



CAPRICORN
...it's just easier!™

Other resources in step 5f:

- No other resources available

Selling a job for what it is worth

Charge for expertise and knowledge – not hours worked

A late model vehicle arrives in your workshop, with a technical problem not experienced before in your workshop. That's not unusual in an aftermarket workshop.

A competent and professional workshop will have processes in place to properly manage every job, and while most will have systems in place to track every hour spent on the job, there remains a great deal of confusion about how to charge out labour for a unique technical problem. More confusion follows when jobs which may have taken a lot of time and diagnostic skill to resolve first time around, become easier and take less time as a result of your experience and knowledge.

Therefore, should subsequent customers pay less for the expertise your workshop has accumulated, by being charged only the labour time spent on the job?

Here's some different scenarios:

Nut it out in-house

The basics are checked, information is sought and wiring diagrams obtained.

Technician hours mount as they follow a diagnostic process, checking wiring and testing components. They may have decided that a part needs replacing, but find that it doesn't totally resolve the issue and more research is needed.

The problem is ultimately tracked to a bad relay or earth supply, or perhaps a faulty component that may not have been suspected to start with.

More than five hours have been spent on the job, plus some parts, before the problem is resolved.

Now comes the big question – what charge will go on the invoice?

Based on the time spent and parts used, a bill of around \$750 or more, depending on the parts used, could be justified.

But concentrate on the labour component.

There is a tendency for many workshops to undervalue their time and expertise when working on these types of jobs. If the workshop considers itself professional and competent, doesn't it follow that the time spent on the job should be reflected in the invoice? In this case, the labour charge should be \$500 if the labour rate is \$100 per hour.

Now with the advantage of experience

The next day, another vehicle comes in with the same problem as the one above.

With the advantage of experience, the basics are checked, after which the technician on the job zooms straight to the faulty wiring or part. It's confirmed and rectified, the vehicle is reassembled and it took just 2.5 hours – half the time thanks to experience and knowledge acquired by the workshop.

What charge goes on the invoice this time? The same job, first time around, generated a \$500 labour charge.

Seeking external help

The following day, another vehicle, same problem.

This time, after the basics are done, information is sought from an external source.

There are many ways to source great technical information. It may be as easy as phoning a friend or logging into the TaT website or perhaps even scouring the web.

In this case, a similar case study is found on the TaT website, and it leads directly to the repair solution.

This time only 1.5 hours were spent solving the problem.

What charge goes on the invoice this time?

Before the answer is given, here's a more predictable job most workshops do regularly – timing belts.

The first time, a late model car with twin cam and variable cam timing may take five or six hours which should be charged out accordingly.

The next one of course is a little easier and with a newly purchased tool the timing belt job is done in 4.5 hours.

By the time the third similar vehicle arrives for the same repair, the workshop is able to complete the job in just 3.5 hours.

What is the charge?

It should be around the same as that charged on the first of the above jobs, because that is what the job is worth.

This is common practice with another common job, front brakes. Most, if not all, workshops have a standard time to replace front pads and machine rotors and it rarely takes the full allocated time to do the job, but the standard amount is charged because that's what the job is worth.

The answer

Every job is worth a certain value, in which the labour time should play only a small part in determining that value.

Imagine two different technicians – one is very inexperienced and slow, the other is very experienced. Are they charged out based solely on the time they spend on the job? Let's hope not.

If jobs are charged out based purely on time spent, it would be to the workshop's advantage to employ only very inexperienced and slow workers and not to invest in tools or equipment. That way, each job takes much longer than it should, and the workshop might feel comfortable charging out that long labour time. But that's not very ethical, or rewarding for the staff or the business in the long term.

Labour should be charged out based on what a job is worth, not how long it takes.

This same philosophy should be applied to all types of jobs – including highly technical jobs involving advanced diagnostics.

Workshops that follow these principals will soon see that employing and training good staff and investing in the latest equipment, tools and information sources, will be best equipped to cope with the rapidly changing future vehicle landscape.

In the example given at the start of this story, it would be reasonable to assume that the value of the job, regardless of the scenarios listed, should be \$500 labour plus parts.

By this reasoning, the formula for arriving at a job value should be based on the length of time it takes a competent and professional workshop to diagnose and successfully solve a problem when faced with it for the first time.

The place to start is www.tatbiz.net.au/capricorn

Just go for it!