

# HEALTH CHECK

Alan Hargreaves, Director of EMA Computer Solutions, dares you to assess the health of your bodyshop.

**W**ith work providers and legislators applying continual pressure to repairer margins, bodyshops must operate efficiently (ie load their shops to maximum capacity) if they are to stay in business.

But how is your bodyshop loaded? Is it done by the number of T-cards in the rack or by achieving full diary pages? Is it done on an 'in-Monday-out-Friday' basis, the availability of courtesy cars or simply a 'gut feeling'?

More often than not a bodyshop is loaded on one or more of the above — frequently leading to failed promise times, dissatisfied customers, the poor use of courtesy cars and (most importantly) the loss of profits.

## EFFICIENCY AND UTILISATION

In essence, all bodyshops 'buy and sell' time; you buy it from your productives in the form of wages and you sell it (along with materials) to your work providers. However, running an efficient shop is not a simple case of ensuring that time bought equals time sold; 'efficiency' and 'utilisation' must be factored in.

For example, if you employ 10 productives for 40 hours a week you

have 400 attended hours to sell per week. Similarly, you are buying 400 hours from your productives per week.

If you only manage to sell 360 hours and your staff are fully utilised, your efficiency would be 90% but if you sell 440 hours (again, with fully utilised staff), you'd be 110% efficient. Note — most work providers are currently demanding up to 10% discount, so you'll need to be more than 110% efficient to break even!

If your labour rate was £25 per hour, your weekly income would be £9,000 for 360 hours and £11,000 for 440 hours. At 90% efficiency you'd recover £22.50 per hour and at 110% efficiency you'd recover £27.50.

As for utilisation, it's best to consider that on a per person basis. If, in an eight hour day, one of your productives completed a job for which nine hours had been allowed in six hours, then whilst the productive's efficiency would be 150%, his utilisation would only be 75% — if he had no other work to do that day.

Utilisation can't exceed 100% for any productive, but it's important to strive for it, and as the shop owner, it's your responsibility to keep your productives busy. Reasons for failing to approach 100% include not only the obvious one

## THE TWO TO ONE TEST

There are many way to assess the efficiency of your bodyshop. Unless you are using a bodyshop management tool, you will need to make a cold, hard analysis of time sheets, attended hours and job cards. However, one of the easiest methods requires none of that — just a few minutes of your time and the ability to count.

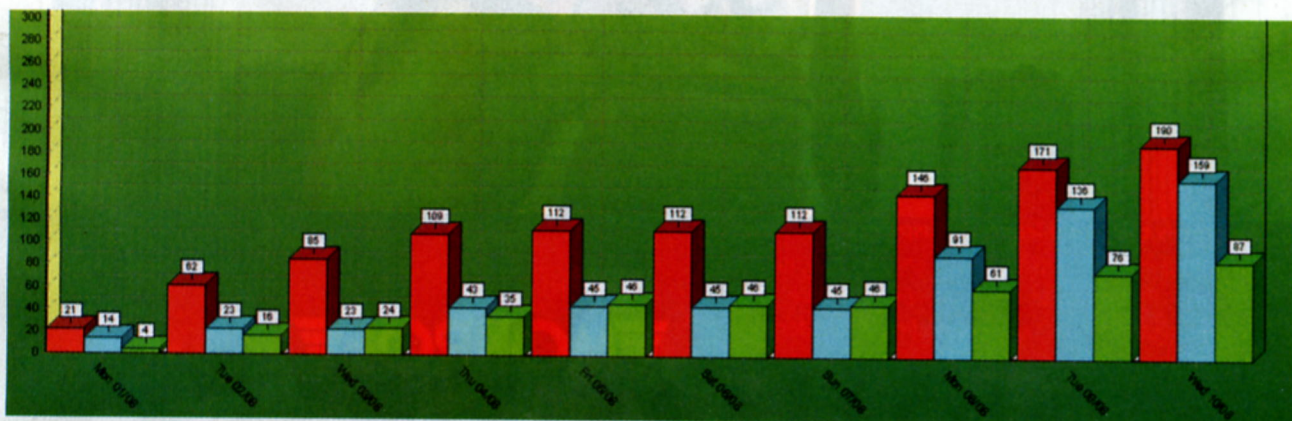
Experience shows that the ratio of courtesy cars to productives in a bodyshop running at close to maximum efficiency is no greater than 2:1. Anything higher than two courtesy cars per productive and it is likely that you are overbooking work in, your productives are experiencing idle time and/or parts are delayed.

It's as simple as that. Courtesy cars divided by productives. So count — if you dare.

of 'not being given enough work to do' but also waiting for parts, the non-availability of equipment, equipment failure and time spent moving cars around the shop. Cut it any way you like, but if a productive is not working on a revenue-generating task then your shop has 'idle time'.

## THE TRUE COST OF IDLE TIME

If, like most people, you only view the cost of 'idle time' as having to pay a productive's salary when no work is





being done, then prepare for a shock. If a productive is idle for an hour, then yes, there is about £8 of salary to pay. However, you're normally able to sell the productive's labour at £25 an hour. Plus, you're losing out on the profit you would have made on the paint and the parts not being used by the productive. In reality, idle time costs you between £40 and £50 an hour.

Moreover, at £25 an hour of saleable time, a two-day job would equate to £400 of income. If you're able to make 10% net profit on the job then that equates to £40. So the harsh reality is this: a single hour's idle time can wipe out the profit from two days' hard work!

## RESOURCES

About half the work of a bodyshop is paint related. The other half is a mix of panel beating and 'mechanical, electrical and trim' (MET). Going back to our earlier discussion about 'efficiency', it is worth noting that, typically, the most efficient productives are the painters — able to achieve about 150%. Panel beaters are the next most efficient, at between 120 and

130%, and MET are the least efficient at 90 to 110%.

Not that the non-painters aren't productive; it's just that their colleagues paint cars day in, day out, whatever the models, whereas their work is complicated by the variety of vehicles coming into the shop. So, even though the painting to non-painting 'work ratio' is 1:1, the painters to non-painters ratio should be about two painters to three panel-beaters/MET. Figure 1 shows a particular unbalanced shop.

As an exercise, do a head count of your productives. If the ratio is significantly different then some parts of your business could be lagging behind others. However, don't open the champagne just yet! You may have a 2:3 ratio of painters to non-painters because both camps are under-utilised.

## WAKE UP CALL

**Fact** — bodyshops will repair vehicles quickly and efficiently almost as a by-product of buying and selling time correctly. Now it's very easy to look back and calculate past performances, but loading is all about forward planning. You need to know what resources are at your disposal at any given time before you accept work. Remember: failing to plan is planning to fail.

### FIGURE 1

In the diagram on the left the vertical axis represents hours available and the horizontal axis represents the next ten days with each split into available panel, paint and MET hours. For a correctly loaded bodyshop, paint (blue) should equal panel (red) plus MET (green) but here the availability of painters is too low. The dangers? Missed delivery dates and/or idle time.

## MORE INFORMATION

For more information on computerised bodyshop loading systems from EMA Computer Solutions  
**CIRCLE READERLINK 113**  
[www.readerlink.co.uk](http://www.readerlink.co.uk)