

Chop-Shop Customs

This New England builder utilizes modern media outlets such as E-newsletters, the Internet and message boards to spread the word about what's going on in their shop.



(Above:) Chop-Shop Customs owner Lenny Schaeffer with his wife Dana, who handles the marketing and press for the shop, and their son, Nathan.

(Right:) Lenny Schaeffer at work in the shop.

By Laura Culley
Photos by Chuck Vranas

Five years ago, Lenny Schaeffer was at a fork in the road in his career. Working as a manager at a collision shop, Schaeffer began building cars on the side and his wife, Dana started a web site to show off his work. When his boss at the collision shop saw the site, he forced Schaeffer to make a choice that would eventually change his entire career.

"He told me I had to choose— either you open a business or you're working here," said the 45-year-old Schaeffer, who will begin his fifth year in business later this summer. "And that's how Chop-Shop Customs began. I believed I had enough background and enough experience, and it was what I wanted to do. You could say that the Internet and the web site, created my business."

Schaeffer found an unfilled niche in the Boston area that just happened to fit exactly what he wanted to do.

"I wanted to get into the Pro-Touring, resto-mod and hot rod area and there was a need for a shop in this area that could build a car, modify it and bring it up-to-date, focusing more on drivers than trailer queens for show," he said, adding that he got into street racing and then drag racing before he started building cars.

"In New England, there were a lot of collision shops that dabbled in restoration. They really didn't do full builds. There were a lot of one- and two-man shops in backyards that have been there for years, but they're not licensed, professional businesses. There are also a lot of hot rod builders in the area that do phenomenal work, and on the other end, there are cut-rate shops that do OK work but nothing over the top."

Schaeffer also concentrates on the

medium cost range for a customer base that is generally not interested in the show circuit.

"The average price tag is about \$50,000 and I have a few builds that have gone over \$150,000, which by today's standards is a medium price range," he said. "We have built cars that can go out and win International Show Car Association championships, but I'm more into building cars to drive. Most of my customers own really nice cars and they like driving them."

Overall, Chop-Shop Customs makes most of its money from sheet metal forming and shaping, along with body work and paint.

"The profit margin on mechanical and assembly work is not as good because it's time consuming and you might have to fit things four or five times," he said. "I also sell reproduction sheet metal products to local body shops and customers and the profit margin on those is really good. The percentage breakdown in sales is probably 80-20 with 80 percent being labor. I'm a labor-based business."

Team Building

Given that Schaeffer runs a labor-based business, his employees are vital to his success. He counts the relationships between himself, his employees and his customers among the biggest strengths of Chop-Shop Customs.

"Our staff is a little older," said Schaeffer,

who employs five people. "All but two are over 40 years old and experience is definitely one of our strengths. They're not jacks-of-all-trades, but what they do, they do right. My customers and my technicians, especially the top guys, can meet and discuss what's being done with the car, within reason. They don't talk bills and they don't talk money, but they can talk about the cars."

Part of the reason the relationships are good is that Schaeffer wants it that way.

"I push the team concept, where we either work together as a team or we're going to end up failing," Schaeffer added. "I spent five years managing a collision center and watched everybody throw knives at each other. That was one of the reasons I left, and I didn't want to see that here. If you don't want to work for me, if you don't want to be here, I don't want you here," he said.

"This isn't about a paycheck. This is something you love to do and you get paid for it. This is a labor of love, and it's a lot more work than building a car. I'm also the typical hot rod shop owner in that I like things perfect. There's no in-between."

Schaeffer offers his employees training courses as they become available, especially now that he's got a stable crew.

"My paint company, BASF, will send

[my] people to paint school because of the amount of supplies we use," he explained. "I'll bring people in from different product lines and we also use the web for training. However, one of the things I learned at the dealership is the high turnover rate. Until I was comfortable with this crew, I was not in a financial position to train people and then have them walk out the door. Some courses I'll pay for and some I won't."

"There are also incentives and bonuses," Schaeffer added. "I offer comp days off, but it is salary and I'll offer benefits like health insurance. I work off 100 percent billable hours, and if there are no mistakes and no comebacks, increases and bonuses are available. It's not a horrible living and it's also not a collision shop."

Business Barriers

Schaeffer's first love is the customs of the late '50s and early '60s, but his business includes late '60s and early '70s muscle cars.

"My personal preference is the muscle cars of the early-to-mid '60s body styles, but we definitely got into doing the late '60s and early '70s cars," he said. "I've hit a niche doing clean, modified muscle cars. I will not do number-matching muscle cars, but I'll do body work and paint for them, but if they want to hunt down every little piece, that's just not my bag. Right now,

Chop-Shop Customs



I've got four A-bodies, which are Chevilles and GTOs. I've also got a '67 Cougar, a '63 and a '66 Mustang. I've got one street rod project and two '50s cars and a couple of pickup trucks."

The first years weren't great in terms of profitability, Schaeffer said, but Chop-Shop Customs has grown every year, especially now that Schaeffer pays close attention to the numbers.

"In the first years, we made zero profit just paying everything off from the start up, but my gross has gone up," he said. "We started off at about \$200,000 and I'm probably going over half a million this year. After a couple of years in this business, I finally hired an office manager and looked at square footage versus money versus insurance.

"Now, we have a matrix where I'm plugging in numbers and profit margins so that there is a profit," he said. "I've seen a lot of shops in magazines where the shop is somewhere out in the sticks, they've got a couple of guys and they're building cool cars, but nobody mentions how they make a living at it."

Schaeffer reported that he looks for a certain type of customer.

"The guys who own small businesses and know how to pay their bills are my grassroots, bottom-line customers," he

said. "I have 10 working projects right now and [with four of those] projects, they all know each other. They're often the customers that a lot of snobby restoration shops turn away.

"I'm looking for the customer who wants to build something once, right. If they get bitten by the bug, they'll come back with another car. Collectors and stock market players are good customers but they're also the most fickle. Because they play the stock market, their money situation is up and down."

Oddly, Schaeffer's customer base is not primarily Baby Boomers. Instead, he caters to a younger market.

"I've got a lot of customers who are under 30," he said. "At 45, I'm too young for the people over 60. People from 25 to 30 are an up-and-coming market. They're getting out of tuners, they're getting away from BMWs and they're getting into muscle cars. The big open events like the Goodguys and Right Coast is where this market is going. I think the trophy thing is going back to being an antique thing."

Schaeffer faces several challenges in coming years, including both his crowded shop space and the current economy.

"I'm in Boston so I'm lucky I've got a shop," he said. "But we have definitely outgrown the space. I've got a

4,300-square foot shop. We have a 14-foot by 30-foot spray booth in one corner and it overwhelms the shop. I have one area that's about 400 square feet that has its own door. That's the metal fabrication room. My English wheel and metal fabrication tools are in there and I use it for engine assembly if I build a motor.

"The way the shop is laid out, I've got eight working bays and it's tight because this is a busy shop," he added. "I've got one lift by the front door. I don't have a showroom. I've got office space with a desk in one corner, but we're reorganizing and redecorating that area so that it's my parts showroom with small displays."

Another challenge is the shop's location and its lack of street exposure.

"Unless you're in an old northern manufacturing town, it's hard to explain," said Schaeffer, adding that his building was in the movie, "A Civil Action" starring John Travolta.

"I face the street, but it's in a U-shaped building. It isn't like a drive-by that you would see in other parts of the country where you've got a sign on the road, a parking lot and a garage."

At this point, Schaeffer is considering different options, but the final decision rests on whether or not Schaeffer wants the shop to grow, and if so, how much.

"I'm not sure I want it to grow," he said. "I might end up living with the space I've got and try to schedule accordingly. In five years, I envision us owning a building, but whether that happens or not, I don't know. I'd like to get into buying and selling cars and do a lot more retail. I like selling product and it's also another great way to lead to jobs. If I can make a living with a smaller business at a little slower pace, I think I'd like that.

"Right now, work flow is a challenge, along with keeping the shop presentable for customers, keeping up with the insurance industry and different labor laws and managing six employees," he said. "Another challenge is the overall economy. Last year was tough for collections, and I think this year is going to be a tough year to get any kind of work."

The Voice of Experience

If he had it to do all over again, Schaeffer would have done several things differently.

Chop-Shop Customs	
Address:	235D Salem St., Woburn, Massachusetts 01801
Phone:	781-939-5660
Owners:	Lenny and Dana Schaeffer
Services Offered:	Specialty paint, custom auto body, metal fabrication, chopped tops, restorations and appraisals.
Number of Employees:	5
Number of Current Projects:	10
Current Project Cars:	1946 Ford Coupe, 1966 Mustang Fastback, 1971 Chevrolet Chevelle, 1968 Mercury Cougar, 1968 Pontiac GTO, 1935 Ford, 1958 Mercury Wagon Commuter, 1957 Corvette
Web Site:	www.chop-shopcustoms.com
Approximate Shop Size:	4,300 square feet

"I would plan a lot more," he said. "I would go to a business planner and a financial planner and I would definitely research it a lot more by talking to other shop owners. I thought I was prepared, but I was nowhere near prepared.

"I'm going into my fifth year and I know I'm going to be here 10 years," he continued. "I have no qualms about that, but I would probably have bought an existing location. I should have put it all on paper instead of trying to fit what I have into this space. Also, I used a little too much credit in the beginning but I'm now paying everything off."

Schaeffer offered advice that he learned from hard experience to those considering going into business.

"You never have enough money in the bank and you never have enough capital to do a business," he said. "Also, you never want to borrow money to open a business because you never know. You can do it in five years and have a 10-year loan, but you don't know if the economy is going to do what it's doing now. You need at least one year's pay in the bank and I can't say that enough.

"Don't count on your customers making your paycheck because they're not going to do that," he added. "Also, research the laws—research everything. If you're going to paint, make sure you can [legally] paint. Look at the legalities of opening your business, whatever it might be, and make a plan to stick with it."

He also warns against giving your work away, especially in the beginning when you're trying to establish yourself.

"Because you're a new shop, customers

want you to give your work away," he said. "They all want a deal because they're your first customers and they tell you they're doing you a favor by promoting your business. I fell for that and I'm sure a lot of other shop owners would admit that they did, too. You cannot give away your work.

"It took me two or three years to learn how to screen [customers] and I still make mistakes. They wouldn't walk into Wal-Mart and tell them that when you're buying a TV. You can't walk out of a store without paying your bill and I've learned that lesson."

Schaeffer presented a seminar at the 2008 SEMA Show that concentrated on how to start a business from scratch with Jim Barber [of C.A.R.S. in North Carolina,] and Ernie Silvers from Egge Machine Co. and there is another seminar in the works with more concentrated topics.

"The seminar focused on what to expect taking your garage to a shop," said Schaeffer. "It covered what kinds of things to expect and the amount of questions was amazing. One topic was Internet marketing and how to market yourself. We were out of our 90 minutes time before we got through three sections. We feel we need to break it down the next time."

At this time, Schaeffer is more inclined to expand the shop into its own building. The deciding factor probably rests in how the current recession goes—how long it lasts and how it affects life as we know it.

Still, Schaeffer has proven that an experienced staff, quality work, as well as taking advantage of modern marketing, can pay off big for a small shop.

Building Your Business Using the Internet

Many shops have not yet realized the power of the Internet, but Chop-Shop Customs put it to work for them in a variety of different ways. Dana Schaeffer, Lenny Schaeffer's wife who now works in Internet marketing with an online newsletter company, developed the site beginning with the thought that it would be fun to post pictures on a web site. Schaeffer credits the web site in helping to establish his business, as well as to encourage him to open his shop sooner than he might have otherwise. But it goes much deeper than that, with the web site and blog providing a variety of cost-effective marketing solutions.

One of their best marketing tools is a monthly newsletter that goes out to their subscribers my email. It is powered by IMN, Inc.

"Dana develops and updates most of the newsletter, which is available on our web site," said Schaeffer. "She screens the content and if she gets an email in response, she'll answer back unless the topic requires a more technical answer. Then I answer it."

Schaeffer also maintains a presence on various Internet message boards.

"I've backed off on those a little, but it's a great forum to get work," he said. "A lot of them won't allow you to promote your business, but it's a good way to let people know what you're about. Within reason, I'll answer questions to the hobbyists. I'm very careful with that because there are a thousand opinions on the way to do things, but I like helping somebody out."

Schaeffer also adds that it's a good idea to keep an eye on message boards just in case someone tries to ruin your business.

"If somebody has something to say, you've got to make sure that it's correct," he advised. "I haven't had that issue yet, but I know shops that have. Basically, it's media. You can't control people saying something bad, but you can certainly provide a reply so that you look like a much better person."

The web site offers many advantages over traditional marketing methods.

"Documenting the process of building a car can be used as a sales tool and it can also be used to justify what you charge," he said. "Shops sometimes have problems with people justifying the prices, but if you put it on a web site, it's right there for [them] to see. We're documenting pictures in bulk, concentrating on this is the process of building a car."

Another advantage is tracking how many people see the web site.

"I can track my newsletters and how many people look at the website so the tracking is easier," he said. "It also helps with what I call the Yellow Pages shoppers or looky-loos. It depends on what you do for work in a shop, but it prevents a lot of people from calling on cars that they would never do through your shop, or even know what it costs. The web site gives them an idea of the process."

