

Q&A with Laura Lyons, President and CEO of ATech Training, Inc. a Global provider of Training Devices, Courseware for Instructors and Management for the Automotive Classroom using NATEF Standards and Guidelines



Laura Lyons
President & Chief Executive Officer

ATech Training, Inc.
www.atechtraining.com

Contact:
Laura Lyons
859-485-7229
sales@atechtraining.com

Interview conducted by:
Lynn Fosse, Senior Editor
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CEOCFO: *Ms. Lyons, what is the focus at ATech Training Inc. today?*
Ms. Lyons: We like to think that we are impacting automotive and diesel technology globally. Because of the trainers that we make, we are providing training to service technicians and students, which would be service technicians, on electronic and electrical systems. They can then understand and be able to diagnose the problems in those systems.

CEOCFO: *Are the people doing the diagnosing not typically the people that are doing the repairs anymore?*

Ms. Lyons: They would be the people doing the repairs, but there has obviously been a shift going on in the industry as it used to be a more mechanical type of skill set. That has changed to more of electrical/electronic which is pretty much how ATech came on the scene basically, about thirty four years ago because of that transition. The content in a vehicle is about seventy percent electrical/electronic right now and because of that there was a need for the training to understand the systems. They need to understand how they work in order to diagnose problems.

CEOCFO: *With so many different makes and models and special vehicles, how much is general knowledge? How do you put that all together?*

Ms. Lyons: We do approach it as a systems approach, because we have to tell how a vehicle is broken down. We are pretty much following what the industry standards are. For instance, if you have anti-lock brakes or traction control there may be some difference in priority, but the general principal for how that works is the same. Therefore, we are obviously trying to focus on the systems that have the greatest impact. For instance, you are not going to go in to autonomous, because they really are not standard yet. Although the technology is changing and increasing rapidly, it is not the largest percentage in the market. We still have to look at what is the biggest impact. However, you still have to look at what the penetration is in the market, because that is what the students and technicians are going to get exposed to. That is what is really more relevant, because the newer technology has to mature.

CEOCFO: *What does the industry require? Might a dealership require a certain level and your local auto shops still working somewhat intuitively?*

Ms. Lyons: Some of what we sell to is schools, so they just may not be in the industry yet. Some of them may be techs. Much of what we are seeing; and I think it is not just automotive, but we are seeing more certification and more push,

which is ASE certified. Typically, that is a test. They have to have so much experience, usually a couple of years, and have to pass the test for certification. This is the industry standard that is out there. This may vary a little bit by whether you are a fleet or a dealership or an independent and to what their requirements are, but that is what we are seeing. It is more of a push for a certification and I think it is in all industries, not just automotive.

CEOCFO: *Is the average younger person today who might want to go into this field computer literate enough as they have been playing games or using an iPhone all of their lives?*

Ms. Lyons: I think I will approach this from two ends. One is that we as consumers pretty much put fuel in our cars and drive them the same, so we did not realize all of this technology and all of the advancement that has been going on and how complex these vehicles really are. I think that is part of the problem and I think the other one is just an overall skill trades problem. That is because there has been negative stigma put on the skill trades that “it is a dirty field, it is not where you want your sons or daughters working”. That is something we have to get over, because that is entirely not true. If you have been in a dealership, they are well lit and most of them are climate controlled. It is not the same. However, I think there are things in the industry that have to change, because everybody needs the brightest and the best in terms of skills. At first the young people coming in are more comfortable with using some of the diagnostic tools, which they call scan tools. That is because they are computer based. They navigate those pretty easily; probably better than previous generations. Therefore, that part has done better. You have heard of The Fast and the Furious and their cars. Some of those are very adept at some of the computer skills, but that is probably not the majority entering into it. They do not tend to have many of the mechanical skills the previous generations had, because no one is fixing and repairing bicycles or anything like that, so there is a kind of a shift, and that is what is coming in. However, everybody is hurting for people coming in. Everyone is trying to build a pipeline and that is not just automotive, it is everywhere. That is what we all have and we think that is definitely the issue in this industry; how we attract them into that.

“We are impacting automotive and diesel technology globally.”- Laura Lyons

CEOCFO: *Would you tell us about the various segments of ATech Training?*

Ms. Lyons: We are primarily a manufacturer. We make the training devices that are sold to the schools. We have what we call more of a classroom type trainer, but we also have what I call heavy metal. I guess that every company has their own lingo. However, it might be engines on the stand or the front section of a vehicle. Therefore, we were kind of divided. When I say divided; there are two different types of trainers we have. However, primarily the whole thing of this was to basically get that student from where they may not understand how the system works to actually getting to a vehicle to work on it, because vehicles were not made for training. They were definitely not designed for that. I often tell people a joke “I think they are really designed for manufacturing first and driving second, then service is down there and education is way down at the bottom”. That is because it is not their primary purpose. Therefore, it is really more efficient because if you take the components from that system out and place them in a trainer it is much easier for a student to understand how that system works before they get into a vehicle and things are hidden. It is just an efficiency of how I get them to that point. If I give you an analogy it would be like; you would not expect a pilot to just go out and get in a plane and take off. You have to practice. It is kind of that same principle.

CEOCFO: *Are there many companies or much competition for what you do?*

Ms. Lyons: We are a niche industry. When I say niche, I mean even worldwide. There are a few companies out there. I could probably think of less than ten, even just worldwide, that I am aware of. Therefore, it is a very small industry. However, many people would go in and say they are the leader and I say we are the leader. That is because there are things that we are coming first to market with. There are things that we have out there that no one else is doing and has not done. Therefore, that is how I define it, because if your competitors start mimicking what you are doing then you know you could be, number one, the leader and number two, that you are driving where the direction is going. One of the things that we have is that we think of the instructor, so we are thinking of the whole classroom, not just making a trainer and throwing it out there. We are trying to provide, what we call courseware, because this accompanies the trainer to help integrate that trainer into the program. That is one of the things we do and which most of them do not provide. The second thing is that we have, what we call, classroom management. From the instructor’s computer they can actually send faults to all the trainers and receive the answers from the students as to what they think the problem is on that trainer. I am not aware of anyone else worldwide that is doing that or has done it. The other thing is what we call our fuel injection trainers. They actually operate in closed loop, which means that car computer thinks it is in a car. That is a big deal. It is not just a pure simulator and I am not aware of anyone else having that. We have had that since the 1990s. That is how I defined it and how I look at it. For instance, we just came out with a bi-fuel; in other words, a gasoline/propane engine trainer. No one else has that in the world. Therefore, that is how I look at it as we are driving the industry.

CEOCFO: *We are using propane now in vehicles?*

Ms. Lyons: If you look at propane or LPG (Liquefied Propane Gas) worldwide, a lot of fleets started going to it when fuel cost went up. Say you had a big V8 eight cylinder engine and fuel is not getting very good mileage. Many fleets did a bi-fuel system, where it might start on gasoline but then it might switch over to LPG, because LPG was cheaper per gallon, by maybe \$2 versus \$4, so that is a big deal! Then you are seeing a lot of school buses transition over to LPG, because with the diesel they had a lot of change due to air quality. They know that air going into the engine is dirtier than what is coming out of the tail pipe. That has been, since about 2010, the new standard. Therefore, I am cleaning it up good, but it is also expensive to maintain. A bus diesel is not really the best technology, because a diesel engine is more efficient turning the same RPM, where with gas it is more efficient for a bus with stops and starts, so LPG is better. There are many reasons why you are looking at what is the application? What makes the best sense? It is not just that I pay so much per gallon. It is the complexity of the technology and what is required to maintain it. That is because, what it is really coming down to in everything is labor. Labor is what we are looking at. How do I make the best use of my labor, because people are in short supply, Skilled people are definitely in shorter supply. I think you are seeing a lot of technologies look at different things and when you look at every country they have more LPG. They have the pipeline. They have the infrastructure. Therefore, that is going to be first. We are not going to have electrical vehicles right off, because we do not have the infrastructure for it. There are many reasons why you would look at what technology do we want to bring home that is already here; they are already using it. We are going to be coming out with a bi-fuel gasoline/CNG engine trainer as well, because there is a demand.

CEOCFO: *Do you work with your customers on an ongoing basis? Might a company replace or add to their training equipment regularly? What is the ongoing relationship with your customers?*

Ms. Lyons: We have different markets. Some of them are schools; some of them are industries, international or military. Therefore, it really depends on their needs. Much of it is funding and education does not always get all of the money, which is kind of ironic seeing as how we need the people. However, a lot of it really is that we may deal with a school that does not have a lot of money and they might by a trainer or something here. Then we might work with a new installation where there is a need and they are building a new lab. What we also bring to the table is that we can help them do lab layouts, what is the best flow for laying out the equipment based on your room, environment and maybe how many students they have. Therefore, we also bring that aspect to the table. Sometimes it is working with other vendors, too. We are all working with together where they may deal with Snap-on supplying the tools and then we do the other part. However, we can help them. "Did you plan for IT drops? What about your electrical requirements?" That is because they do not build labs all the time, so these are things that we can add to the value of working with a vendor such as ATech Training.

CEOCFO: *Would you tell us about your global reach?*

Ms. Lyons: We have equipment in Iraq and Afghanistan, that has probably been about seven or eight years ago. We have equipment we have sold other than I guess in Antarctica or the North or South Pole, but we basically have equipment that we have sold all over and some of it may have been special project. In fact, we might have worked with GM for VAZ Autoworks where they needed some trainers or it may be just because there is a need other than the industrialized countries. People want to drive the cars that are not polluting, so as manufacturers are becoming more global I believe that is going to extend the reach, because they need the training. They need to know how these systems work. We also supply trainers for Caterpillar, John Deere, and Honda globally.

CEOCFO: *What about servicing of what you provide?*

Ms. Lyons: We will service any equipment we have ever made as long as we can get the parts. As long as the parts are available we can service it. That has always been our philosophy to provide that level of service.

CEOCFO: *How do you know when it is time for something new or to upgrade a particular piece of equipment that you have?*

Ms. Lyons: Much of it is obviously keeping a pulse on the market. What is out there? You have to do a lot of research and a lot of reading and it is also being involved in the industry. For instance, I am on the board of Automotive Training Managers Council that is run by ASE. You have to be part of the community. You have to be out there talking to people, learning their challenges, reading about the technology coming out. Obviously, if resources, money and time and people were there, then you could produce everything, but that is not a reality. Therefore, you have to choose what is going to have the biggest impact. It is still electrical, because it is seventy percent of the content. We are seeing electrical really taking off. I think that many of the schools are purchasing engines, because they do are not receiving the donations from OEMs. Therefore, our forte is making trainers. You would ask, "Why would GM or Ford not make their own trainers?" That is not their core competency, so that is not what they are going to do and that is what we do. Many times we can put

things together because that is what we think about all the time. We may have a better way to actually offer that, because we think of safety, we think of what is the most efficient way to learn something, is it better to simulate that aspect, is it better to have the actual component? We put a lot of thought into that when we have a presentation of a trainer.

CEOCFO: *How do you reach out, either to companies who do not use your services now, or to companies who do but should know the latest and greatest so that they will keep buying?*

Ms. Lyons: We switched over to an e-Newsletter a few years ago for many reasons; obviously cost. It then enabled us to have a more global reach, because you did not have to worry about the mailing of actual printed materials. We typically follow the school year, so pretty much, from September to May, put out an issue every month. Some of that is where we will promote if other people are doing in an area we can let instructors know about it. We will put it out there. We will share. There is a lot more collaboration, but we will try to feature a particular product. We also try to give them something as a take away; an article that we believe can help them from an instructional standpoint or from a technical standpoint. We try to vary and put that out there so we are providing that, so they always want to hopefully read it and pass it on to other people. Again, the word of mouth does a lot, too.

CEOCFO: *How is business these days?*

Ms. Lyons: We are doing better! Many people were when they had a downturn, and we probably like most people who probably lost about 20%, which was very typical. However, we have seen it slowly coming back and back and back. What is good about our industry, when the industry market goes down the school market picks up. Therefore, we are where we were before the downturn. I think that is going to continue to increase, because I think a lot of companies are going to take advantage of these tax savings. You may have held off on purchasing some training, but now we are hoping that translates into increased sales.

CEOCFO: *There has certainly been more talk lately about the need for more vocational and technical training?*

Ms. Lyons: They call it Career Technical. I think it is a good name, because it is letting people think about careers. We keep saying as Einstein did, “you keep applying the same and get the same results, it is the definition of insanity” and we have to change that. Therefore, I think it is not people looking at, “What do I want to be when I grow up?” Okay, I’m going to go down the chute and now I am an automotive technician or I am going to be working as a machinist. I think that is all wrong. They need to flip that ninety degrees and look at, what are the skills I need to be able to work in this industry or to do this job, because they are going to have to change. They are going to have to be change agents. They are going to have to be changing skill sets a lot because things are changing so much faster. I think we are teaching them wrong, because they may go into automotive and take automotive and go to school for it, but that does not mean they are turning wrenches. They could be a service advisor. They might go to work as an engineer or as a manufacturer. John Dewey lost an argument a long time ago and it really needs to be integrated. We should not have it if you are going to four year or you are not. It is everyone is going on to school and if having applied makes a better engineer, like if you apply your skills and you do not segregate it, we need to bring it together. That is what I see.

CEOCFO: *Why should people choose ATech Training?*

Ms. Lyons: Why choose ATech? As far as why they would choose us over anything else; I think it is because we are the gold standard and we are the leader. We are simply the best solution.