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Best Accounting Tips for Auto Repair Shops

If you own or manage an auto repair shop, then accounting and bookkeeping are likely pretty low on your list of favorite past times. Unfortunately, tracking revenue and expenses and other financial aspects of your business is absolutely essential to your success.

Though you'd rather be focusing on your clients and their vehicles, keeping the following items top of mind and up-to-date will help ensure that your business continues to move forward without hitting any potholes!

How Best to Manage Inventory

Quick deliveries and immediate access to warehouses mean that you can continue to operate efficiently, even without keeping inventory on hand. This is important for small shops that have little-to-no storage space. But if you run a bigger operation and have the space, you may be able to boost your profits by taking advantage of economies of scale and ordering multiple popular items at a lower price.

One way or another, if you keep track of the items you use every day – like clamps, hoses, and filters – you can be much smarter about your ordering habits, and buy at lower rates. Of course, if you operate a shop that specializes in a particular type of car whose parts require longer lead times, then keeping inventory on hand and making sure that you don't get caught without popular items in stock is very important.

Keep Your Management Tools Current

The days of keeping ledger books with pencil and paper are long gone. Today there are so many management tools available that help you to operate with far fewer mistakes, and with far greater effectiveness. If you're a small shop you don't need anything fancy – something as simple as QuickBooks Online can probably work for you. But there are also specialty software programs that have been specifically designed for the auto repair industry, and they have many features that can boost your business's profitability. Top features to look for include:

- Estimating tools
- Vehicle maintenance history
- Parts ordering and technical service bulletins
- Auto Repair job guide database
- Scheduling Integration with accounting and marketing apps

Determining what level of technology is most appropriate for your shop requires some investigation but can lead to improved processes and ease of transferring financial information to your accountant and other professionals integral to the operation of your business.

Return and Core Processing

Auto repair shops have certain unique practices and processes that are unlike those of other businesses. They frequently have to return parts that are either over-ordered or defective, and each company to which items get returned has its own methods for managing these returns. Creating a well-organized way of addressing this will save time, trouble, and confusion, and enable all paperwork to be managed in a way that reduces wasted time and effort. The same is true of the deposits referred to as cores, that need to be credited. By setting up a specific form for each vendor that adheres to their process you will be able to make sure that you adhere to their process and that the appropriate credits appear on your statements.

Tracking Trends

Whether you prepare your own financial report or have a professional do it for you, it's important that you review your paperwork regularly so that you can get a sense of shifts in costs, expenses, busy seasons, and slack seasons. The more you review and track changes, the more you will be able to spot trends or anomalies that may be cause for concern.

We know that you did not choose to run an auto repair shop because of your love for numbers. If you are comfortable managing your shop's accounting and bookkeeping needs, then the items above are where you should focus special attention. If you would like professional support and assistance, contact us today to set up a time to talk.