to remove this intake to get to this. Instead they're recommending buying this special tool."

It doesn't matter what it is; there's always an angle that repair information brings you that saves you time, saves you money, helps you make the correct decision, saves you on parts.

I mean, for owners, oh my gosh. When a technician does not know how to do something and the first time they figure it out through experimentation, they break stuff, which means dollars, which means I'm buying more parts, which means my parts bill that month goes up, which means my gross profit goes down.

And people say to me, "Well, Aaron, I don't want to get repair information from anyone out there for \$300, \$400 a month," whatever

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it costs. Then they'll go buy once in a month a \$500 part or twice or three times or four times or five times; or they'll pay out hours upon hours in wasted labor; or they'll deal with one customer, two, three, four, five customers angry this month because we did something and we have a comeback now because we didn't repair it correctly. How in the world is it a smart decision trying to avoid and save that money? I just don't get it. There's a lot of things you can save money on. Repair information is not one in my opinion.

ALLDATA: You mentioned that shops could save up to tens of thousands of dollars relative to the cost of subscribing to something like ALLDATA Repair. Can you walk us through that?

AARON STOKES: Yeah, absolutely. Okay, so one of my shops most recently just had a \$34,000 engine claim. And the way it worked with our insurance, because the car pulled out into the parking lot and it's on our security footage and the engine died in the parking lot, our garage keeper's insurance didn't cover it the same way as if it was in the bay, a little fine-print thing we just learned.

“ ... one particular issue came down to a low-level technician that did not walk over and ask another employee, did not walk over, look on ALLDATA on a computer we provided, and basically overfilled an engine.

And that one particular issue came down to a low-level technician that did not walk over and ask another employee, did not walk over, look on ALLDATA on a computer we provided, and basically overfilled an engine. And then the technician started the engine and pulled out. And this is an engine that's prone for having failures.

” That's one thing I love about ALLDATA and the repair information that's there. We know by looking at that, hey, this is a delicate issue. This particular situation has been known to have this problem or that problem, et cetera, and we see that.

That one thing - I mean, guys, had that employee looked at that. And then insurance gave us \$29,000. We still were out of pocket \$5,000.

The fact there's even a \$34,000 engine out there, that blows my mind. This is happening in all of our shops.

I mean, everybody needs to remember this. All the manufacturers now are pushing these 10-, 12-, 15,000-mile oil changes trying to look good for the environment and low maintenance cost, et cetera, all these different things they're pushing trying to basically get the camel through the eye of the needle, right?

“ ... if we were to go to ALLDATA and look this up, we would see that this particular engine has issues and we need to make sure that we do X, Y, and Z, and it would recommend why we need to do X, Y, and Z. ”

Meanwhile where we are, where the rubber meets the road, we're seeing blown engines all the time because customers are going too long. They're going past these recommendations or using poor qualities of oil.

Well, when these engines continue to blow over and over and over and we're seeing these massive repairs - \$8,000, \$10,000, \$12,000 and \$15,000 - I never saw those 10 years ago. They didn't exist.

And it's because of two reasons: one, engines are more advanced today so they cost more; and two, there's more demand. So now because there's more demand, salvage yards can charge more for these engines. And now salvage yards are having to pay more for these cars at auction because the insurance companies know these engines are worth more money.

So what's ended up happening is the consumer is ultimately paying the price because of the squeezes put on them. And if we were to go to ALLDATA and look this up, we would see that this particular engine has issues and we need to make sure that we do X, Y, and Z, and it would recommend why we need to do X, Y, and Z. It would discuss oil pressures. It would discuss certain brands of oil filters being recommended or certain types of filters being recommended. It would discuss how important it is to have that cam timing on point and exactly

how we got to do it; turning the engine over by hand, then checking it again, turning it over by hand, before we ever start it; all these little details that come into play that, if it goes wrong, is an engine. I mean, it just blows my mind.

Okay, even if I'm a small shop – let's say I'm doing 30 grand a month, and let's say – I don't even know what your fee is. Let's say it's \$300, 400 a month. So if it's \$300 a month --

ALLDATA: It's only \$180

AARON STOKES: Oh, well, that's even cheaper. But let's just go with \$300 just for fun. So at \$300, it's 1 percent of my revenue. I'm willing to risk something going wrong. And you may go, "Aaron, I know a lot, I'm

not going to make a mistake." But I'm willing to risk something go wrong. And what – your point now is it's roughly only half a percent of your revenue if it's only 180 bucks, but it doesn't even matter. I'm willing to risk something go wrong over a few hundred bucks

that could potentially put me out of business, could put my family out in the street?

Honestly, it's akin to running your repair shop without insurance. People say, "Oh, well, ALLDATA will save me hours here and help a technician make more hours, make us more money, make more and more and more and more." That's great. But it's stop-loss [insurance] and no one thinks about that piece. I mean, business is risky. You've already got enough risk: a technician's not bolting up lug nuts right, not putting brake calipers on correctly, not putting the right amount of oil in an engine.

Why in the world are we screwing around with experimenting with a technician not having the proper information for torqueing down bolts, checking voltages, checking grounds, understanding how something needs to be disassembled, et cetera, et cetera, et cetera, and possibly breaking things or not putting it back correctly so the car doesn't

operate correctly, and the cost that can come with that? Why would we ever risk that?

So yes, does a high-hour-turning technician make more money? Yeah, ALLDATA helps. Does it help us fix cars faster for customers and give better customer service? Yeah, all helps. Does it help us be able to deliver our customers a superior product and educate our younger technicians in why we do it this way? Yeah, totally helps.

“ So it's going to save you money in insurance, it's going to help your technicians turn more hours and make more money, it's going to give you better customer service, it's going to help your advisors know what the heck they're talking about when they get on the phone. Why would you not do it? The ROI is insane. It's one of the biggest ROIs and cheapest investments. ”

But the biggest thing of all that no one wants to talk about is it just helps your people not screw up. It's a stop-loss. It's insurance. Why do we not do it?

And here's the other thing: If you pay for it and your team isn't using it, why are you not making it as convenient as possible? Buy every single person a laptop like I've got right now. Every one of them in their bay will get logged in and they just walk over there and look. Make it habitual. Don't have one computer off in the corner built in 1979 covered in dust and grease that everybody has to share. Put it right in their bay. They're too cheap. You can go on eBay right now and buy a used laptop. Go get a ThinkPad with a little rubber eraser in the middle of the keyboard so they can use that even with gloves. It just makes no sense why people don't do this. Please, please, please. It's insurance.

So it's going to save you money in insurance, it's going to help your technicians turn more hours and make more money, it's going to give you better customer service, it's going to help your advisors know what the heck they're talking about when they get on the phone. Why

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would you not do it? The ROI is insane. It's one of the biggest ROIs and cheapest investments, yet it's one of the first things people cut, so it makes no sense to me. There's about 228,000 auto repair shops and I know you don't have all of them. So why in the world you don't, I don't know. People need to wake up and be smarter about it. But they all need to get this information. It's a game changer. It's a huge deal.

ALLDATA: What would you tell a shop not using ALLDATA today?

AARON STOKES: I would say, "Why not? Because you don't want to spend the money? You want to gamble not screwing up because you think you know enough now? That's arrogance. None of us know enough."

There's too many brands, there's too many models, there's too many cars. I mean, guys, half the cars today have a turbo on them. Just 10

years ago, we were lucky if it was 5 percent. How many of them have two turbos? Everything is changing. So we have to understand that if we want to keep up, we've got to invest in those proper things today.

And if you go, "Well, Aaron, I can't afford it." Okay, ALLDATA is roughly a couple hundred bucks a month." So if you're doing 30 grand a month, we'll say 50 percent of that is labor. Labor is \$15,000. If you've got an effective

rate - we'll say \$80 an hour. Should be higher, but let's just say you're in a poor market, only \$80 an hour. So if you divide that by 80, that's 187 hours.

So you're telling me you couldn't raise your labor rate a dollar an hour, \$1 an hour on 187 hours? That'd cover the cost of ALLDATA, \$1 an hour. It's just insurance, just making sure your team, yourself, and everybody does it the right way, and then would make you more money, get better

customer satisfaction, more people would come back to you and trust you to repair their vehicle.

Or you can - yeah, you can go rogue. You can do it the other way. That's fine, that's cool, but it's going to cost your business and it's going to cost you and you're setting yourself up for failure. It just makes no sense, makes no sense.

So for me, I would never risk it. I had ALLDATA when I was in a barn, in a barn literally doing \$29,000 a month in a barn. So I don't understand why people don't do it. I've been with you guys for years, so - decades now.

Part 3: The Pandemic's Impact on Shops + Industry Predictions

ALLDATA: During the COVID shut down, we saw on your Facebook that a lot of shops were closing, but probably an equal amount of people were saying, "We're on fire, we're doing excellent, we can't keep the business away." What was the difference between these shops?

AARON STOKES: All the shops that are in the cities, urban areas, were very much impacted. All the shops that were more rural and in the country, COVID didn't affect them as much.

And so everybody was still afraid, so you had people not buying as many new cars, right, didn't make large purchases. And so if anyone went to a repair shop, they tended to spend more money on a repair versus deciding to go buy a new car.

But the difference was the outlying small towns - their grocery stores and Walmart and Target and their restaurants were all open when large cities were totally shut down. It was like it didn't even exist in those areas, and I know because I went out and visited some of my clients.

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So you have to keep in mind that location determined a lot who was getting hit and who was not.

I had some clients near D.C. So it didn't matter what you believed, that political firestorm that was happening there. Oh, my gosh. We had some clients there that were – they were down 60 percent for months, months. Then we'd have clients in West Virginia 100 miles away blown out, just absolutely blown out. So we saw that over and over.

Portland had a lot of stuff going on. So we have a client there that's just outside of Portland, and his shops did okay but he was definitely feeling it. Then we had another shop in Oregon that was further outside of Portland and he was blown out.

So it just came down to if you were inside an entrenched and a large city that was really constricted, that became the dominant culture of that area, and so people weren't – if they came to your shop, they spent

a lot of money, arrows were up, but people weren't out as much. And after – it took us about six or seven weeks to figure that out, but it was definitely the case across the country.

ALLDATA: Aaron, you brought up 228,000 roughly repair shops around the country. Where do you see that number going in the next 5 to 10 years? Do we have less independent repair shops, do we have more, do we have the same?

AARON STOKES: I think more. We've sold more cars in the last six years than we've ever sold in history. We have more cars in driveways than we've ever had in history. We have more drivers than we've ever had in history. This is a great time for the automotive industry.

I potentially see a downturn in the economy in the next two to six years, and that always helps our industry. We always do really well when

the economy slows down. I had some of my most explosive years in '08, '09, '10, '11, and '12 and I think that we're going to see that here again shortly.

And when that happens, car sales will dip. Well, then, dealerships don't need as many technicians basically to do PDIs. And as cars come out of warranty, not as many cars are coming into the dealership. Those technicians get fed up of low hours. And what do they do? They go out and they start a business. Now, not all of them, but a lot of them do.

So I think the lack of technicians in the marketplace and the demand for repair is going to create a vacuum where you'll be able to make some good money in this industry. And I truly believe there's going to be a new crop of owners coming up in this next downturn, probably leaving the dealerships – some from independents but mostly leaving from the dealerships as dealerships cannot sell as many cars, can't keep their bases full doing prepaid maintenance and warranty claims, et cetera. And technicians need to feed their families, and I could see a lot of them starting out and trying to make a go at it out there in the marketplace.

There's probably close to 250,000 shops right now. But at the end of the day, there's going to be more, absolutely.



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