



**Manitoba
Public Insurance**

MPI SHOP MEASURES

INFORMATION GUIDE

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The Basics

The collision repair industry in many jurisdictions has been using shop measures for many years to encourage efforts to improve operations and repair quality, and to reduce repair costs.

We are supplying information on six measures that can help show you how effective your shop is at keeping MPI claim costs and administration efforts under control, at satisfying customers and meeting their service expectations, and at completing repairs properly and meeting MPI Estimating Standards, policies and procedures.

The six measures provide a balanced and manageable look at customer service, financial and administrative processes, and quality of repair. Two additional measures will be added in 2017, bringing the total number of measures to eight.

Under the new Light Vehicle Accreditation Agreement, the measures will play an important role in Performance Recognition and participation in the Direct Repair (formerly Distributed Estimating) program.

The six measures are:

- **Supplement Ratio:** This compares the number of supplements submitted by the shop to the number of claims or repairs it does. It gauges the completeness of each supplement. Fewer supplements will reduce overall administrative efforts, making the repair process more efficient. Speeding up the repair process can contribute to customer service and satisfaction.
- **Net Promoter Score:** Following completion of repairs, a customer will receive a telephone survey (AutocheX) asking them to rate their repair experience with the shop. This measure shows overall customer satisfaction by comparing customers who are most satisfied with their repair experience with those who are least satisfied. Customer satisfaction can lead to good word-of-mouth promotion and repeat business.
- **Labour Cost/Total Cost:** This compares the cost of labour to the total cost of the claim. This shows a shop's willingness to repair parts rather than replace, where possible. Repairing, rather than replacing, can have a positive effect on overall margin or profit for the shop.
- **Shop Capability:** This indicates a repair shop's ability to perform a proper repair, through a commitment to training and continuous learning.
- **Ask-Approve Variance:** This looks at how well a shop follows the estimating standards, policies and procedures in preparing estimates and supplements. It compares the dollar amount a shop requests for the repair to the dollar amount approved for the repair. The smaller the difference between the asked and approved amounts, the more closely aligned a shop is with estimating standards.
- **Alternate Parts Usage:** This reviews how closely a shop follows the estimating standards for use of alternate parts. It compares the cost of alternate parts to the total cost of all parts required for a repair. Using alternate parts, whenever cost effective, reduces the overall cost of repair, while maintaining proper repair standards.

All accredited light vehicle repair shops will receive an individualized shop measures report each month that shows your measures for the past month, your average over the past three months, as well as the three-month average for all accredited light vehicle shops.

This report also includes a composite score, a weighted average of your three-month average scores. It provides a single percentage that shows overall performance on all measures for the past three months. After you receive your initial measures report, an MPI shop support representative will contact you to confirm that you received the material and answer any questions you may have.

Composite Score

Your composite score is a single value that is a weighted average of your most current three-month average scores for the six shop measures.

As you can see below, as certain measures are more important to understand your shop's performance, they are more heavily weighted so that they contribute to the composite score more than others. Here is the weighting of all shop measures in the composite score:

| SHOP MEASURE | COMPOSITE WEIGHTING |
|--------------------------------|---------------------|
| Ask-Approve Variance (AAV) | 25 |
| Alternate Parts Usage (APU) | 20 |
| Supplement Ratio (SR) | 15 |
| Net Promoter Score (NPS) | 10 |
| Labour Cost/Total Cost (LC/TC) | 5 |
| Repair Capability (RC) | 5 |
| TOTAL WEIGHTINGS | 80 |

Currently, your weighted scores add up to a value out of 80, and this value is multiplied by 1.25 to achieve a percentage composite. (Next year, two additional measures will be added, at which point the weighted scores will add up to 100.)

The composite is based on your three-month average measures. This longer timeline provides a more stable basis than a monthly score since it is subject to less fluctuation.

The composite score will be a factor in determining eligibility for optional programs such as Direct Repair, and to move within tiers in the upcoming Performance Recognition program. (More information on these programs will be available at accreditedrepair.mpi.mb.ca shortly.)

Supplement Ratio

What it is

This measure compares the number of shop supplements to the number of claims, in the reporting period. It gauges the completeness of estimates and supplements written by a shop.

Why it's important

Fewer, more complete supplements will reduce the overall administrative cost and effort for both the shop and MPI. Complete supplements help shops manage the repair process more effectively, and cause fewer interruptions to repair processes, leading to enhanced customer service and satisfaction.

How it's calculated

The Supplement Ratio measure is calculated as:

$$\text{Supplement Ratio} = \frac{\text{Number of Shop Supplements}}{\text{Number of Claims}}$$

Definitions

Number of Shop Supplements: Repair-shop-generated supplements (not MPI-generated supplements).

Number of Claims: The total claims processed by the shop.

Target

The fewer supplements per claim, the better. For the Supplement Ratio, the closer to zero, the better.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. The Supplement Ratio counts for 15 points towards your composite score.

| | | | | | | | | | | | |
|-------------------------|-------|------|-----|------|---|-----|-----|-----|-----|-----|-------|
| SUPPLEMENT RATIO | <=0.2 | 0.4 | 0.6 | 0.8 | 1 | 1.2 | 1.4 | 1.6 | 1.8 | 2 | >=2.2 |
| COMPOSITE SCORE | 15 | 13.5 | 12 | 10.5 | 9 | 7.5 | 6 | 4.5 | 3 | 1.5 | 0 |

What's excluded

Supplements generated by MPI and hail claims are not included.

Example

Number of Shop Supplements: 80

Number of Claims: 50

$$\text{Supplement Ratio} = \frac{\text{Shop Supplements}}{\text{Claims}} = \frac{80}{50} = 1.6$$

There were 1.6 supplements per claim.

On your composite score, 1.6 counts as 4.5 points out of a possible 15.

Improving your score

You can improve your score by:

- Following MPI Estimating Standards to create complete First Estimates and supplements.
- Including all administrative and repair additions or changes in a single supplement.

Net Promoter Score

What it is

Following a claim repair, customers receive an AutocheX telephone survey asking them to rate their experience with the repair shop. This measure compares customers who are most satisfied with their repair experience to those customers who are least satisfied in order to show overall customer satisfaction.

Why it's important

A high net promoter score shows that a shop is meeting customer expectations and providing a high level of customer service and satisfaction. Good customer service can help generate additional business, benefit a shop's bottom line and benefit the reputation of both the shop and MPI.

How it's calculated

The Net Promoter Score measure is calculated from customer responses to the question: "On a scale of 1 to 10, where 1 is very unlikely and 10 is very likely, how likely is it that you would recommend the shop to a friend or family member?"

Responses are classified into three categories.

| CLASSIFICATION | CATEGORY |
|----------------|--|
| 1-6 | Detractor – not likely to refer the shop (strong negative opinion) |
| 7-8 | Passive – not likely to either promote or criticize the shop |
| 9-10 | Promoter – likely to refer the shop (strong positive opinion) |

Net Promoter Score = Percentage of Promoters - Percentage of Detractors

Target

The higher your score, the better.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. The Net Promoter Score (NPS) counts for 10 points on your composite score. Your NPS is divided by 10 to determine the contribution to the composite score.

Additional information

Values, as reported in your Mitchell report, can range from -100 to +100. On the shop measures report, a negative value is shown as zero. Net Promoter Score is a standard measurement tool used in many industries.

Additional survey questions relate to customer service and customer satisfaction. The survey questions and background information can be found on the [MPI Partners website](#)¹, and you can view full results and reports in RepairCenter.

Examples

| SCENARIO #1 | SCENARIO #2 |
|--|---|
| <p>120 survey responses:</p> <ul style="list-style-type: none">• 12 Detractors (1–6 range) = 10%• 18 Passives (7–8 range) = 15%• 90 Promoters (9–10 range) = 75% <p>75% - 10% = 65%</p> <p>In this example, the NPS is 65 per cent.</p> <p>On your composite score, this counts for 6.5 points out of 10.</p> | <p>200 survey responses:</p> <ul style="list-style-type: none">• 90 Detractors (1–6 range) = 45%• 30 Passives (7–8 range) = 15%• 80 Promoters (9–10 range) = 40% <p>40% - 45% = -5%</p> <p>In this example, the NPS shows as zero (negative scores show as zero).</p> <p>On your composite score, this counts for 0 out of 10.</p> |

Improving your score

Improving customer service should improve your score on this measure. Suggestions include:

- Keeping customers informed of the progress of the repair.
- Scheduling work so that repairs are completed in a timely manner.
- Addressing customer questions.
- Responding to and resolving concerns.
- Ensuring the repair facility is clean and comfortable.
- Ensuring customers understand the AutocheX process.
- Ensuring proper repair.

¹ <http://mpipartners.ca/LightVehicles/PoliciesProcedures/AutocheX.html>

Labour Cost / Total Cost

What it is

This measure compares the cost of labour to the overall cost of the claim, in the reporting period. This shows a shop's willingness to repair rather than replace parts, where cost effective.

Why it's important

Repairing parts where cost effective, rather than replacing, can have a positive effect on overall costs.

How it's calculated

The Labour Cost/Total Cost measure is calculated as:

$$\text{Labour Cost/Total Cost} = \left(\frac{\text{labour cost}}{\text{total cost}} \right) \times 100$$

The calculation results in a decimal figure, which is multiplied by 100 to achieve the final percentage measure.

Definitions

Labour Cost: The total labour cost for all claims.

Total Cost: The total overall cost of all claims.

Target

A score of 45% on this measure, or higher, is considered better.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. The Labour Cost/Total Cost counts for five points on your composite score. The composite scoring is based on the following chart:

| | | | | | | | | | | | |
|-------------------------------|------|-----|----|-----|----|-----|----|-----|----|-----|------|
| LABOUR COST/TOTAL COST | >=45 | 44 | 43 | 42 | 41 | 40 | 39 | 38 | 37 | 36 | <=35 |
| COMPOSITE SCORE | 5 | 4.5 | 4 | 3.5 | 3 | 2.5 | 2 | 1.5 | 1 | 0.5 | 0 |

What's excluded

Hail claims and claims for vehicles with less than 20,000 kilometres.

Example

Labour Costs: \$1,000

Total Claim Costs: \$2,500

$$\text{Labour Cost/Total Cost} = \left(\frac{\text{labour cost}}{\text{total cost}} \right) \times 100 = \left(\frac{1,000}{2,500} \right) \times 100 = (0.4) \times 100 = 40$$

In this example, labour costs account for 40 per cent of the total cost of repair.

On your composite score, 40 per cent counts as 2.5 points out of five.

Improving your score

You can improve your score by:

- Repairing parts, rather than replacing them, where it is cost effective to do so while ensuring a proper repair.

Repair Capability

What it is

This indicates a repair shop's ability to perform a proper repair, through a commitment to relevant training and continuous learning. It confirms technicians have received the required training for their role.

Why it's important

Proper repairs ensure safe vehicles are on the roads, and help protect all Manitobans.

How it's calculated

A shop profile is maintained for all accredited repair facilities through self-reporting, shop visits and I-CAR data. This profile shows if a shop meets the following criteria:

1. Has achieved or is actively working towards I-CAR Gold Class Professional recognition. (A maximum three points are awarded for achieving Gold Class recognition. Points are pro-rated based on the percentage of required courses completed.

$$\text{ICAR} = \left(\frac{\# \text{ courses completed}}{\# \text{ courses required}} \right) \times 3$$

2. Has attended MPI mandated training, such as Estimating Standards training. (One point for attending, zero points for not attending.)
3. Employs technicians with current (less than 5 year old) steel welding certification. (One point for having a current certification, zero points for not.)

Target

The target is to complete all required training, which would give you a full score of five points.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. The Repair Capability measure counts for five points towards your composite score.

Additional Information

More information on required light vehicle training is available at accreditedrepair.mpi.mb.ca.

In addition to Repair Capability, two new measures of Quality of Repair will be added in 2017. These upcoming Quality of Repair measures are:

- Repair Records on File – This will measure how the shop follows correct operational procedures, supported by documentation attached to the claim and timely Mitchell Status updates.
- Repair Accuracy – This will indicate whether a shop is performing proper repairs as per its capability and is following standard repair procedures.

Once the three Quality of Repair measures are active, they will contribute a combined 25 points towards the composite score of 100, broken down as: Repair Capability = 5 points; Repair Records on File = 5 points, and Repair Accuracy = 15 points.

Full details on these upcoming measures will be provided before they are launched.

Example

| COMPONENT TRAINING | HOW SCORED | MAX SCORE | SHOP SCORE |
|-----------------------|--|-----------|---|
| Welding | One point | 1 | 0 |
| MPI-mandated training | One point | 1 | 1 |
| I-CAR | Three points distributed among 60 courses and continuous learning requirements | 3 | 2.5 50 courses complete $(50/60) \times 3 = 2.5$ |
| TOTAL | | 5 | 3.5 |

In this example, the shop scores 3.5 points out of 5 points.

On your composite score, this counts as 3.5 points out of a possible 5.

Improving your score

You can improve your score by:

- Completing all required training.

Ask-Approve Variance

What it is

This looks at how a shop follows MPI Estimating Standards in preparing estimates and supplements. It compares the dollar amount a shop requests for the repair to the dollar amount approved for the repair, in the reporting period.

Why it's important

Knowing and following MPI Estimating Standards and policies and procedures can generate efficiencies in the estimating and supplement process for shops.

How it's calculated

The Ask-Approve Variance measure is calculated as:

$$\text{Ask-Approve Variance} = \frac{(\text{Ask Amount} - \text{Approved Amount})}{\text{Approved Amount}} \times 100$$

Definitions

Ask Amount: The total amount requested (the original net estimate, regardless of whether MPI or the shop creates it, plus any shop-created supplements and without MPI-created recycled parts supplements).

Approved Amount: The final net repair amount.

Target

Achieving a target score of zero demonstrates estimating competency. An absolute value of 2.63 or less is required for Direct Repair eligibility.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. The Ask-Approve Variance counts for 25 points towards your composite score. The AAV can be a positive or negative value, and must be converted to an absolute value to determine the composite.

| AAV SCORE (ABSOLUTE VALUE) | 0% | 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% or more |
|-------------------------------|----|------|------|------|------|-----|-----|-----|---------------|
| CONTRIBUTION TO COMPOSITE | 25 | 21.9 | 18.8 | 15.6 | 12.5 | 9.4 | 6.3 | 3.1 | 0.00 |

What's excluded

Hail claims are not included in this measure.

Additional information

The Ask-Approve Variance is greater than zero when the ask amount is more than the approved amount, most often caused when estimates and supplements contain non-compliant parts or non-compliant labour costs, or are not properly supported with photos and documentation. A negative value means more was approved than was requested, which indicates essential items were missed. A zero variance means the shop asked for exactly what was approved.

Examples

| SCENARIO #1 | |
|---|--------------|
| The shop asked for more than was approved: | |
| First Estimate | \$4,800 |
| Shop Supplements | <u>\$450</u> |
| Total Ask Amount | \$5,250 |
| Total Approved Amount = \$5,000 | |
| $\frac{(\text{Ask}-\text{Approve})}{\text{Approve}} \times 100 = \frac{(5,250-5,000)}{5,000} \times 100 = 5\%$ | |
| Under this scenario, the shop asked for five per cent more than was approved. On your composite score, +5 per cent counts as 9.49 points out of a possible 25. | |

| SCENARIO #2 | |
|--|--------------|
| The shop asked for less than was approved: | |
| First Estimate | \$4,500 |
| Shop Supplements | <u>\$400</u> |
| Total Ask Amount | \$4,900 |
| Total Approved Amount = \$5,000 | |
| $\frac{(\text{Ask}-\text{Approve})}{\text{Approve}} \times 100 = \frac{(4,900-5,000)}{5,000} \times 100 = -2\%$ | |
| Under this scenario, the shop asked for two per cent less than was approved. On your composite score, -2 per cent counts as 18.8 points out of a possible 25. | |

SCENARIO #3

The shop asked for the same amount that was approved:

| | |
|------------------|--------------|
| First Estimate | \$4,500 |
| Shop Supplements | <u>\$500</u> |
| Total Ask Amount | \$5,000 |

Total Approved Amount = \$5,000

$$\frac{(\text{Ask}-\text{Approve})}{\text{Approve}} \times 100 = \frac{(5,000-5,000)}{5,000} \times 100 = 0\%$$

Under this scenario, the shop asked for the exact amount that was approved. On your composite score, zero is the target score and counts as 25 points out of a possible 25.

Improving your score

You can improve your score by:

- Closely following MPI Estimating Standards to conduct a complete and thorough estimate.
- Ensuring the estimate contains no non-compliant parts or labour costs.

Alternate Parts Usage

What it is

This measures how closely a shop follows MPI Estimating Standards for use of alternate parts. It compares the cost of alternate parts with the total cost of all parts in a repair, in the reporting period.

Why it's important

Using alternate parts, whenever cost effective, reduces the overall cost of parts, which reduces the overall cost of the repair while maintaining proper repair standards.

How it's calculated

The Alternate Parts Usage (APU) measure is calculated as follows:

$$\text{Alternate Parts Usage} = \left(\frac{\text{Cost of Alternate Parts}}{\text{Total Cost of All Parts}} \right) \times 100$$

Definitions

Cost of Alternate Parts: The price of all non-OEM parts that are billed to MPI.

Total Cost of All Parts: The price of all parts billed to MPI.

Target

The target score is based on the average age of the vehicles in the claims period, with a higher APU target for older vehicles. A higher APU score is better.

Contribution to composite score

Your composite score is a weighted ranking of all your measures. Alternate Parts Usage counts for 20 points towards your composite score. The composite is based on the average age of vehicles for all the claims calculated, rounded to the nearest year.

Use the appropriate chart to convert your APU to a composite score:

| 0-5 YEARS | | 6-7 YEARS | | 8 + YEARS | |
|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| SHOP APU | COMPOSITE SCORE | SHOP APU | COMPOSITE SCORE | SHOP APU | COMPOSITE SCORE |
| >=60 | 20 | >=64 | 20 | >=71 | 20 |
| 57.0 | 18 | 61.0 | 18 | 68.0 | 18 |
| 54.0 | 16 | 58.0 | 16 | 65.0 | 16 |
| 51.0 | 14 | 55.0 | 14 | 62.0 | 14 |
| 48.0 | 12 | 52.0 | 12 | 59.0 | 12 |
| 45.0 | 10 | 49.0 | 10 | 56.0 | 10 |
| 42.0 | 8 | 46.0 | 8 | 53.0 | 8 |
| 39.0 | 6 | 43.0 | 6 | 50.0 | 6 |
| 36.0 | 4 | 40.0 | 4 | 47.0 | 4 |
| 33.0 | 2 | 37.0 | 2 | 44.0 | 2 |
| 30.0 | 0 | <=34 | 0 | <=41 | 0 |

What's excluded

This measure does not include claims where the vehicle has less than 20,000 kilometres, nor does it include hail claims.

Additional information

Amounts are from the final approved estimate, and do not include taxes, betterment or deductibles. Alternate parts are aftermarket, like-kind quality (LKQ), re-cored, re-manufactured, re-chromed and sublet parts.

Example

Alternate Parts Cost: \$1,290,000

Total Cost of all Parts: \$3,000,000

Vehicle Age: 6.3 years

$$\begin{aligned} \text{APU: } & \left(\frac{\text{Cost of Alternate Parts}}{\text{Total Cost of All Parts}} \right) \times 100 \\ & = \left(\frac{1,290,000}{3,000,000} \right) \times 100 \\ & = (0.43) \times 100 \\ & = 43 \end{aligned}$$

In this example, the APU is 43. On your composite score, an APU of 43 for a shop repairing vehicles with an average age of 6-7 years counts as 6 points out of a possible 20.

Improving your score

You can improve your score by:

- Using alternate parts to reduce repair costs, as long as it doesn't affect a proper repair.

Notes

