

7 Facts About Service Businesses

1. Service businesses primarily sell time, not product or 'jobs'
2. Labour productivity (or labour efficiency) is the most critical statistic in a service business; yet it is rarely monitored or managed
3. Maximising labour productivity is the responsibility of management, not on-the-job staff
4. On average each full time productive staff member has **1,710** hours per annum available for sale calculated as:
 - * **38 hours** per week x **45 weeks** per year = 1,710 hours
 - * 45 weeks is an average based on 52 weeks...
 - ...Less annual leave = 4 weeks
 - ...Less public holidays = 2 weeks
 - ...Less sick/other leave = 1 week
5. Business performance should be monitored and managed **weekly**; monthly, quarterly or yearly is way too late
6. There are 3 crucial numbers in every service business:
 - Gross profit:** Sales minus materials/parts/expenses invoiced
 - Hours sold:** Time is the primary unit being sold
 - Rate per hour:** The contribution to profit of each unit sold
 - * These 3 critical numbers are referred to continually because they are the foundation of the **Profit Rescue System**
7. A service business cannot be managed using an annual or quarterly Profit Statement because this report only shows WHAT happened; it does not show WHY it happened.