

PARTS & PEOPLE

NORTHERN CALIFORNIA

The Monthly Newspaper
to Automotive Parts &
Service Specialists

Automotive Counseling and Publishing Co. Inc.
450 Lincoln, Suite 110 • Denver, CO 80203

Online Edition at
www.partsandpeople.com

May 2008

Independent Factory Automotive positions itself as a lower-priced alternative to dealers

by Ed Attanasio

Oakland, Calif.—Karl Despretter, owner of Independent Factory Automotive, left his job as a service director for a dealership and opened his own shop three years ago, he said.

Despretter, 44, said he believed he could give better customer service on his own, putting to practice what he had learned during a 20-year career as a technician and service manager for several local dealerships.

It was a risky move and a big investment, but by working hard, hiring good people, and making smart business decisions, it's paid off, he said.

"I always felt like I could service my customers better if I got the opportunity," he said. "It was really my customers that pulled me into it. They were always telling me they'd love to see me start my own repair facility."

By using the fundamentals and skills he gleaned from his years working for dealerships, Despretter said he's been able to establish a shop that has increased its profits every month since opening its doors in 2005.

"We have done well because we offer our customers what we call 'factory trained technicians without dealership prices,'" he said. "This business is reputation-driven, and we've established a track record for providing the quality of service you'll find at a dealership, but at lower prices."

After two years of planning and scouting locations, Despretter said he found a storage warehouse in downtown Oakland that he felt would be an ideal fit for the repair facility he envisioned. Independent Factory Automotive



Owner Karl Despretter's motto at Independent Factory Automotive is "Factory-trained technicians without dealership prices."

was born.

"It was just four walls," he said. "But I knew it was exactly what I wanted, and it was a perfect fit. I hired an architect and a contractor, and we built this place from scratch."

Despretter said he's been able to capture a sizable portion of the local repair/maintenance market from the new-car dealers in his area without sacrificing quality or over-discounting his services.

"In a highly competitive market in the

midst of a recession, customers are going to start looking at independent shops like us," he said. "The dealers are the top feeders, and we're definitely not the cheapest repair shop out there. But we're also not the most expensive. What we're trying to show people is that in many cases, they can get dealer-level expertise and service at 20 percent less than what the dealers charge."

Independent operates out of a 9,500-square-foot shop with 14 bays and 10 lifts,

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Independent Factory Automotive positions itself as an alternative to dealer service



From l., Technician Ephraim Sison, Shop Manager Reco Bland, and Office Manager Alanna Purifoy process repair orders at Independent Factory Automotive.

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Despretter said. The business employs nine people, he said, a service manager, an office manager/receptionist, a shuttle driver/porter, a quality control manager/dispatcher, and five technicians, two of whom are Masters, each with more than 20 years of experience.

Independent is a full-service repair facility that also does bodywork and sells tires, Despretter said.

“We do everything here but upholstery, electrical upgrades, and audio,” he said. “We’re a collision repair facility, a NAPA Autocare Center, and a National Tire Warehouse dealer. I decided from the beginning that I wanted to be able to provide as many services as I could. It’s a credit to our crew that we make it work, especially now when other shops are specializing.”

Despretter said Independent decided to include collision repair in its business model from the beginning.

“We figured out that we could capture more of our customers’ work if we incorporated collision into the mix,” he said. “Why give that piece of the pie to someone else when we can do it ourselves?”

Being busy is one reason why Despretter’s employees enjoy working at Independent, he said.

“Technicians want to work at a busy shop, it’s as simple as that,” he said. “They want a steady pay check, and they can make better money here because we pay them a

flat rate on every job that comes through the door.”

Despretter has been compensating his technicians with a flat rate system from day one, he said, even though it would be easier to pay them hourly.

“There’s actually a lot more paperwork involved in paying a flat rate,” he said. “We pay our guys flat rate not because we want it, but because it makes them all more productive and allows us to be price competitive with the dealers. The dealers drive the prices in this market. We need to do it better and cheaper if we hope to succeed.”

Despretter said he requires all of his technicians to produce 34 billable hours a week.

“If they produce 34 hours, we bonus the remaining six hours pay at regular rate to a maximum of 40, with time and a half as a bonus to every hour produced over 40,” he said.

Every technician at Independent is responsible for his own comebacks, Despretter said.

“If a car comes back for whatever reason, we do what we call a ‘black flag’ process,” he said. “Our quality control guy sits down with our shop foreman and they evaluate the job. They put the vehicle on the rack and determine the cause and the failure. If they find out that it was caused by a part failure

or something unrelated, the tech is not held responsible. If it’s determined that the problem was caused by something related to the repair, the tech has to fix it on his own time.”

Independent buys about \$40,000 worth of parts every month from more than 25 sources, Despretter said. He is not afraid to switch vendors if someone else is willing to give him better quality or a lower price, he said.

“Parts vendors know we order a lot of parts,” he said. “We gravitate toward vendors that provide top quality parts and service. We have parts distributors coming by here all the time to see how they can get our business or do a better job of servicing us. We’ve distilled our vendors’ list down to what we call our ‘preferred suppliers.’”

In order of importance, Despretter said he looks for high quality, low price, fast delivery, and extended warranties from parts vendors.

Independent has good relationships with distributors including NAPA, WORLDPAK, Fast Undercar, CARQUEST, and assorted local dealers, he said.

“Some parts have to be ordered from the dealership, and there’s no getting around it,” Despretter said. “But, if we can get a part from the aftermarket that’s just as good or better and at a lower price, we’ll do it and pass the savings onto the customer. For example, the Posi-Quiet Extended Wear brake pads that we get from Fast Undercar are some of the best out there. I would put them up against any OE brake pads out there without hesitation.”

As long as he stresses quality customer service and open communication with his customers, Despretter said he’s confident that business will continue to grow at Independent.

“It’s not always about making money,” he said. “If we build a relationship with the customer, we’ll make a profit down the line. It’s not about squeezing them on every job. We would never survive doing that because there’s just too much competition out there. If we don’t do it better, there’s always somebody out there waiting to step into our shoes.” ■