



FINISHMASTER™

IT'S JUST *SMART* BUSINESS!

MAY 2011

BEST PRACTICES NEWSLETTER

Lost Labor Hours

Labor hours not captured on the repair order

Approximately **2.5-3 hours** are not billed into labor and material sales per R.O.

Result being lost sales and increased cost for labor and materials.

Possible Reasons

- Redo's/comebacks
- Color-match issues
- Pin-hole and sand-scratches rework
- Incomplete repair estimate
- Multiple supplements

Necessary Operations

- Feather, prime, block
- Blend within a panel
- Required preparation of salvage parts reinstalled onto repaired vehicles
- Time/materials used restoring a vehicle to pre-accident condition (i.e. replacing corrosion protection, factory seam sealer matching, etc.)

Key Performance Indicators

Tips for Success

KPIs help to get insight in your business performance -- "What gets measured, gets managed". KPIs are also known as *performance metrics*, *business indicators*, and *performance ratios*. Below are a few tips for successfully utilizing KPIs.

- Make them **actionable** - Ensure that there is an owner that is accountable for each indicator. That owner must have the authority and necessary support to take action and make change. Establish accountability from the start. It is not a *good* KPI if you are unable to take corrective action on one of your chosen KPIs.
- They should be **measured frequently** - The frequency will vary on the KPI and may range from hourly, daily, weekly, monthly or even quarterly. KPIs that are only reviewed every month or quarter may be strategically important but are less critical to operational success.
- They must be **understood and communicated** - It is not enough to identify and provide visibility of KPIs. Users at all levels have to understand how they align with individual and strategic goals. Take time to educate staff on the importance of the KPIs and how their job function affects the outcome. This will motivate your staff to work toward achieving goals.
- Provide **context** - Tracking actual performance month-to-month against goals or historical averages enables better decision management. Drilling down into the data making up the KPIs provides insight and context on what corrective action may be required.
- They need to be **meaningful** - The "K" in KPI stands for **Key**. It is important to determine which defined KPIs are really relevant to meeting your strategic goals. Don't start off by monitoring 20 or more competing KPIs. Take the time to identify the specific KPIs that are right for YOUR business. Are they the right metrics? Are there too many?



Your FinishMaster Account Manager can assist you with KPI monitoring, ask how!

Our Business Is Making Your Business Better