



# Shop Efficiency

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# Purpose

- ▶ Efficiency as your #1 goal
- ▶ Determine total shop efficiency
- ▶ Operating like a business, not a hobby
- ▶ Making decisions based on hard data

# Shop Efficiency

- ▶ Overall measure of you ability to turn hours into dollars
- ▶ Data Points
  - Total Service Revenue
    - Can be found on Profit & Loss (P&L) statement
  - Current hourly rate
  - Total hours worked
    - Payroll information
    - Simple estimation
- ▶ Hours Billed / Hours Worked

# Example

- ▶ \$550,000 in revenue last year
- ▶ Hourly rate is \$100
- ▶ 1 owner/manager at 60hr/wk = 3,120 hours
- ▶ 2 techs at 50hr/wk = 5,200 hours
- ▶ 1 front desk person at 40hr/wk = 2,080 hours

# Answer

- ▶  $550,000 / 100 = 5,500$  hours billed
- ▶ 10,400 hours worked
  - $3,120 + 5,200 + 2,080$
- ▶  $5,500 / 10,400 = 52.9\%$  efficient

# Improving Efficiency

- ▶ Billing correctly
- ▶ Not taking in mystery work
- ▶ More accurate estimates
- ▶ Set employee expectations
  - Audit their performance often
- ▶ Shop layout
- ▶ Specialty tools
- ▶ Fewer technicians

# Contact Information & Resources

- ▶ [Todd@myshopassist.com](mailto:Todd@myshopassist.com)
  - Email me for any follow up questions
- ▶ [www.MyShopAssist.com](http://www.MyShopAssist.com)
  - Videos and information about our project management system
- ▶ [www.DoItForALivingPodcast.com](http://www.DoItForALivingPodcast.com)
  - Podcast for the aftermarket industry and Facebook group for questions and answers

