



**PROCHILO
BROTHERS**

AUTO COLLISION



PCG CASE STUDY – The LMI Results

Created by: PCG Management Team

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Created for: Frank Kreze, President, LMI Canada

EXECUTIVE SUMMARY

According to Prochilo Collision Group's (PCG) Leadership Team, they were facing many challenges:

- Lack of leadership, vision and goals
- Lack of communication
- Losing customers
- No standard operating procedures
- Poor Work-in-Progress control
- No monitoring or tracking system
- No job descriptions
- Poor employee moral
- No business plan
- Unorganized parts inventory system

In January 2011 the PCG leadership team was introduced to LMI's process. By their own admission, they were adrift – with no clear goals or action plans. It was so bad that they were in discussions with another company to merge and in their words, “sell our souls to the devil”. To some, a merger would have been the worse decision for the company after 40 years in business.

Their business had been in a rut for 5 years and they were losing customers. The cyclical nature of the collision repair business, like many other industries, can best be described as a roller coaster ride. Seasonal changes in climate often brought on an influx of work, but the business just never seemed to earn a sustainable profit.

Almost two year later, they are now “a group of young entrepreneurs who are working together on a common set of goals and have concrete plans and skills to make them happen”.

The LMI process has, according to the team, provided them the ability to see:

- Who and where they currently are now, and where they needed to go
- What is standing in their way in terms of achieving their goals
- What strategies can be implemented to overcome the obstacles in their way
- That success is not inherited...it cannot be bought but must be earned
- That there is a holistic approach to reaching ones full potential
- That destructive habits negatively impacts personal and business growth
- They needed to develop new habits that are conducive to achieving their goals.

In just 2 short years:

- Their organization has evolved where it can track and measure the Key Performance Indicators (KPI's) that drive the company's success
- They have clear and concise short and long term personal and corporate goals
- They hold each accountable to deliver
- They have increased sales by over \$1.6 million

Some final comments from the team (complete letters follow this executive summary):

"This process truly is one of the best coaching and development training that's out in the market. Moving forward, we truly cannot live without LMI."

"Thanks to Frank (at LMI) for helping us see the light. "

"Although, we have come a long way, we will forever practice continuous improvement and live by the LMI creed that "Complacency Kills a Company"

It is with much appreciation that I write this letter. I hope you can share our story so that others may be inspired the same way we were. If there is anything you need in the future, please don't hesitate to reach out. We will be there for you in the same way you were here for us.

Individual letters from the PCG leadership team are below.

North York – Adam

When I first started the LMI process, I was a high energy, sensitive, irrational individual that would go about life and business day by day. There was no direction for myself I would just go on the fly. This caused my stress levels to rise and I wasn't productive as I am today. When I look back at the "old Adam", I realize how fortunate myself and our organization to be dealing with a company like LMI that has really channelled our energies into something positive. This comment does not only touch on business matters, my personal lifestyle has a better income because of LMI process.

The LMI system has created the awareness on what area in my life needs the most attention. It was a rough start and certain challenges came about, but I am blessed to have my family that steered us in the right direction. We truly came together as a team and asked the question, "Did we exhaust all options?" before taking drastic measures and not thinking about the repercussions that could of came about. Being an owner operator in my business was very difficult to reach certain goals we have set out to accomplish. The group decided we needed to work "smarter NOT harder!" We took the initiative to start delegating and empower our management team within our stores. When changing the mentality of



coaching vs. bossing, this is where we saw most our positive change. Moving forward, we like to see ourselves as a coach vs. a boss. Your culture is what drives your business to success not an individual solely.

In closing, the LMI experience has made beneficial changes within our organization and within our personal lives. We strive for continuous improvement and success. The LMI process has given us a road map to achieve our goals and maximize our full potential. This process truly is one of the best coaching and development training that's out in the market. Moving forward, we truly cannot live without LMI.

North York – Paul Anthony

It was another routine day at the office. Business had been in a rut consecutively for the past 5 years. The cyclical nature of our business can best be described as a roller coaster ride with no end in sight. Seasonal changes in our climate often brought on an influx of work, but the business just never seemed to profit from it.

It was December 6, 2011. My cousin Paul, from our East York location, sent the group an email wanting to get together at the first available opportunity. He had a "business proposition" for us. I must admit, at first, it caught my attention. But it didn't take long for me to lose interest as the day to day emergencies in the workplace took me in to another world of priorities. The date was set. We were to meet a guy by the name of Frank Kreze (our LMI facilitator) who was supposedly going to help us with the constraints of our current business model. I had at this point been working for Prochilo Brothers for 10 years. If I had a dollar for every "business proposition" that was brought to my attention, I would have been retired a long time ago.

Just before we met our LMI facilitator, a good friend of mine by the name of Jonathan Ursini, came to visit me at the office. John, a successful entrepreneur, was just like us, in a family business struggling to find its own identity amidst all the competition in the industry. It was brought to John's attention that the Prochilo Brothers Auto Collision Group were about to meet with the LMI facilitator. See, John had already been through the LMI process, and being a recent graduate of the program, had many positive things to say. For myself I must say, I was already sold as soon as John told me he had gone through the process. A referral from a close friend meant more to me than having to be sold on the LMI process by a complete stranger. The rest is history.

The group soon discovered that we were heading in a direction that quickly needed a resolution. Being comfortable in what we did for a living was simply not going to cut it. The facilitator, with LMI's innovative "online profiling" system, quickly showed the group how fast he can push our buttons. Before the LMI process, I was an extremely sensitive individual that simply could not say no. Putting others needs in front of my own was a common practice. Sadly enough, I was all over the map with no clear direction in life and in my business.





February 2012, the LMI process began. They taught us how to empower and delegate while we concentrated on the high payoff activities of the business. Being a perfectionist, I had to make sure everything passed through my hands.

This left me very stressed out and not very useful to anyone, including my family. As a family business, it was never a common practice to run the business based on numbers, we ran it on lifestyle. As long as the business provided us with everything we needed in life, it was considered healthy. Well was I ever wrong.

The group began to regularly meet to start analyzing the business from a numbers perspective. We started to take part in various training seminars. We now partook in round table events where our business allies would help decipher our current state numbers and make sense of it all. Then in March we started our preliminary draft of the Prochilo Business plan. After many revisions, the plan was effectively put in place. We soon created dashboards so that we could start measuring the business based on SMART goals. We then started to have a better understanding of what Key performance indicators were and what they meant to the health of our business and to our insurance partners. Then in June, we all agreed that we would move towards a corporate uniform look across all three sites. Where uniform, branding and standard operating procedures would be the norm. Up until now, this was all hog wash. Corporate look, what did I care what Scarborough or East York did at their locations. I was profitable and that all that mattered. Not with the LMI facilitator around. The independent lone wolf syndrome was never to be again.

Prochilo Collision Group (PCG), now introduced regular meetings in addition to the scheduled LMI meetings, in order to discuss the challenges and opportunities the group faced at each one of our sites. You see, leaving the business even for a single day, meant catastrophic repercussions. We would have 50 fires to put out, countless e mails and voice mails that required our same day responses, not to mention the clients that refused to deal with anyone other than ourselves. But who were we to blame, for we created this beast and were desperate to find a resolution. Our LMI facilitator helped us see that the business was in desperate need of revisions. Then again, what kind of business am I running if I can't even leave it for a simple 2 hour meeting?

Today, we are a group of young entrepreneurs that couldn't have done it without you. The LMI process provides any individual from any background, with any level of education, the ability to see who they currently are. What is standing in their way in terms of achieving their goals, and the strategies that can be implemented in order to overcome any obstacles that come in their way. Success is not inherited. It cannot be bought. Success must be earned. Today PCG is streamlined and standardized with a corporate look and feel. Our processes are identical and our CSI sores are through the roof. We are currently looking to expand our network to include a fourth store in the very near future and we could not imagine moving forward without our coach by our side.



Sample of the Dashboard Tracking we used:

NY Department Dashboard

GROWTH

Metric	Targets
Sales Revenue: Overall	Goal
	Actual
Sales Revenue: Insurance	Goal
	Actual
Sales Revenue: Dealerships	Goal
	Actual
Sales Revenue: Fleet	Goal
	Actual
Sales Revenue: Customer Pay	Goal
	Actual
RO Batting Average	Goal
	Actual

QUALITY

Metric	Targets
CSI	Goal
	Actual
WarrantyRedo	Goal
	Actual

OPERATIONS

Metric	Targets
Throughput	Goal
	Actual
Repair vs Replace Ratio	Goal
	Actual
Average Severity	Goal
	Actual
Cycle Time	Goal
	Actual
Touch Time (hrs per day)	Goal
	Actual
Missed Deliveries	Goal
	Actual
Supplements	Goal
	Actual

FINANCIALS

Metric	Targets
Overhead	Goal
	Actual
Paint and Material Expenses	Goal
	Actual
Sundries Expenses	Goal
	Actual
Accounts Receivable Cycle	Goal
	Actual
Accounts Payable Cycle	Goal
	Actual
Overall Gross Profit	Goal
	Actual

NOTE: Goal and Actual Numbers have been removed to respect privacy, but this is what was tracked month over month in each location

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East York – Paul and Domenic Preamble 2007-2011

- East York store opens with no existing business from previous tenant.
- Energetic, determined salesmen are the managers. Paul is established as the leader, Domenic continuing development as a manager.
- Insurance partners are not attracted to the East York facility at all. It is quickly discovered that there was no strategy in the launch of the third store and its future was very bleak.
- East York decides to invest in tow trucks in order to generate business. Commissions are high, but from 2007-2009 storage will be profitable and covering expenses of the tow trucks
- 2009 East York works on dealership revenue stream. BMW Toronto becomes the first and largest account.
- 2009-2011 East York begins to restructure as the towing model is less and less profitable. Insurers are capping storage rates which are killing the contribution margin to overhead expenses of operating tow trucks. Sales drop \$150,000 in 2009 and \$250,000 in 2010. Gross profit increases 10% due to reduced commission expenses
- 2011 Paul Prochilo decides change must occur for East York to be a viable entity moving forward. A referral is given from John Ursini that a company named LMI has completely transformed his business and the facilitator can make wonders of any company.
- Paul Prochilo meets with LMI and on January 2012 the partnership is created between LMI and the PCG

The LMI Journey begins....

January 2012 is when the Prochilo Brothers Management team first met with the LMI team. The excitement filled the room, but it was an excitement built on ambiguity and hear say. We knew as a whole that our company needed a massive change. We knew we had to become strategic in our Marketing, Sales, and Operations; along with becoming streamlined and integrated. Although, we had no idea how we were going to achieve any of the daunting tasks. Just as excited as we were to meet the immortal LMI facilitator, the man who was going to turn our company around and facilitate the reach of our untapped potential; there were very many other emotions stirring wild. The Prochilo East York store was teetering on the brink of bankruptcy. With no strategy to develop a sustainable business in the years prior, it had committed to tow trucks which were a very expensive revenue stream, and hadn't developed any insurance relations or business development. In an attempt to restructure, East York released itself of the commitments to the high commission paid tow trucks and found themselves in a

deeper predicament. With all of this occurring in the background, the management of the Prochilo East York Store (Paul and Domenic), were more determined than ever to do whatever it took to ensure this journey would be a success. They had become very coachable by desperation vs design.

The journey began with an intense 8 x ½ day sessions based on business plan development. Our LMI team developed a quantitative assessment of the corporate culture, management strengths, corporate and personal continuous improvement, and opportunities for development. Following, we developed the company's first ever Vision and Mission statement. The Vision and Mission statements would be used as the company's destination and the compass to through our journey to success. In addition, we built a creed of values by which we manage that would keep our behaviors and energy focused on the corporate goals. Corporate goals were alien to the Prochilo Brothers management team. The East York store was so far entrenched into surviving that any goal attainment wouldn't receive much attention. After all, the ultimate goal was to survive! Nonetheless, the LMI facilitator would open our eyes to a whole new world and a whole new mentality. All of which I am about to share.

In conjunction with our business plan development, there was a new concept we had heard of but never really exercised. It was called Personal Development. This is what LMI considers the hard in hardcore business development. It was recognized that for the first time our company had a Vision, Mission and very comprehensive business plan and goals. However, the individuals we were at that current state were only conditioned to produce the current state. LMI would start 2012 by what he affectionately referred to as "Blowing us up and rebuilding". Individually, we would complete an online assessment which would measure our mental aptitudes and personality dimensions (A and D dimensions). The profile report would now act as the mental diagnosis, the "check up from the neck up". These would be the foundation of our company's development. The fact of the matter was the company would only grow as much as we would personally grow. In order to grow, the LMI facilitator started our development on the most pertinent component to any effective manager, Personal Productivity. Personal Productivity would introduce us to some extremely key concepts as we move forward. They were, the Pareto Principle, HPA's vs LPA's (High Payoff Activities vs Low Payoff activities), effective planning of our time using a My Tyme Planner, identifying interruption and how to overcome, as well as the effective allocation of our time spent in a week.

In the Pareto Principle, we learned that 20% of our actions developed 80% of our results. This principle allowed us to realize just how effective and productive we could be, if we planned our day based on tasks of highly effective leaders. This is where we learned the concepts HPA vs LPA. Since we were never exposed to lessons of this kind previously, it was a real game changer for the Management of the East York store as well as for the entire Organization. We found that we were consistently focusing on activities that were well below our pay grade and would not allow us to focus on higher level results such as coaching, aligning and business development. Therefore, we began numerous different exercises that would teach us to quantify our value in sales per hour to the company. This would be a determinant

as to whether a particular activity should be handled by us or delegated to a subordinate. This would act as our guide through the journey of success informing us whether we were on the right track or not. Quantified value of our time was the compass to direct if we were on track, but our My Tyme planners would and still, act as the map directing us on the journey of success. The journey of success it is a great adventure. We have toured beautiful scenery with stop overs in abundance, grandeur, and a very long stay in health and happiness. Our “My Tyme” planners assist us in ensuring we are working on HPA’s, although, interruptions are very demanding of our time. Therefore, we needed to use the Effective Personal Productivity Interruption Tracker to determine what our time was being consumed by. Following determination, we were able to use our My Tyme Planners to ensure we were able to schedule the appropriate time required to allow ourselves to spend 25 hours a week coaching, aligning and developing our staff. This allowed us to be able to automate systems by giving the staff empowerment to be more effective. In addition, we were able to begin spending 7 hours a week planning and 8 hours a week working on business development. This concept, as foreign as it sounded, would be the foundation to PCG and its journey through success.

The LMI Difference

During the process of Personal Productivity there was a tremendous change in not only the culture of our company, but also within ourselves. Fears we had began to convert into motivation. The blinders were removed and we began to “see the light”. Not only were we earning our time back to be applied to more effective tasks, but we began to operate and focus our company based on goals. This was another metamorphosis that would catapult us further than we ever imagined. We began to operate the business as a business, versus running the business on a treadmill. We were able to monitor, measure, analyze and correct issues in the areas of sales and operations. It was a difficult start, but nothing worth having is ever easy. During the business planning session we recognized that we would need champions of different business disciplines in order to oversee the continuous improvement for their discipline. Therefore we developed the following roles and responsibilities:

Director, Corporate Strategy- Paul Prochilo

Director, Operational Excellence, R & D – Domenic Prochilo

Director, Marketing/Sales and Corporate Communication – Domenic Ieraci

Director, Procurement and Vendor Relations – Adam Prochilo

Director, Audit and Compliance – Paul Anthony Prochilo

Manager, GM Training and Development – Mike Curci



Through LMI we were able to develop a framework for success through their High Payoff Activities' focus, coaching aligning and developing staff, most importantly; adding structure to our business to ensure everyone was aware of their roles so we could eliminate ambiguity from the production site.

One of the greatest difference at the East York store was the Effective Personal Leadership. This module taught us how to motivate others by altering attitudes, how to displace negativity through positive affirmations and visualization, as well as how to develop plans of action to achieve our goals. In myself and Domenic's opinion, the latter is the most important lesson of all. Planning for obstacles and developing solutions is the key to effective execution. In addition, if there are obstacles that develop that were not accounted for, EPL taught us that obstacles are treasures. Plan, overcome and institutionalize across all departments for future success.

The LMI Experience

2012 was a year of reconstruction. Developing new habits (which is a continual process), adding structure and defined roles, learning to monitor, measure, analyze and create change to increase performance. These were profound positive steps for the PCG. Although, 2013 would be the year that would change the PCG's direction, as well Paul and Domenic's lives forever. In 2013, we all became true champions of our corporate titles. For Paul, the position of Director, Corporate Strategy was as much of an importance as the GM of the East York store. As a member of the Sales Team, Paul monitored and applied a basic framework for creating the relationship to close the sale with 2 of the "Big 5 Insurance Companies in Canada. Desjardins (who carried North York and Scarborough as preferred vendors) and State Farm who had deselected both North York and Scarborough in a span of the last 8 years. Needless to say, by changing our attitudes about productivity and leadership, measuring and operating our businesses based on goals versus chance and by executing the business plan that we developed with LMI; all three stores are now Desjardins preferred, and 2 of the 3 are State Farm preferred with a plan of action in place to ensure this is an organization wide agreement. The total Sales forecasted for 2014 based on the new accounts is \$1.6 million.

Domenic redefined the meaning of Operational Excellence during the 2013 year. His levels of Personal Leadership were developed to levels that the management team and the collision repair industry could not believe. He became process driven, KPI crazy and developed a new understanding of lean by researching the theory of constraints during his personal development. Aside from all of the statistical and process driven focus, Domenic was viewed by the management and industry as the "Best lean facilitator in the nation". This compliment was not garnered because of his focus on stats but his focus on people. He understood that he would require cultural rejuvenation in the site levels, before we could effectively perform. He knew that people drive our business, and that people are the arms and legs that move the body. He was also viewed by staff as a manager of the people. He would clearly communicate that the staff were not the issue, the process was the issue. He would cultivate a guiding coalition by sharing his belief that our staff is the best, and for that we need your help. He developed a





camaraderie with staff in each store second to none. He would go so far as to explain to the staff that they were the muscle. They are the arms and legs that create action. The faster we work together, the faster I can fix the real problem which is the brain. Affectionately, Dom referring to the management in all 3 stores as the brains which need the most work. Following Domenic's 36 days in each store, which was considered "Lean Boot Camp for Collision", the results were fantastic. We were able to deliver an average of 75% success rate in 28/3, and we streamlined the repair process between all three stores.

Throughout the 2012/2013 journey with LMI both Paul and Domenic had many personal dimensions to develop. Main points of development were D3 (Character strength), D6 (Assertive Communication) and Time Management and Organization. Although, we have come a long way, we will forever practice continuous improvement and live by the creed that "Complacency Kills a Company"

To learn more about the LMI Canada process and programs, please contact Frank Kreze at 905-890-0504 or fkreze@lmicanada.ca

