



CAPACITY | TORQUE POINT INSIGHT

Capacity Is Not a Headcount Problem

Productivity, Efficiency and Proficiency - Three Different Questions

Why dealerships can be "busy," technicians can look productive, and the workshop can still leave thousands of dollars on the table every day.

**A full parking lot does not prove you have a capacity problem.
Sometimes it proves you have a flow problem.**

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The capacity trap

A common fixed-operations conversation starts like this: "We need more technicians. We need more bays. We are at capacity." That conclusion may be correct - but it should never be the starting point.

Before adding payroll, lifts, square footage or another shift, a leader should ask: Are we actually using the capacity we already own?

Capacity cannot be understood through one KPI. Productivity, efficiency and proficiency answer three different management questions. Confusing them can lead to the wrong diagnosis and the wrong investment.

1. Productivity: Are technicians working on revenue-producing work?

Productivity = Hours worked on jobs / Hours available. It shows how much of a technician's available time is converted into active job time.

If a technician is available for 8 hours but spends only 5.5 hours actively working on assigned jobs, productivity is 68.8%. The missing time may be hiding in dispatch, parts, approvals, estimates, keys, technical support, vehicle movement or poor appointment loading.

Management question: What is stopping the technician from working?

2. Efficiency: When technicians are working, how fast do they produce sold hours?

Efficiency = Sold hours / Hours worked on jobs. It measures the conversion of actual working time into billable output.

A technician who works 6.5 hours and produces 8.0 sold hours is 123% efficient. But high efficiency alone does not prove the shop is using its full capacity. A technician can be extremely efficient while still losing hours between jobs.

Management question: When the technician is working, how effectively is that time converted into sold hours?

3. Proficiency: What did the technician produce versus the full time available?

Proficiency = Sold hours / Available hours. This is the overall output view. It connects productivity and efficiency and shows how much sold-hour production the technician generated against the total time available.

If a technician is available for 8 hours, works 6.5 productive hours and produces 8.0 sold hours, proficiency is 100%. The technician generated sold output equal to the full available day.

Management question: How much total sold-hour output did we generate from the capacity we paid for?

Metric	Formula	What it exposes
Productivity	Worked hours / Available hours	Workflow loss and idle time
Efficiency	Sold hours / Worked hours	Conversion speed and technical/process performance
Proficiency	Sold hours / Available hours	Overall technician capacity output

The insight most dashboards miss

Two technicians can produce almost the same sold hours and still have completely different performance stories. Looking at only one metric can hide the real leak.

	Tech A	Tech B
Available hours	8.0	8.0
Hours actively worked	7.0	5.0
Sold hours	7.7	7.5
Productivity	87.5%	62.5%
Efficiency	110%	150%
Proficiency	96.3%	93.8%

Tech B looks spectacular if management watches efficiency alone: 150%. But productivity is only 62.5%. The opportunity may not be to make the technician faster; it may be to remove the three hours of daily friction surrounding the work.

Productivity x Efficiency = Proficiency. How often the technician is working multiplied by how effectively that working time produces sold hours determines the overall output against available time.

The hidden capacity leaks

Appointment loading: Are the right jobs arriving at the right times?

Dispatch & WIP: How long does an RO wait before a technician actually touches the vehicle?

Parts availability: How many minutes disappear into lookup, picking, backorders or incomplete pre-pulls?

Approval cycle: How long does the technician wait after inspection for customer authorization?

Skill-to-job matching: Are diagnostic and heavy-line jobs routed to the right competency?

Bay & vehicle movement: Are technicians repairing vehicles - or searching for keys, cars and parking spaces?

Rework / F1 quality: Every comeback consumes future capacity without creating new demand.

A capacity calculation that changes the conversation

Assume a workshop has 12 technicians, each available for 8 hours per day. The theoretical daily capacity is 96 technician-hours.

If the shop currently produces 72 sold hours per day, overall proficiency is 75%. Before recruiting more technicians, ask what happens if the existing operation reaches 90% proficiency.

Current sold hours	72.0
Sold hours at 90% proficiency	86.4
Recoverable capacity	+14.4 hrs/day
At \$190 labor door rate	\$2,736 labor sales/day
Over 22 working days	\$60,192 labor sales/month

The point is not that every store can automatically recover 14.4 hours. The calculation creates a diagnostic lens: the financial value of fixing flow can be larger than the value of immediately adding headcount.

When should you actually add capacity?

Add technicians, bays or shifts when demand is consistently constrained after the existing system is operating well: strong productivity, healthy efficiency, high proficiency, sustained appointment demand, controlled waiting time, and a business case showing that incremental capacity will be filled profitably.

Do not add permanent cost to compensate for a process-created bottleneck.

The manager's daily capacity huddle

1. How many technician hours are available today?
2. How many sold hours are already committed, by pay type (CP, WR and INT)?
3. Where is today's idle or waiting time accumulating?
4. Which jobs are blocking bays or technician flow?
5. What action will recover capacity before the day is over?

The leadership takeaway

Capacity is not simply the number of technicians multiplied by eight hours. Real capacity is what your operating system can repeatedly convert into safe, high-quality, profitable sold hours.

Productivity tells you whether technicians are working. Efficiency tells you how effectively working time becomes sold time. Proficiency tells you what the technician ultimately

produced against the full available day.

Put the three together and the conversation changes from "we need more people" to "where exactly is our capacity leaking?"

Before you buy more capacity, make sure you are not already paying for capacity you are failing to use.

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