

Top Tips Run the Best Shop

Establishing and monitoring key performance indicators (KPIs) can help you better understand shop operations and offer insights into boosting profitability and growing your shop. Drawing on tangible and actionable data can provide the clarity needed to uncover inefficiencies, make informed decisions, and grow your shop.

This article provides essential tips for running a successful automotive shop by leveraging KPIs. Read on to learn more about KPIs to track, ways to improve efficiency, and useful industry benchmarks from a Ratchet+Wrench industry survey sponsored by AutoZone.

1

Monitor technician productivity.

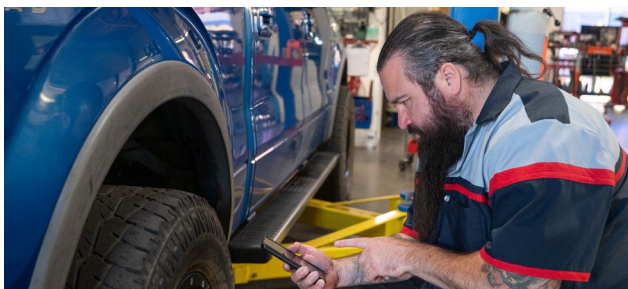
Time is money, and technician productivity measures the percentage of a tech's available hours spent on revenue-generating work, directly impacting revenue. Implementing a more efficient scheduling system or ensuring the timely delivery of parts can significantly boost productivity. Low productivity can help uncover deeper issues, such as inefficient scheduling or delayed parts. Even minor fixes help streamline processes so techs spend more time on revenue-generating work. With VIN scanning on AutoZonePro's mobile app, techs capture vehicle information on-site. This not only saves time but also reduces errors associated with manual data entry. It is sent directly to the desktop, reducing the need for handwritten estimates. The industry average for technician productivity is 80-90%, and the optimal benchmark is over 90%.



2

Dig into technician efficiency.

While technician productivity reveals the amount of time utilized for work, technician efficiency tracks how quickly and accurately a technician performs a job compared to the expected time. Digital



parts ordering can help streamline technicians' access to parts, vehicle information, and repair orders. Well-prepared repair orders and good communication between service writers, techs, and other decision-makers within the shop also reduce wasted time. The industry average for technician efficiency is 80-99% compared to an optimal benchmark of 100% or more.

3

Understand the average hours per repair order.

Being busy is not the same as being productive, and the average hours per repair order KPI, or H/RO, reveals whether a shop is maximizing billable work per ticket or not. Tracking average hours per repair order helps identify whether technicians are working efficiently and if the shop is maximizing its billable hours. Many shops focus on volume, but high-performing shops focus on thoroughness and productivity, and the goal is to have the number of hours billed exceed the number of hours worked. The national average of hours per RO is roughly 1.8–2.4, but many shops can do better. Standardizing procedures, improving communication, and reducing time-wasting behaviors improve H/RO.

4

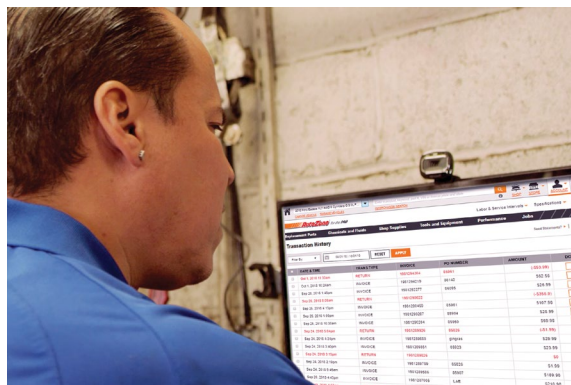
Know the average repair order.

Closely tied to H/RO is the average repair order, or ARO, which is the total cost of monthly repair orders divided by the number of orders and tracks the average dollar amount per invoice. A higher ARO often indicates better inspection practices, clear documentation, and a well-trained service team that can explain the long-term value of larger repairs. The optimal benchmark is \$400 or more, but the industry average is \$200-\$399.

5

Track the shop's gross profit on parts.

In addition to knowing your average repair order, you should track the gross profit on parts — the difference between the revenue of a job and the cost of completing it (as it relates to parts, excluding all overhead costs). Making a parts matrix is the best way to increase gross profit on parts. A parts matrix is essentially a spreadsheet that describes each markup for parts of different prices, allowing shop owners to achieve specific gross profit percentages on every part sold. Taking advantage of discounts on parts can help shops improve their gross profit on parts. AutoZone's digital ordering platform automatically displays offers and promotions, making it easy to see all available deals. As a benchmark, the industry average on gross profit on parts is 50-59%, but the optimal benchmark is 60% or higher.



6**Boost your net promoter score.**

Customer retention is often overlooked, but it is one of the most powerful indicators of long-term success. The net promoter score gauges customer loyalty by measuring on a scale of 1 to 10 how likely clients are to recommend your shop. Customers demand speed, accuracy, and reliability, and setting realistic expectations directly impacts their satisfaction. Visibility into parts orders can improve scheduling and boost technician productivity. On AutoZonePro.com, users can check an order's status and see estimated delivery times once the driver has left the store.

To determine your net promoter score, create a survey and rate every 0-6 answer as a detractor, 7-8 answers as a passive customer, and 9-10 as a promoter. Once the results are tallied, subtract the detractor percentage from the promoter percentage. The industry average is 60-80%, but you should strive for 90% or more.

7**Use net profit numbers to guide strategy.**

The ultimate KPI is net profit, which shows what's left after all expenses are paid. Improving net profit requires strategic planning across all areas of the business. That means everything from budgeting effectively to hiring the right team. One of the most underestimated levers to improve net profits is having strong vendor relationships. Strengthening relationships with key vendors that service your shop can benefit the bottom line. The industry average is 10-14%, but ideally, it should be 15% or higher.

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