



# FINISHMASTER<sup>TM</sup>

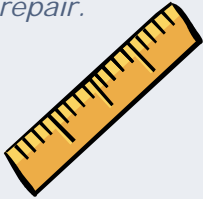
## IT'S JUST *SMART* BUSINESS!

MARCH 2010

BEST PRACTICES NEWSLETTER



*On a regular basis, technicians should be made aware of their performance against the time allowed for a repair.*



*Measurement of efficiency and comparison against the industry will expose areas for improvement.*



*Labor efficiency is one of the most important key performance indicators.*

*FinishMaster can help you measure shop performance and identify solutions for key performance indicators.*

## Labor Efficiency

Labor efficiency is the measurement of how good a body shop is at keeping its technicians busy on **productive tasks**. If labor efficiency is low, analyze non-productive time. This is idle time, when there is no productive work for a technician. Or time spent on non-productive tasks when there is productive work to be done.

$$\text{Labor Efficiency} = \text{Units Flagged} \div \text{Hours Clocked}$$

When analyzing labor hours, adhere to these definitions:

**Hours Clocked** - Time that the technician actually attends at work. Hours Clocked does not include vacation, sickness, training, etc.

**Hours/Units Flagged** - Time allocated or charged to complete repair processes.

### Possible Causes of Under Performance

- Poor loading & control system
- Inadequate equipment levels
- Inappropriate staff structure for work mix
- Inadequate number of non-productive support staff
- Incorrect accounting of lost time
- Unskilled and unmotivated technicians
- Low estimated labor figures
- Parts ordering; redo's or quality
- Lack of training

### Solutions to Improve Labor Efficiency

- Train estimators to capture items not included in standard repair times of estimating guides
- Develop a bonus plan or flat-rate pay system to encourage technicians to use a systematic approach for repairs, and to discourage wasted time
- Implement a process to have painters regularly monitored on proper products and procedures by your Jobber
- Schedule work through the shop to keep all technicians busy
- Optimize the usage of spray booths in the paint shop through teamwork
- Invest in the right equipment to improve overall efficiency
- Utilize certification programs to ensure competency of the workforce
- Implement an effective quality assurance system to reduce the redo rate
- Assign the right person to the right task
- Order and receive replacement parts prior to starting a repair

**Our Business Is Making Your Business Better**