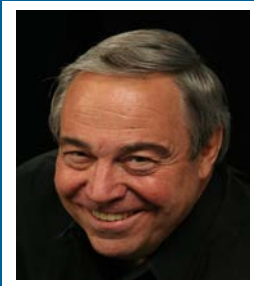


Reduce Cycle Time and Close Repairs Orders Quickly



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#ATD2016

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Reduce Cycle Time and Close ROs Quickly

- If we could reduce cycle time and close ROs quickly, what are the benefits?
- Customer Benefits: Reduced Downtime means Improved Uptime
- Shop Benefits: Efficiency, Cash Flow, Customer Retention/Satisfaction, Increased Throughput

Reduce Cycle Time and Close ROs Quickly

Let's begin by defining three terms:

- Cycle Time
- Dwell Time
- Cash Gap

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- **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.

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- **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.

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- **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.

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Financial Impact of keeping repair orders open:

- ROs open more than 6 days can cut both labor and parts margins by up to 5%.
- ROs open up to 30 days can cut both labor and parts margins by up to 8%.
- ROs open up to 60 days could cut labor margins by 35% and parts margins by up to 65%.

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- How does the dealership determine, accurately, what the:
 - Cycle Time, Dwell Time, and Cash Gap actually is?

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- The dealership can accurately determine cycle time, dwell time, and cash gap by having the service manager perform a comprehensive electronic repair order analysis that looks at punch times.

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- Example:

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

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

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- 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
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Cycle Time	7.7 Days
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Warranty Pay: Dwell Time	3.6 Days
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Cycle Time	9.6 Days
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Reduce Cycle Time and Close ROs Quickly

What are the causes of high cycle time?

- ?
- ?
- ?
- ?
- ?

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What are the causes of high cycle time?

- Lack of triage
- Lack of estimates
- Not keeping the RO live
- Lack of parts
- Technicians being paid hourly or salary

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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?

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What are the causes of high cycle time?

- Lack of parts

Tracking of lost sales?

Emergency purchase versus stock order?

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What are the causes of high cycle time?

- Not keeping the RO live
Using Asist, Decisiv, On Command-
Repair Management?
- Allows the service advisor to keep
the customer undated.

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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?

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What are the causes of high cycle time?

- 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?

Questions ?

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