

# Are You Turning the Lights Out on Profitability?

A lesson learned from a father who was a mechanic translates to precision machining; the value that the customer receives is what they pay for.

Growing up with a father as a mechanic has a balance of pros and cons. On one hand, having someone in the house who can fix anything with what seemed like a paperclip and pocket lint is handy but, being a mechanic usually requires a lot of time away from home. Having a dad who decided to open his own shop when I was in the 6th grade only added to the amount of time away, however, he was able to give me my first job making real money. It was not my first job ever, but a chance to make a nice amount of money for a kid going into high school.

Working for my dad was tougher than I thought it was going to be. I went from spending evenings with him to spending an extra five hours a day with him. Sometimes we rubbed each other the wrong way but I would not trade it for the world; he taught me about a strong work ethic. He also gave me the gift of the ability to use my hands and tools in a way that, 15 years later, I still use.

But my greatest lesson from my dad was his understanding of value, and it is a lesson that I took to heart. It was the greatest lesson he taught me. One day I asked him, "Dad, why do you charge two hours of labor for something that only took you 30 minutes?" I remember seeing this many times before I decided to ask that question. If you are a shop with a lightly attended program or lights out, you too need to hear this lesson because it will help you keep your business profitable and not let the market steal your value.

It used to really irritate him when people would wait for their car in the lobby, because he would have to park their car in the bay, even though it was fixed, to give the impression that it was still being fixed. My dad owned a three-bay shop at this point so he hated not having the bays in actual use at all times but, when a radiator flush on a Ford Taurus calls for two hours of labor (market standard) and, the customer is going to wait, you have to "show" a work time that matches the invoice time. I learned very quickly that this wasn't a scam. My dad was a great mechanic and over the years had built up a ton of knowledge and skill that allowed him to perform these jobs much faster and in far less time than "standard." Capitalizing on this advantage was the main reason he decided to open his own shop.

Here is my dad's question in response to mine and I will never forget his response as long as I live, "Why should someone else reap the benefit of billing for two hours on 30 minutes of bay time? I spent almost 30 years learning how to do this two-hour job in 30 minutes, so I am getting paid for value, damn the time, Joe." Even in his tired end-of-the-day state, he taught me one of the most valuable lessons I will learn while on this Earth - get paid for the years, not minutes. Get paid for the value add. It is none of the customer's business how the job was done. What is their business is that they are getting the value that they seek. Time on your machines and labor rate and manning per shift is on you. Don't give away your earned hours from lightly attended operations. It is the wisdom, institutional and tribal knowledge that gives you that advantage. There is no need for you to facilitate a pricing race to the bottom. My dad taught me that the value he adds isn't measured in hours, it is measured in his knowledge, and ultimately, that is what the customer is buying. This lesson has helped me see that while my wages might have been measured in hours, my production is measured in value.

Don't sacrifice your shop's earning power on the altar of time justification. Be confident and invoice-based on the value that you add at the market rate, regardless of the "how". Invoicing for market value, not hours spent, put food on the table for this son of an entrepreneur. It is certainly applicable when looking at how to invoice for our shops' lightly attended and lights out operations. Should you be discounting your labor rates "just because" you have invested in "lights out" or "lightly attended?" My dad's example proved to me that your costs should not drive your price. The value that the customer receives is what they pay for. Why shouldn't we be paid for working smarter, not harder? Why should we discount our revenue, just because we are working smarter than others?

Thanks Dad, your lesson on value still resonates with me to this day.



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