2019 KEA Impact Analysis – Estimating Unsold Workable Hours

Last week we discussed the basics of KEA's Impact Analysis: RO Outliers and Dwell Efficiency Ratio (DER) Analysis on Sold Hours. We covered how taking corrective steps to eliminate or reduce causes of outliers will improve your DER, and therefore Dwell Time, from one month to the next.

Recall that DER is a ratio of dwell hours to sold hours for each RO.

RO 675241	19.567	÷	1.5	=	13.044
	Dwell Hours	*÷*	*Sold Hours*	*=*	*DER*

> A DER of 13.044 means that there were 13.044 hours of dwell time for every 1 hour of sold time.

Utilizing the RO-DER Analysis for continuous improvement makes your service department's base level performance better. The second part of KEA's Impact Analysis uses your DMS monthly statistical reports and specific service department data to estimate additional workable hours that could be sold. This part of the Impact Analysis shows how decreasing your dwell time will free up hours that can be sold.

The example below is based on the same service department and timeframe as was used in the example from last week.

To determine the number of unsold workable hours based on your current monthly reports and service department information, we take the following steps:

1. The total number of workable hours is calculated based on the total number of operational hours, technician productivity and technician efficiency.,.
2. Using an average monthly DER, the number of potential hours that could have been sold is calculated.
3. The difference between the number of potential sold hours and the actual number of hours technicians worked on ROs is the unsold workable hours.

Unsold Workable Hours	
	Current Month
Tech Hours Worked (Actual)	3,512
Workable Hours (calculated from days x bays x hours x technician productivity x technician efficiency)	14,781
Potential Sold Hours (using average DER)	3,588
Unsold Workable Hours	76

This first part shows that there are a lot of potential workable hours that could have been sold during the month. Since these are calculated for each individual service department based on each one's own data, this will allow you to compare service departments equivalently.

Converting Decreases in Dwell Time to Potential Sold Hours

Potential Workable Hours can be estimated over time based on even small decreases in dwell time. The table below shows how lowering the average DER by just 2% each month (keeping all other factors unchanged) frees up additional hours that can be sold each month.

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Forecasting the next 6 Months

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This table shows that over the 6 months, with just a 2% decrease in DER each month, an additional 462.4 hours could be freed up to sell from the decreased dwell hours.

*Tech Hours are kept static for the purpose of calculating the effects of improving one factor (DER)	Month	1	2	3	4	5	6	Total
	Tech Hours Worked (actual)	3,512	3,512	3,512	3,512	3,512	3,512	
	Workable Hours	14,781	14,781	14,781	14,781	14,781	14,781	
	Additional Potential Sold Hours (using 2% DER increase)	73.2	74.7	76.3	77.8	79.4	81.0	462.4

For this service department, just by taking corrective actions to reduce dwell time on their outliers, a 14.44% drop in total dwell time could be reached. Remember that some of these actions will also affect ROs that currently didn't fall into the outlier category, so those changes will likely be of even a greater impact on DER over time.

Knowing that each service department may face different challenges, KEA's Impact Analysis program is designed to leverage the specific data that exists in your DMS to find ways to improve your baseline performance and to become a more consistent and predictable operation.

Make a big impact on customer service, technician proficiency, effective labor rate, total absorption, and your dealership's bottom line with a KEA Impact Analysis.