Measuring Productivity

MAPLE
ASSOCIATES

Purpose

In order to help your Service Manager understand how well they are managing their technician resource base, we need a simple measure that accounts for the entirely acceptable factors that prevent any technician from completing billed work. Once we have removed all of the acceptable reasons for non-billing, we are left with the actual hours that the workshop manager has available for each technician to be carrying out billed work. This means that we can help assess the management of available technicians much more accurately.

Traditional Measure Vs Productivity

Traditional Measure

Most service managers attending academy workshops use this traditional measure to assess how well they are managing their resource:

$$\frac{\text{Total Hours Sold}}{\text{Total Hours Paid}}$$

Whilst useful for financial calculations, this is simply not focused enough for management decision-making, as a result of between 65%-80% will be treated as "somewhere about right".

Productivity Rate

Here, the workshop manager can produce a realistic figure that represents the actual productivity of the technician, based on the hours he is available for billed work.

$$\frac{\text{Hours Sold}}{\text{Total Hours Paid - Acceptable Unapplied Time}}$$

By taking the "acceptable unapplied time" out of the equation, we produce a figure that reflects how well the service manager is utilising his technician resource. Now we are dealing with a result of between 90% and 100%, with 95% productivity being an entirely acceptable target.

Basic Principle

All technicians are income generators, but all must occasionally spend time doing unbilled activities. Decide which are acceptable and remove them from the available time. The remaining time is all billable and we should therefore strive to maximise the result.

Defining Acceptable Unapplied Time – Consider the following:

Training, Maintenance, Holiday Leave, Supervision etc etc

Defining Unacceptable Unapplied Time – Consider the following:

Unallocated, Sick, Rework, Complaints Handling, "not known" etc etc.