



The Most Important Numbers **EVERY** Auto Shop Owner **MUST** Know!



When it comes to improving the growth and success of your auto shop, you have to look to the numbers and let the data lead the way. But the figures don't do you any good if they're tucked away in your point-of-sale system – out of sight and out of mind. You need to keep a four-week rolling average of all the following numbers at the forefront of your mind to keep moving toward your goals.

1

Average Estimate

2

Average Repair Order

3

Digital Vehicle Inspection Rate

4

Effective Labor Rate

5

Gross Profit

1

AVERAGE ESTIMATE

Estimates are not sales, but they do open the doors to achieving your revenue goals. Beyond that, when you look at your average estimates each month, they let you know if you're even close to hitting your average repair order goals. If your estimate numbers are far lower than your repair order figures, then you aren't even close to hitting your ideal revenues.

Thankfully, you can usually increase your average estimates by improving on your processes and adding helpful procedures. If you already have great processes in place, you may just need to ensure that your team follows your established practices.



2

AVERAGE REPAIR ORDER

Your average repair order, or ARO, shows how much each customer spends in your shop at each visit. If you're a general repair and tire shop, that figure should be at least six times the amount you charge for labor. European and diesel repair shops, on the other hand, should have an ARO that's nine times higher than the labor rate.

If you're not consistently hitting those goals, then you need to look at your average estimate figures and figure out what's holding you back. You shouldn't be the only one concerned with these numbers and striving to improve your metrics. Your whole team needs to be on board to help accelerate the success of your shop.

A green banner with a white circle containing the number '3' on the left. The banner has a white border and is decorated with four green arrows pointing outwards from its corners. The text 'DIGITAL VEHICLE INSPECTION RATE' is written in white, bold, uppercase letters across the center of the banner.

3

DIGITAL VEHICLE INSPECTION RATE

You cannot sell repair work if you don't clearly identify what's wrong with each car and share that information with its owner. So, you need to make sure that your digital vehicle inspection rate is consistently above 90% at each weekly repair audit. Otherwise, you could leave work opportunities unaddressed, which could result in unsatisfied customers and prevent you from hitting your revenue goals.

In addition to looking at the completion rate, examine the quality of the digital vehicle inspections. Are your technicians completing them in full and according to your procedures? Did they share the pictures and videos they collected? Was all the inspection info put into the estimate and presented to the customer? If not, then you need to address these issues – and fast – or risk missing the mark time and time again.


4

EFFECTIVE LABOR RATE

Your door rate is what you charge each customer, but it's the effective labor rate, or ELR, that hits the bank. To find that figure, you'll need to divide your total labor dollars by the number of hours you sold in that time period.

If your labor dollars collected equals \$15,000, for example, and you sold 205 hours, then your effective labor rate is \$70. Now, if you charge \$70 per hour for labor, you're right on target. But if you charge \$120 per hour, then your effective labor rate is far from where it should be.

In the end, your ELR should be at least 100% of your door rate or you need to make some changes. Otherwise, you're leaving money on the floor, preventing you from hitting, or better yet, exceeding your revenue goals.

5

GROSS PROFIT

Your gross profit is the total amount of money you make from labor and sales minus all your expenses. For this figure, you want to hit a gross profit margin of 65% or better each and every month. But it's not up to you to make that happen, not directly at least.

Your service advisors are the ones bringing in gross profit as they follow your processes in selling parts and labor. As they work on the sales side of things, you can focus on decreasing expenses to bring your net profit percentage into your ideal range.



But Don't Stop There! Let's Get Started on Tracking Over 25 Key Performance Indicators

The five figures listed above are central to promoting the growth and success of your auto shop – but you shouldn't stop there. With each figure you track and measure, you can better improve your operations and boost your results month after month. Thankfully, that's easy to do by partnering with AutoFix-Auto Shop Coaching.

As your trusted auto repair coach, I can help you track up to 25 distinct key performance indicators, including the five key figures listed above. Using that data, I'll help you make smart changes, dial in your efforts, and start achieving the results you seek.

Ready to get started? Just give me a call today at 580-491-3519 to schedule your free profit consultation. Together, we can brainstorm to brilliance and find the best path to achieving all your goals for your shop.



Chris Cotton

PRESIDENT

It's time to invite AutoFix Auto Shop Coaching into your shop. Our team understands you want control, security, education and accountability. You deserve someone who will listen, encourage and point you in the right direction, but also hold you accountable for your actions.

Imagine the feeling of now waking up when it's good for you, walking into the shop knowing that your entire team is independently working and getting things done allowing you to do what you need to do.

You can support your family the way you've always wanted to, cash the checks sitting in the drawer, and maybe take a vacation! It's time: become a part of the AutoFix Auto Shop Coaching community.

SCHEDULE A CALL

autoshopcoaching.com