



# PROFIT MATTERS

HOW DO YOUR NUMBERS LINE UP? | BY CHRIS "CHUBBY" FREDERICK

## How to Increase Shop Productivity

I am certain most of you have read articles on how to increase shop productivity — and if tested, would ace the test. The real challenge is achieving 100 percent productivity during the majority of your year. My goal in this article is to remind you of something you used to do or help you add the missing ingredient that could help you net 20 percent to 30 percent cash profits.

The vast majority of shop owners need coaching or mentoring to see their blind spot in this area. Once they have the hang of it, most of our clients can maintain a very productive shop. Because the average shop in the U.S. and Canada is only 67 percent technician-productive, the hardest part is arriving at this lofty goal with some consistency. Simply stated, it requires stabilizing car count with a good relationship-based selling manager, coupled with technicians who perform good courtesy checks and who care about the customer.

First, we need to understand that shop productivity and technician productivity are two different animals. Shop productivity is your ability to fill up your bays with cars and technicians. Because of

reliable cars and difficulty finding techs, the average shop that came to our seminars this year was under 50 percent in shop productivity. The good news is that most shops are sleeping giants, under the right leadership.

Keep in mind that the techs cannot achieve 100 percent technician productivity unless you can stabilize car count daily. Every shop has a sweet spot for the number of technicians that will maximize daily profit. Too many cars create lower repair orders and cherry-picking the work. Not enough cars makes it impossible for the technicians to achieve their goals. It is the owners' responsibility to create a marketing and advertising plan that drives car count. It is the service managers' responsibility to schedule the next visit before the customer leaves — just like the assistant in the dentist office achieves daily.

Having adequate car count and the perfect business plan, and charging right on your parts, are all important to running a successful shop. But they mean very little if your technicians are slow, inefficient or consistently failing to beat labor estimates. All the planning and procedures mean little, if your ability to turn

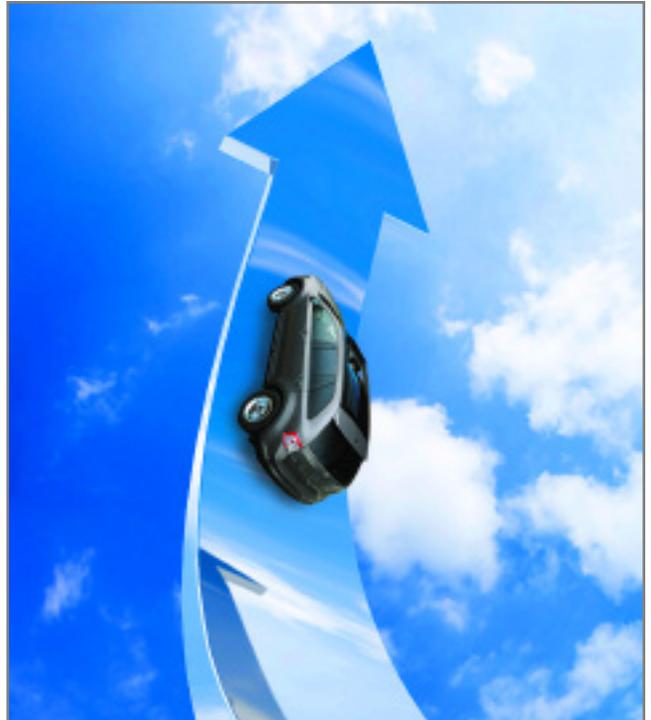
### QUESTION OF THE MONTH

#### QUESTION:

**Can you tell me if there is one thing I can focus on to increase my shop's productivity?**

**ANSWER:** Unfortunately, there is no "one" thing, because a productive shop has a leader who can simultaneously implement about five critical elements.

*Do you have a question for Chubby?  
E-mail him at [cfrederick@autotraining.net](mailto:cfrederick@autotraining.net).*



## Keys to climbing beyond 67% technician productivity

1. Stabilize your daily car count.
2. Set technician and service advisor productivity goals.
3. Design a compensation plan to exceed goals.
4. Perform great courtesy checks.
5. Live with your new standards.

out the cars falls short thanks to unproductive, inefficient technicians — and they mean less if this is the result of your own inability to control flow.

An important first step in determining whether you have technician productivity issues is getting to a point where you can measure it, both by the shop and by the individual. Perceptions will not begin to do here, and it is very important that we have a system in place that will allow us to track billable hours sold. If we can't measure it, we have no hope of managing it — and if we can't manage it, we are putting the business at great risk.

In a nutshell, productivity is contrasting the ability of the shop to generate billable labor hours versus tech time on the floor. An individual tech who generates 30 billable hours against 40 hours on the floor would be seen as 75 percent efficient, or productive. A tech who generates 40 billable hours in those same 40 hours would be seen as 100 percent productive.

Another way to look at this would be actual production versus potential. A group of technicians at a shop across town produced 135 hours against the 120 hours that the three techs worked. They

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would be seen as 113 percent productive — or tech productivity was better than one billable hour for each hour on the floor and tech productivity was 113 percent.

This is a nice performance that is very doable, but a rare exception in today's automotive repair industry. Sad though it is, the average tech productivity in the U.S. is around 67 percent. I hope most of you are striving for something far beyond average.

Because the average shop spends more than 35 percent in tax and benefit loads, you really can't make much on labor until you get more than 80 percent productive. This is where most owners are shrinking their cash profits.

### Set goals

A second step in driving productivity is the simple act of setting expectations with your technicians. You would be amazed by how many technicians do not know we expect that they generate a billable hour for every hour they are on the floor. This is sad — and possibly a reflection on the approach to leadership in our industry — but I see it again and again. Tell them what you expect in the way of productivity; they might just surprise you and give you what you want.

If asking fails, and it is reasonable to expect that by itself it will, you need to first make sure that you have people who are capable of delivering these lofty numbers. Then you can begin to set standards and provide incentives to make it happen. If there are training or facility issues that will prevent your guys from being successful, remove the obstacles and give your techs every possible opportunity to succeed.

It is very important at this point that we introduce new comp plans, bonuses or incentives that will drive the program and provide the necessary motivation to make it all work. Techs must see this new approach as a win for them, and we must assist them in seeing the potential. I like performance-based compensation plans such as flat-rate, but team or individual bonus plans can be just as effective — as long as we are driving productivity and efficiency.

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Now we have them motivated, what next? For me, the obvious answer is making sure we have a great courtesy check process, inclusive of maintenance checks and our being very dedicated to this important process. I would insist that any technicians who work for me do courtesy checks — and love doing them. Randomly audit the hard copies of these checks on a regular basis. It's the most basic thing in the world, but courtesy checks are key to

our finding the work that is out there — and key to our maximizing the opportunities our current car count represents.

I would take a moment here to emphasize that although I have talked a lot about the techs here, the service advisor/manager is the most important person of all. He needs to be a strong leader and a greeter for our customers. He needs to drive and reinforce the courtesy check process, and he needs to be a great communicator. It is imperative that he make every attempt to present all that our conscientious technicians have noted in their inspection process, but is also able to prioritize recommendations and adapt to the variable needs of our customers. He needs to make sure that we are assigning work to the most appropriate technician based on skills required and availability, and resist the temptation to “feed” our A techs at the expense of our C or lube techs.

The service manager can do more to impact tech productivity than anyone else in the building. Make sure we are making him accountable and responsible for this, and make sure we are providing him strong incentives that reward a positive result.

Finally, I think it’s very important that we do all that we can to live the new standards we have set. This includes our not accepting performances that fall short. Great shops are produc-

tive every week, and find ways to maximize the opportunity each car represents. Very often, increasing shop productivity is no more complicated than taking a second look at the cars sitting in your shop this very minute, and finding ways to motivate your staff to also take that extra look.

If you need more help in this area, send me an e-mail and I will get you a 100 percent rebated productivity seminar ticket in a city (hopefully) near you. Eight industry giants have created a Scholarship Fund for independent owners to learn how to implement productivity strategies, so I would take advantage of this while they last.

Next month, we work on your average repair order — so buckle up and enjoy the journey.

*MF*

**Chris “Chubby” Frederick** is CEO and president of the Automotive Training Institute. Contact Chubby at [cfrederick@autotraining.net](mailto:cfrederick@autotraining.net).

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