



**AMERICAN  
TRUCK DEALERS**  
*A DIVISION OF NADA*

# Reduce Cycle Time and Close Repairs Orders Quickly



**Robert Atwood**

*Instructor / Academy*

NADA / ATD

Tysons, VA

703-821-7212

[batwood@nada.org](mailto:batwood@nada.org)

The views and opinions presented in this educational program and any accompanying handout material are those of the speakers, and do not necessarily represent the views or opinions of NADA. The speakers are not NADA representatives, and their presence on the program is not a NADA endorsement or sponsorship of the speaker or the speaker's company, product, or services.

Nothing that is presented during this educational program is intended as legal advice, and this program may not address all federal, state, or local regulatory or other legal issues raised by the subject matter it addresses. The purpose of the program is to help dealers improve the effectiveness of their business practices. The information presented is also not intended to urge or suggest that dealers adopt any specific practices or policies for their dealerships, nor is it intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.

## Reduce Cycle Time and Close ROs Quickly

- If we could reduce cycle time and close ROs quickly, what are the benefits?
- Customer Benefits: \_\_\_\_\_ means \_\_\_\_\_
- Shop Benefits: Efficiency, \_\_\_\_\_, Customer \_\_\_\_\_, Increased Throughput
- **Cycle Time:** The time required to initiate, work on, and complete a repair, i.e., time from initial customer contact with the service department to invoice to the customer.
- **Cycle Time** is critical for an improved customer experience and repair order profitability.
- **Dwell Time:** Looking at the repair order, this is the time from Open to Last Punch.
- **Dwell Time:** In other words, this is the amount of time it takes to produce the actual repair.

## Reduce Cycle Time and Close ROs Quickly

- **Cash Gap:** Defined as the gap between the time the technician is paid, through payroll, and the repair order is actually paid.
- **Cash Gap** must be financed. The larger the cash gap, the more interest a company must pay.
  
- **Financial Impact of keeping repair orders open:**
  - ROs open more than 6 days can cut both labor and parts margins by up to \_\_\_\_%.
  - ROs open up to 30 days can cut both labor and parts margins by up to \_\_\_\_\_%.
  - ROs open up to 60 days could cut labor margins by \_\_\_\_\_% and parts margins by up to \_\_\_\_\_%.

## Reduce Cycle Time and Close ROs Quickly

- The dealership determines, accurately, what the: Cycle Time, Dwell Time, and Cash Gap is, by performing a comprehensive \_\_\_\_\_ that looks at \_\_\_\_\_ times.

- Example:

$$\begin{array}{l} \text{Average Repair Time (RO)} \quad \underline{6 \text{ Hours}} \\ \text{Total Cycle Time (3 Days)} \div \underline{72 \text{ Hours}} \\ \text{Equals} \quad \quad \quad = \underline{8.3\%} \end{array}$$

In other words, the customer is paying for 8.3% of the time that the dealership had the truck. WOW!

## Reduce Cycle Time and Close ROs Quickly

- Recent data from 200,414 repair orders, Class 6 & 8, from 99 roof tops in all regions. Top 25%:

Customer Pay: Dwell Time      2.4 Days

Cycle Time                      7.7 Days

Warranty Pay: Dwell Time      3.6 Days

- Cycle Time      9.6 Days

What are the causes of high cycle time?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## Reduce Cycle Time and Close ROs Quickly

What are the causes of high cycle time?

- Technicians being paid hourly or salary

Paid to come work?

Incentive to be more productive?

Hours sold, shown on R. O. when given to tech?

Possibility of a Flat Rate shop?

- Lack of parts

Tracking of lost sales?

Emergency purchase versus stock order?

- Not keeping the RO live

Using Asist, Decisiv, On Command-  
Repair Management?

Allows the service advisor to keep the customer  
undated.

## Reduce Cycle Time and Close ROs Quickly

What are the causes of high cycle time?

- Lack of estimates

Is there a parts and labor pricing guide?

Does the service advisor check on parts availability

Is an estimate given to every customer?

- Lack of triage

Do you have triage?

Does every truck go through triage?

Does service writer assign work to the triage technician?

Do you check and verify bulletins?