STRETCHLEARN · WORKBOOK

Auto Repair Shop Management — Workbook

This workbook turns the course into the actual numbers and systems you need to run a profitable auto repair shop. Work through each section as you progress: calculate your effective labor rate, build your parts margin matrix, design your service-advisor and inspection process, and benchmark your P&L. The templates are built to be filled in with your own shop's figures and reused every week.

How an Auto Repair Shop Makes Money

Separate your three profit centers and prove your car count and average repair order can hit your revenue target before you spend on marketing.

Exercise: Find Your Real Effective Labor Rate

Pull last week's numbers from your shop-management system or invoices and calculate the rate you actually earn per hour, not the rate you post. Be honest and include every discounted, warranty, and internal ticket.

• What is your posted door rate per hour, and what total labor dollars did you actually collect last week (parts and sublet excluded)?

• How many flat-rate hours did your technicians flag and you bill last week in total?

• Divide labor dollars by billed hours: what is your effective labor rate, and how big is the gap to your door rate?

• Multiply that gap by your weekly billed hours and then by 50 weeks. How much margin is leaking out of the building every year?

Worksheet: Revenue Target Model

Reverse-engineer how many cars and what ticket size you need to hit your monthly revenue goal, then check it against your physical capacity. Use realistic figures, not best-case.

Monthly revenue target (dollars)

Current average repair order / ARO (dollars)

Cars needed = target divided by ARO

Working days per month

Cars needed per day

Number of productive technicians

Realistic flagged hours per technician per week

Total weekly billable-hour capacity (techs x hours)

Effective labor rate (dollars)

Max monthly labor sales at capacity

Is the target physically achievable? (yes / no / add techs)

Checklist: Profit-Center Discipline Check

[ ] I track labor, parts, and sublet as three separate lines, not one blended sales number
[ ] I calculate my effective labor rate every week, not once a year
[ ] I know my current average repair order and watch it trend over time
[ ] I know my realistic weekly billable-hour capacity
[ ] I have identified which lines (oil, tires) are loss leaders and which are profit
[ ] I bill diagnostic time as a real labor line instead of giving it away

Flat-Rate Labor and Parts Margin

Standardize how you bill labor and build the parts margin matrix that protects your gross profit on every ticket.

Exercise: Audit One Real Repair Order for Margin

Take a completed repair order from this week and break it apart to see exactly what margin you earned on labor and parts. This reveals where you are quietly undercharging.

• What were the book hours from your labor guide, and did you bill all legitimate operations or forgive any time?

• What did you pay your technician for the flagged hours, and what was your labor gross profit percentage?

• For each major part, what was your net supplier cost and your selling price? What was the margin percentage on each?

• Did any small part get doubled instead of marked up enough to cover handling, or any big part overpriced to the point it risked the sale?

Worksheet: Technician Productivity Tracker

Calculate productivity for each technician for one week so you can see who is producing and where workflow is stealing flagged hours.

Technician name

Pay model (flat-rate / hourly / hybrid)

Pay rate (dollars per flagged hour or hourly)

Hours present and available this week

Flagged hours produced this week

Productivity percentage (flagged divided by present)

Labor dollars produced

Labor cost paid

Labor gross profit percentage

Top reason for any lost hours (parts wait / dispatch / comeback / diagnostic)

Worksheet: Parts Margin Matrix Builder

Define the markup or target margin for each cost tier, then spot-check it against three real parts you sold this week to confirm your blended margin lands near 50 to 55 percent.

Tier 1 cost range 0 to 5 dollars: target markup (3x to 4x)

Tier 2 cost range 5 to 50 dollars: target margin percent

Tier 3 cost range 50 to 250 dollars: target margin percent

Tier 4 cost range 250 dollars and up: target margin percent

Test part A: cost, tier, selling price, margin percent

Test part B: cost, tier, selling price, margin percent

Test part C: cost, tier, selling price, margin percent

Blended parts gross profit this week (percent)

Checklist: Labor and Parts Pricing Standards

- [ ] All advisors use one labor guide and one door rate for consistent quotes
- [ ] We honor combination and overlap labor times but bill every distinct operation
- [ ] A shop minimum (0.5 to 1.0 hour) is applied to small jobs
- [ ] The parts matrix is loaded in the shop-management system so pricing is automatic
- [ ] I maintain two or three supplier accounts and compare cost on big-ticket parts
- [ ] I audit the matrix against actual supplier costs at least quarterly

The Service Advisor and the Sale

Design the inspection, estimate, and workflow process that lets the advisor sell declined work honestly and keep cars moving.

Exercise: Script Your Three-Tier Estimate

Take a recent digital inspection with multiple findings and practice grouping it into a prioritized estimate the customer can act on a piece at a time.

• Which findings are Tier 1 safety-and-now, and how would you lead with them without scaring the customer?

• Which are Tier 2 soon, and what realistic timeframe would you give for each?

• Which are Tier 3 later, and how do they set up the next visit?

• Write the exact sentence you will say after stating the total price, then commit to staying silent and letting the customer respond.

Worksheet: Digital Inspection Standard

Define your non-negotiable multi-point inspection so every car gets the same treatment and the ARO lift actually materializes.

Inspection tool in use (AutoVitals / Tekmetric DVI / Shop-Ware / other)

Number of inspection points checked on every car

Items requiring a photo when yellow or red

Color-coding standard (green / yellow / red definitions)

Point in workflow where inspection is sent to customer

Rule: can a car be quoted before the DVI is complete? (no)

Where inspection photos are stored for liability protection

Worksheet: Repair Order Workflow Stages

Map your repair-order stages and assign who owns each one, so no car stalls unseen in awaiting-parts or awaiting-approval.

Stage 1 name and owner (scheduled / check-in)

Stage 2 name and owner (inspection)

Stage 3 name and owner (estimate sent / awaiting approval)

Stage 4 name and owner (in repair)

Stage 5 name and owner (awaiting parts)

Stage 6 name and owner (quality control / test drive)

Stage 7 name and owner (ready for pickup)

Daily limit on diagnostic slots vs. known-time maintenance jobs

Checklist: Advisor and Workflow Standards

[ ] Every car receives a complete digital inspection with photos, every visit
[ ] Estimates are presented in three prioritized tiers, never a wall of line items
[ ] Parts and labor are always shown separately, never hidden in a lump sum
[ ] We get and log written or text approval before any additional work
[ ] Parts are staged before the technician is assigned the job
[ ] Every car gets a final quality-control check and test drive before pickup

Profitability, Systems, and Customer Trust

Benchmark your P&L, configure your systems to enforce your numbers, and build the warranty, follow-up, and reputation engine that retains customers.

Exercise: Benchmark Your P&L

Pull your most recent monthly profit and loss statement and compare each key line to the course benchmarks to find your single biggest opportunity.

• What is your total gross profit as a percent of sales, and how far is it from the 50 to 55 percent target?

• What are your separate labor gross profit and parts gross profit, versus the 65 to 75 and 50 to 55 percent benchmarks?

• What is total payroll as a percent of sales, and is it under 30 percent?

• Comparing the last three months, which line is drifting the wrong way, and what one lever will you push first?

Worksheet: Monthly P&L Benchmark Card

Record your actuals next to the benchmark each month so drift is visible early, while there is still time to correct it.

Total sales (dollars)

Labor sales / parts sales / sublet sales

Cost of labor (dollars and percent of labor sales)

Cost of parts (dollars and parts GP percent)

Total gross profit (dollars and percent) vs. 50-55 target

Labor GP percent vs. 65-75 target

Parts GP percent vs. 50-55 target

Total payroll percent vs. under-30 target

Rent percent vs. 8-10 target

Net profit (dollars and percent) vs. 10-20 target

Worksheet: Systems and Retention Setup

Confirm your core systems are configured to enforce your standards and your retention engine is actually running, not just intended.

Shop-management system in use (Tekmetric / Shop-Ware / Protractor / Shopmonkey / other)

Parts matrix, door rate, and shop minimum loaded? (yes / no)

Supplier accounts connected for live cost (NAPA / O'Reilly / WorldPac / dealer)

Accounting software and integration (QuickBooks Online / other)

Labor-guide subscription (Mitchell 1 / ALLDATA)

Warranty offered and posted (e.g. 24 months / 24,000 miles, NAPA AutoCare / TechNet)

Automated thank-you and how-is-it-driving message after major repairs? (yes / no)

Service-due reminders tied to declined work? (yes / no)

Google Business Profile review ask at pickup and response process? (yes / no)

Checklist: Trust and Reputation Standards

[ ] A strong parts-and-labor warranty is clearly posted and honored without nickel-and-diming
[ ] Inspection photos are kept as documentation of what we found and recommended
[ ] We send an automated follow-up after every major repair
[ ] We send service-due reminders built from declined and tier-three findings
[ ] We ask for a Google review in person at pickup, made one-tap with a link or QR code
[ ] We respond calmly and professionally to every review, especially negative ones
[ ] Comebacks are tracked and driven toward zero, and disputes are handled as recovery opportunities

Your Action Plan

1. Calculate your true effective labor rate from last week's numbers and identify the discount and giveaway leakage closing the gap to your door rate.
2. Build and load a tiered parts margin matrix into your shop-management system so every part is priced automatically at a 50 to 55 percent blended margin.
3. Set a shop minimum and standardize on one labor guide and one door rate across all advisors for consistent, defensible estimates.
4. Make a complete photo digital vehicle inspection a non-negotiable step on every repair order, tied to the workflow so no car can be quoted without it.
5. Train advisors to present every estimate in three prioritized tiers, show parts and labor separately, and stay silent after stating the price.
6. Map your repair-order workflow stages, stage parts before assigning jobs, and cap daily diagnostic slots so cars do not stall.
7. Pull your monthly P&L, benchmark labor GP, parts GP, payroll, and net against course targets, and pick the one lever to fix first.
8. Configure your systems end to end: matrix, supplier accounts, accounting integration, labor guide, automated messaging, and inspections.
9. Adopt and post a strong 24-month or 24,000-mile parts-and-labor warranty and turn on automated follow-up and service-due reminders.
10. Build the Google review habit at pickup, respond to every review, and track comebacks toward zero to protect both ELR and reputation.