

CHAPTER I

UNDERSTANDING YOUR UTILISATION

*“People travel to wonder at the height of mountains,
at the huge waves of the seas,
at the long course of the rivers,
at the vast compass of the ocean,
at the circular motion of the stars,
and yet they pass by themselves without wondering.”*

- Saint Augustine

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Hours Worked ÷ Hours Attended (x100)

Benchmark: 85% to 95%

Let's get straight to the point. Utilisation is without doubt the most powerful profit builder within the whole of the Service Department, yet few people truly understand it, even fewer people calculate it accurately on their management reports and more importantly, even fewer people know how to exploit it to grow their profits. This chapter will explain the full meaning of Utilisation and how to calculate it.

LEARNING TO LOOK WITHIN

The quotation on the previous page by Saint Augustine suggests that we sometimes overlook what we already have and the greatest treasures are often to be found right under our nose. At some point in your life you will have visited a number of different tourist attractions around the country, but have you visited the attractions in your local area? Most people have not and do not make use of (or utilise) their local attractions.

This same philosophy is also applicable for seeking new business opportunities, and it was made abundantly clear to me when two of my good friends decided to change their jobs. My friend named Simon

works in Sales Management within the Motor Industry. He left all his family and friends in his home country of Australia and came to work in Great Britain. When I asked him why he has travelled to the other side of the world to be a Sales Manager he said that it is because of the wonderful opportunities that exist in Sales Management over here.

I have another friend named John, who is also in Sales Management. John has also left all his family and friends in his home country of Great Britain to go to work in Australia. When I asked him why he wanted to travel to the other side of the world to be a Sales Manager, he said it was because of the wonderful opportunities that exist in Sales Management over there.

The moral of the story is clear. We usually see growth and opportunity outside of our immediate field of vision. We will literally travel to the other side of the world in pursuit of new opportunities, yet we fail to see the opportunities that are right under our nose.

Utilisation is the key performance indicator that informs you of whether you are making the most of the resources that are right under your nose in your Service Department. It is by far the most powerful profit builder because when you grow your business from the inside, you are making the most of the resources that you already possess and the increases in profit go directly to your bottom line.

UTILISATION EXPLAINED

Imagine for a moment that you are a General Manager in control of a power station. Your job is to

produce electricity and distribute it to the local area. Most businesses, like a parts department for instance, can keep their products in stock, but as you know, you cannot store electricity. You have to use it immediately, or it's lost.

It is obvious that if you sell 90% of the electricity that you produce you will make more profit than if you only sold 70% because your production costs remain the same. If you only sell 70% of your electricity, that means 30% will be wasted because you cannot store the additional electricity that you have produced.

When you understand this very simple concept, you come to the realisation that time is also like electricity; it cannot be stored and you have to use it immediately, or you lose it.

Utilisation in your workshop is measuring how much of your available time you are using and how much you are wasting. Again it is obvious that if you utilise 90% of your available time you will make more profit than if you only utilise 70% because you still pay your Technicians the same amount of money to turn up for work. If you only utilise 70% of your available time, that means 30% will be wasted because you cannot store your Technicians time.

MEASURING UTILISATION

Utilisation is all about the relationship between Hours Attended and Hours Worked and it measures your ability to convert your Technicians *available* time into *productive* time. There is no point employing Technicians if you are unable to keep them working because that time will be lost. Utilisation is measuring how well your work is flowing through your

workshop and whether your Technicians are being kept busy on jobs that are producing revenue. Any time that is not utilised cannot be stored to use another day and therefore it falls into an expense called Idle Time.

Chapter I Sample

If you would like to read the rest of this chapter by ordering a copy of the book you can call the office on 01384 371432.

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