

Watching All the Numbers

Understanding what is aligned with or affected by an area of focus is the first step in resolving concerns. Sometimes improving a process in one area negatively impacts another, giving the appearance that no improvement was made at all. We have all heard about the domino effect and it is certainly a factor in making positive changes in collision center operations.

I once worked with a shop on increasing paint hours per RO, and through conscious effort they were able to achieve their goal. However, they did not see the increase in profitability they expected by this improvement. While raising their paint hours per RO was a positive step towards improving paint profitability, it caused a negative effect on another metric. When we looked at the aligned areas, we found paint sales per RO had dropped several dollars per paint hour because of third party payers' paint thresholds causing a negative effect to the paint hour increase. While paint thresholds can be overcome through job costing and other processes, you have to know it is happening, which is why it is important to watch all the numbers that affect an area of profitability.

Shop owners have asked me for help to improve their booth cycle time, which can be accomplished between some time management and process refinement. An important thing to keep in mind, however, is that working through the steps and becoming more efficient might not give the results expected. Improving booth cycle time is only one part of the equation to increase paint department throughput. Often the problem isn't the booth cycle time but what is being painted during a particular booth cycle. I tend to give someone a quizzical look when they are asking for help with booth cycle time while painting one bumper at a time. If you can decrease your booth cycle time along with increasing the number of vehicles painted per booth cycle, you are on the way to a serious win. Without maximizing booth capacity by painting multiple ROs per cycle, you will not gain the throughput most shops need to achieve their goals.

Working with shops on paint and material cost is also an area where the fix might not be where the focus is being applied. As I talk with managers, I learn that their sight is often solely on paint, or liquid as we refer to it, which is at times the culprit. I then realize there is more to the story as I walk through the body shop to get to the paint shop and investigate. I see one technician using body filler A and another using body filler B, then another using sandpaper A while another is using sandpaper B. Having multiple brands of the same products drives up material or allied costs. The increased cost is often in the backup inventory where stocks are maintained to insure items are available when needed. Just focusing on the liquid part of paint and materials will not solve a cost issue if allied isn't controlled as well. The best way to solve this issue is by having separate accounts set up for liquid, allied and supplies so you can see when costs fluctuate and help identify the cause.

The three examples I illustrated are common in the requests I get for assistance. Most often I don't end up working on the reason I am called into a shop because when I look at all the numbers involved, I am usually pointed in a different direction. Today my goal was to show you all is not lost if you make a change and don't notice improvement. Realize that the issue might not be with the improvement you made but rather how it may have affected another area. Focusing on the areas surrounding your concern and understanding how they might be impacted before you make the change will make your process improvement more valuable and your business more efficient.