



A Time of Reflection and Resolution:

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The new year is the time when people make resolutions to improve their personal lives – to lose weight, read more books, or kick some bad habits. It's usually a symbolic ritual – most resolutions don't make it past January. It's different for a business, though. It's a time to review the past year and start making plans for 2023 based on what you've learned. For most businesses, it's the end of the fiscal year, a time to tie up the books and get a clear picture of your financial performance over the preceding year. It's also the time when your suppliers are rolling out their programs for the year ahead, so it's important to know what's coming and get aligned with them.

It's no secret that the car maintenance business tends to slow down during this period. That's just a fact. So why not take advantage of a brief lull to pause and reflect, analyze your business, and map out some goals and objectives for the coming year – things you don't always have time for when you're focused on day-to-day business demands. What went right this past year? What can you build upon and what would you do differently next year? Put yourself in a proactive rather than a reactive position.

Looking back, when were the peaks and valleys of traffic flow? Did you have the right inventory and the right staffing levels at the right times? Did you run into any supply issues? And was that because of your ordering practices or your suppliers' product shortages? Answering these questions is important to make sure you don't have too much or not enough product to balance with demand.

Thoroughly review your point-of-sale data. What is it telling you? Are you seeing any trends in the types of vehicles coming into your shop? Do you have the right mix of premium or synthetic oils on hand compared to conventional mineral-based products? Keeping up with changing automotive technology and consumer preferences is an ongoing challenge, and this is the right time to make any necessary adjustments in your planning for the year ahead.

Perhaps most importantly, with a year's worth of financial records, look at your P&L and revenue drivers. Where are you making money?

Where are you underperforming? What can you do to bring revenue up to where you want it? It might be time to think about adding or increasing your mix of ancillary products, whether that's windshield wiper blades, fuel additives, or other things your customers may need. Are there other services you could provide such as emission testing or engine flushing? People don't often think about what they need until their car is having issues, making strange noises or it's time for an oil change.

Think about your own marketing and promotional activity and plan ahead. What worked for you over the past year? How can you more effectively and creatively direct your marketing dollars next year? Knowing your seasonal patterns from the prior year will help you figure out your marketing calendar for the year ahead. And of course, work with your suppliers so you can get in sync with their promotional programs and have the right products in stock for those events.

Unlike typical new year's resolutions, the end of the year really is an opportunity to set realistic goals for your business based on the past years' experience and data. Your plans have to be flexible and have a fallback position – as we've learned over the past few years, we need to expect the unexpected. But if you have some structure and a course of action, it's easier to weather change and pivot than if you are simply reacting to events.

Happy holidays and best wishes for a prosperous and profitable new year.

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