



Sales per Unit in Operation is a much better measure of performance than Hours Sold per Repair Order

There are a lot so called experts in this industry that will tell you the best measure of service performance is Flat Rate Hours Sold per Repair Order. For years we have been telling writers that if they cannot sell at least 2 plus hours per repair order that they are not any good. Pay plans are written to penalize writers if they fall below that mythical FRH number.

All this has accomplished is to encourage a lot of people to play a lot of “games” in order to show a high hours per r/o. I talk to Service Managers all the time who tell me they do not count oil changes in their FRH tracking. When I ask why they inform me that their dealer insists on 2.0 plus hours per r/o and the only way they can get it is to not count the oil changes!

Think about what this has done to our industry over the last decade. Service Writers who are paid on FRH per r/o treat Oil Change customers like they have the Plague! They do not want to talk to a LOF'er for fear that they will have to write a ticket. Because of the way they are treated the next time this customer needs to buy maintenance or repair work the customer may decide to go to a place where they are treated better.

Our industry has been focusing on the wrong performance numbers for some time now. In my opinion the best measure of service department performance is annual labor and parts sales per unit in operation. I also look at the percentage of customer pay work to total work. If more than 70% of your business is dcustomer pay you are doing a good job no matter what your hours per r/o are.

Sales per UIO are a much better measure of a service department's performance because it measures your ability to keep your customer returning to your shop over the life of the vehicle (for all of their service needs).

In the recent study this newsletter conducted 94% of respondents indicated that they are already tracking sales per unit in operation. One question we asked was what is the average sales per UIO 65% of respondents indicated their average sales per unit in operation were between \$200.00 and \$300.00. With 29% averaging between \$300.00 and \$400.00.

Dealers who are tracking sales per UIO are taking a more long term approach to selling service to their customers. A manager I was talking to about this issue put it into proper perspective for me he said using sales per UIO instead of Flat Rate Hours Sold per Repair Order encourages my “writers to shear their Sheep”.

Measuring Flat Rate Hours Sold per Repair order encourages my writers to “Kill their Sheep”!

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