

“They Shoot Technicians – Don’t They?”

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When we talk to clients about poor productivity in their service departments, they often respond by telling us about how bad their technicians are and how they need more of them. More of a bad thing? Go figure. Next we calculate the number of total available service hours and determine that the shop is selling less than 85% of its capacity. So much for being understaffed? Now the client looks at us, like we’re crazy, and says if I have so much extra time to sell, why are my customers having to wait three weeks to get their cars in the shop? Well, we reply, if you’re making your customers wait three weeks to get their cars repaired, they’re not your customers anymore, they’re someone else’s. At this point, the exasperated client asks again, so how many more technicians do I need? We reply, don’t shoot the technicians.

True story. Six months ago a prospective client calls. His shop is operating at a loss, he can’t keep his customers happy, and the technicians are crying because they aren’t making enough money. Help! Today he is a client with a monthly increase in customer paid gross of over 55%, a healthy bottom line in the shop, satisfied customers, and better-paid employees. How many technicians did he add? None. How many technicians did he replace? None. What have we learned? Don’t shoot the technicians.

Service departments are like assembly plants. Capacity is maximized when combinations of systems are all working well in unison: engineering systems, quality control systems, parts supply systems, sales systems, production control systems, etc. When an assembly line is operating at below capacity, it is rarely the fault of the assembler. Like wise, when a service department is not producing at capacity, it is rarely the fault of the technician. Uh? Why do we believe this?

We view a service department as a collection of three operating systems: management, selling, and production. If one system is broken, the other two can’t operate efficiently and shop productivity falls. When we survey a service operation for the first time, we typically find a production system that can work, a management system that doesn’t understand how it should work, and a selling system that doesn’t exist.

There can be many different culprits causing bottlenecks in shop production; here are a two of the worst. Look at your appointment system and this is what you might find.

Differing perceptions. To the service advisor, an appointment means drop your car off in the morning, and if we don’t screw up it will be ready by this evening. To the customer having an appointment means I bring my car in at 8:15 am, I’m being charged for one hour of work so it will be done, washed, and vacuumed, at 9:15. The problem here is that neither

perception depicts reality. The result is customer dissatisfaction.

Under booking. It is difficult to accurately predict the flat rate hours needed to complete repairs without first ascertaining the problem. Since most appointments are made over the phone, an accurate diagnosis is usually impossible and the estimated time for repair is a guess, normally too long rather than too short. If the shop is loaded for the day based on its appointments you can count on poor capacity utilization.

In this same vein, appointment coordinators and service advisors typically do not like irate customers at the end of a long day, so to prevent such a likelihood they schedule less work rather than more. This practice becomes a self-fulfilling prophecy for diminishing sales and production.

Carryover. Service management and advisors often do not understand the importance of carrying over labor inventory and how it directly correlates to technician productivity. If you do not manage for carry over work, go out to your service department at 8:00 am and count the number of technicians you see. Now count the number of technicians you see with a wrench in their hands. Let’s see, five technicians idle for thirty minutes each, times lost gross at fifty dollars per hour, times five days a week, times fifty-two weeks a year. . . OUCH! But, don’t shoot the technicians.

Lost opportunities. Service departments that do not get their customers into the shop within three days are losing a substantial amount of business to their competitors.

Is your appointment system working? Want to fix it? Good, just get rid of it! You will never know how much work your shop is missing until you throw out the appointment book. Sure a customer can make an appointment. Whenever he wants. The appointment system is a major bottleneck and typically the number one cause of poor shop productivity. Let the work come in and then staff for the work that’s available.

A second, fruitful area for finding bottlenecks in shop production is the selling system. Here are the typical scenarios we find.

Selling additional work. Service advisors, feeling pressured for time write up only the captive sale, which is the repair or service the customer initially comes in for. This sale is often accompanied by a discount coupon or reduced menu price. The result is low hours and gross profit per RO. Productivity suffers and technicians become disgruntled.

Most vehicles coming into your shop need maintenance and repairs beyond the captive sale item. We refer to this as the point of sale item. If your service advisors are not trained and instructed to identify and sell this work, then you are losing business, and inconveniencing your customers. Valued customers, who

will now have to bring their vehicles back at a later date, or worse, go somewhere else, have a pleasant experience and never return to your shop.

Increasing production at the point of sale is easy if your service advisors are trained to both find and ask for the work. Taking care of all your customer’s needs also goes a long way in assuring customer loyalty.

Menu pricing. We all know that maintenance work must be priced competitively but competitive pricing does not necessarily mean lower gross profits. If menu items have the right mix of both high and low gross profit repairs, your shop can stay competitive and your technicians can stay happy.

Back end sale. Most clients tell us that their shops use a technician checklist to assure that all customer vehicles are thoroughly inspected prior to being released from the shop. Unfortunately, in practice this rarely happens. Clients get frustrated because they offer lucrative incentives for “up sells” but feel that technicians don’t take full advantage of these programs. But, in a system under stress to move customers through the shop rather than produce hours, what is a poor technician to do? Back end sales are important to the fulfillment of customer needs and customer loyalty. Maximizing back end sales is a function of the management and selling systems first and the productions system last. Don’t shoot the technicians.

Broken service departments can be fixed. But all three systems; management, selling, and production must be in place and working in unison. We’ll tell you more later but in the meantime call if you have questions or if you would like our free service capacity simulator, request it by e-mail and please, don’t shoot the technicians.

Everyday our business is becoming more complicated, more difficult, more demanding, and more competitive but it is also offering more opportunity than ever before. Capitalizing on these opportunities requires courage, vision, and skill. It’s a brand new world out there let’s go exploring!

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