CHAPTER II

UNDERSTANDING YOUR
―――――――― PRODUCTIVITY ――――――

"When you are in a business where you exchange time for money, you had better get it right because you only get one chance."

- Jeff Smith

CHAPTER II

UNDERSTANDING YOUR PRODUCTIVITY

Hours Sold ÷ Hours Worked Productively (x100)

Benchmark: 110% to 125%

Most people will say they have a good understanding of what Productivity is and what it measures and you will usually hear it summarised as this: "Get your Technicians to work faster and complete the jobs quicker than the book time and you will make more profit."

Whilst summaries such as these contain elements of truth, it is only half of the story, which means that there is much more to be gained from Productivity than simply beating the allocated job times. This chapter will explain the full meaning of Productivity and how to monitor it effectively.

BEATING THE CLOCK

Productivity is not unique to the Service Department. Personally, I blame that bright ball of light in the sky called the Sun. As planet Earth revolves around this shinning star, it casts its light and shadows over us with and so we are locked into a cycle with predicable precision where day follows night leaving us with a structured pattern called time.

Although we might not like to admit it, mankind is totally obsessed and governed by time, so much so that we've even invented clocks to measure it more accurately, or did we invent clocks to measure our own Productivity?

No matter what task you think of in your everyday life, there's almost always a timescale or a deadline that comes with it. Productivity is measured in most service-based industries, even heart surgery, and in general terms it is the measurement of the ability to complete tasks within an allocated timescale. However, this can sometimes be very dangerous because when you are in a business where you exchange time for money, you had better get it right first time because you only get one chance; time waits for no one.

If the stipulated time for a triple-heart-bypass is eight hours and the Surgeon takes three days to complete the job, the patient will probably die. Thankfully for us, Service Department Productivity is not quite so critical. However, if the Surgeon completes the eight-hour bypass in just two hours, he probably would not receive a time-saved bonus payment either and you probably would not want to be operated on by a Surgeon who gets paid in this way would you?

Most of your customers think the same way about their vehicles too. Productivity bonuses can be very damaging to your overall performance, but more about that subject in later chapters. Essentially, you are operating a business where you are exchanging your Technicians time for your customers money and there is something fundamental to understand about

this type of business strategy. Exchanging time for money is a different business to exchanging a product for money because you can build up a stock pile of products and store them, but you can't store time and this type of business brings with it different kinds of pressures. It's not a matter of good *time* management because you cannot manage time. Increasing Productivity is a matter of good *Service* Management either at the front counter to increase the Hours Sold, or in the workshop to decrease the Hours Worked.

PRODUCTIVITY EXPLAINED

Productivity measures the relationship between the number of Hours Sold to your customers and the number of hours that your Technicians are clocked onto their jobs, (Hours Worked) which means that when we look at Productivity in isolation, there are only two areas of influence that produce the result.

Example:
(A) Hours Sold   = 6
(B) Hours Worked = 5
(C) Productivity   = 120.00%   (A ÷ B x 100)

In the example above you can see that the number of Hours Worked are fewer than the number of Hours Sold which means that the Technicians have completed the task in a lesser time than has been charged. However, this does not always happen in real life does it?

Example:
(A) Hours Sold   = 6
(B) Hours Worked = 7
(C) Productivity   = 85.71% (A ÷ B x 100)

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In this example you can see that Productivity has fallen below 100%, which means that the Technicians have been working on the job for more time than has been charged. Are these differences in Productivity due to your Technicians, or are they due to Service Management at the front desk? Let's explore this further and discover what factors have an impact upon your performance in this area.

AREAS OF INFLUENCE
Firstly, let's take a closer look at Warranty work and how the Hours Sold are decided.

Chapter II Sample

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