Repair Shop KPI Updates

Changes for 2023





KPI Review: Methodology

In order to ensure any KPI changes are effective, we engaged stakeholders and completed extensive analysis.

- Consultation included engaging with internal and external stakeholders.
 - This included the Shop Relationship Advisors (SRAs) providing input on how the KPIs could be adjusted to better align with actual shop performance and remove shop pain points.
 - External consultation included the SRAs engaging with repair shops in order to provide shops an opportunity to share what is working and what is not. The Programs & Accreditation committee was also given an opportunity to provide feedback.
- Data driven analysis included a review of past performance and the impacts of any changes on future shop performance.
- KPI best practices and industry trends were also considered.



Future KPI Changes: Part One

AAV

- Changes:
 - Remove five points from AAV so composite weight is 20% (currently weighted at 25%).
 - Update scoring scale from 6% to 0% (6% would result in 0 points towards the composite score – current scale from 8% to 0%)
- Key considerations:
 - The majority of shops score well on AAV.
 - 90% of shops scored above 70% without the change
 - 82% of shops would score above 70% on the KPI with the change
 - Removing points from AAV will make the composite score more balanced.
 - SRAs provide shops with additional support when AAV reaches 2.63%.



Future KPI Changes: Part Two

Supplements

- Change:
 - Create an adjustment factor to normalize supplements on MPI written estimates, making the expectation the same as shop written estimates.
- Key considerations:
 - The change will ensure MPI and shop written estimates are treated equally for KPI purposes:

| Supplements per Claim for the Year Ending May 31, 2022 | MPI Estimate | Shop Estimate |
|---|-----------------|------------------|
| Current Supplements per Claim | 1.4 | 0.9 |
| Normalized | 0.9 | 0.9 |

• While only 29% of shops scored over 60% on this KPI without the change, 64% score over 60% on this KPI with the change.



Future KPI Changes: Part Three

RPS

- Changes:
 - Change vehicle age calculation to use DOL instead of repair date.
 - Remove OE glass from RPS calculation.
 - Remove all SRS components from RPS calculation.
 - Update scoring scale to -12% to +8% (current scale from -10% to 10%).
- Key considerations:
 - Using the DOL to calculate vehicle age will stop the RPS expectation from changing midrepair and will create a more level expectation throughout the year.
 - Glass is exempt from parts autonomy and NAGS glass is already excluded from RPS. Treating all glass the same will create consistency regardless of glass part type used.
 - SRS components are exempt from parts autonomy. Removing SRS components will eliminate outlier parts from the fix mix resulting in more consistent shop performance.
 - These changes will not result in any additional expected RPS dollars being requested by MPI.
 - Updating the scoring scale will provide shops meeting the 0% RPS expectation with 60% of potential RPS points toward the composite (shops currently need 2% on RPS to receive 60% of potential RPS points toward the composite).

Future KPI Changes: Part Four

NPS

- Changes:
 - Update the scorecard to use the twelve-month NPS score to calculate the composite score instead of the three-month NPS score.
 - Add five points to NPS so weight is 15% (currently 10%).
- Key considerations:
 - Using the twelve-month instead of three-month NPS score to calculate composite score will remove outliers for shops and better represent overall customer service.
 - NPS is our only customer service metric on the scorecard.
 - MPI and Repair Industry interests are aligned on striving for a positive customer experience, and NPS is a measure that should be leveraged to gain insights into improving.
 - Measuring NPS is very common in industry with other insurers including the other Crowns using NPS or a very similar metric.



Future KPI Changes: Part Five

Repair Accuracy

- Change:
 - Update the scorecard to use the twelve-month repair accuracy score to calculate the composite score instead of the three-month repair accuracy score.
- Key considerations:
 - Repair accuracy scoring is made up of a limited number of inspections (sometimes only one per quarter). This change will remove outliers and better reflect shop performance.
 - This change will make clear which shops need coaching as multiple failed repair accuracy inspections are a better indicator of a process issue than just one.



Future KPI Changes: Part Six

General Changes

• Changes:

- Scorecard general:
 - Remove industry score and provide it in another easily accessible location.
 - Replace the industry score with an industry ranking in order to show shops how they doing in comparison to other shops (23 out of 231 for example).
- Add for information only cycle time / touch time measures to the scorecard.

• Key considerations:

- These changes better align with other carriers.
- Some shops have been asking for this information.
- These changes will allow shops to better measure how they are doing in various areas.



Current Scorecard

| Monthly Shop Measures - January 2022 | | | | | | | |
|--------------------------------------|----------------------------|---|--|---|---|--|--|
| REPORT DATE: | February 15, 2022 | ebruary 15, 2022 | | | | | |
| SHOP NAME: | Repair Shop | | | | | | |
| REG ACCT NO: | RAN1234 | | | | | | |
| KEY MEASURES: | Optimal Value Direction | Repair Facility 1 Month (Jan 2022) | Repair Facility 3 Month Average (Nov 2021 To Jan 2022) | Industry 3 Month Average (Nov 2021 To Jan 2022) | Repair Facility 3 Month Average Contribution to | | |
| Ask-Approve Variance | Closer to 0 is better | 0.5% | 0.4% | 1.0% | 23.8 / 25 | | |
| Average Supplement per Estimate | Closer to 0 is better | 1.03 | 1.00 | 1.22 | 9/15 | | |
| Real Parts Savings Variance | Higher is better | 5.3% | 6.0% | 0.8% | 16/20 | | |
| Net Promoter Score | Higher is better | 100.0% | 90.7% | 76.0% | 9.1/10 | | |
| Repair Status Usage ¹ | Higher is better | 57.1% | 70.6% | 87.9% | 5.3 / 7.5 | | |
| Repair Records On File ¹ | Higher is better | Higher is better N/A ² 86.7% 87.8% 6.5 / 7.5 | | | | | |
| Repair Accuracy | Higher is better | N/A ² | 100.0% | 96.0% | 15/15 | | |

¹Repair Status Usage and Repair Records On File scores are one month behind as claims are manually audited after payment

²Only three month scores provided as a limited number of labour intensive Repair Records On File reviews and Repair Accuracy inspections are completed each quarter

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| Composite Score | 84.7% |
|-----------------|-------|
| | |
| | |





Draft Future Scorecard

| Monthly Shop Measures - January 2022 | | | | | | |
|--------------------------------------|----------------------------|--|-----------------------------|---|---|---|
| REPORT DATE: | February 15, 2022 | | | | | |
| SHOP NAME: | Repair Shop | | | | | |
| REG ACCT NO: | RAN1234 | | | | | |
| KEY MEASURES: | Optimal Value Direction | Repair Facility 1 Month (Jan 2022) | Composite Scoring Period | Repair Facility Scoreing Period Average | Repair Facility Scoreing Period Industry Rank | Repair Facility Contribution to Composite Score |
| Ask-Approve Variance | Closer to 0 is better | 0.5% | Three Month | 0.4% | 36 / 230 | 18.8 / 20 |
| Average Supplement per Estimate | Closer to 0 is better | 1.03 | Three Month | 1.00 | 54 / 230 | 9/15 |
| Real Parts Savings Variance | Higher is better | 5.3% | Three Month | 6.0% | 4/230 | 16/20 |
| Net Promoter Score | Higher is better | 100.0% | Twelve Month | 90.7% | 10/230 | 14.1 / 15 |
| Repair Status Usage ¹ | Higher is better | 57.1% | Three Month | 70.6% | 139 / 230 | 5.3 / 7.5 |
| Repair Records On File ¹ | Higher is better | N/A ² | Three Month | 86.7% | 84 / 230 | 6.5 / 7.5 |
| Repair Accuracy | Higher is better | N/A ² | Twelve Month | 100.0% | 1 / 230 (142 shops tied at 1) | 15/15 |

¹Repair Status Usage and Repair Records On File scores are one month behind as claims are manually audited after payment

²Only three month scores provided as a limited number of labour intensive Repair Records On File reviews and Repair Accuracy inspections are completed each quarter

| FOR INFORMATION ONLY: | Cycle Time | Average Touch Time |
|-----------------------|------------|--------------------|
| One Month | 5.2 Days | 3.4 Hours per Day |
| Three Month | 4.9 Days | 3.2 Hours per Day |

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| Composite Score | 84.7% |
|-------------------------------|----------|
| Composite Score Industry Rank | 34 / 230 |
| | |



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Impacts on RPS Expectations

Expected RPS dollars remain unchanged.

- With the removal of OE glass and SRS components, OE parts dollars are decreasing. A hypothetical example follows:
 - \$185,000 historical expected savings ÷ \$1,000,000 OE parts = 18.5%
 - \$185,000 historical expected savings ÷ (\$1,000,000 OE parts \$5,000 OE glass and SRS components) = 18.6%
 - The \$185,000 in historical expected savings has not changed
- With the change to the vehicle age calculation, there will be more new vehicles and new vehicles have lower expectations. An example can be found on the following slide.



Impacts on RPS Expectations (Continued)

Vehicle age change example:

| Repairs by Age Group | 2 Years Old and Newer | From 3 to 5 Years Old | Over 5 Years Old |
|--------------------------------------|--------------------------|--------------------------|---------------------|
| Percentage of Repairs Without Change | 27.5% | 31.0% | 41.5% |
| Percentage of Repair With Change | 30.9% | 30.1% | 38.9% |
| Percentage of Repair Movement | 3.4% | -0.9% | -2.5% |

In the following table: Historic savings ÷ historic OE parts = RPS expectation

| Repairs by Age Group Group 2 | 2 Years Old and Newer | From 3 to 5 Years Old | Over 5 Years Old |
|---------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Expectation Without Change | \$154,384 ÷ \$3,854,290 = 4.0% | \$422,402 ÷ \$3,611,878 = 11.7% | \$879,801 ÷ \$4,705,820 = 18.7% |
| Expectation With Change | \$186,892 ÷ \$4,233,139 = 4.4% | \$425,383 ÷ \$3,480,338 = 12.2% | \$844,312 ÷ \$4,459.141 = 18.9% |
| Expectation Change | \$32,508 or 0.4% | \$2,981 or 0.5% | -\$35,489 or 0.2% |

12 Note expected dollars remain unchanged: \$32,508 + \$2,981 - \$35,489 = \$0



Impacts on RPS Expectations (Continued)

MPI is not asking for any additional expected RPS dollars with these changes, but the expected percentages increase slightly.

The overall percentage impact of changes can be seen in the following table:

| Benchmark Savings Change | 2 Years Old and Newer | From 3 to 5 Years Old | Over 5 Years Old |
|-----------------------------|--------------------------|-----------------------|----------------------|
| Group 1 | 2.1% + 0.2% = 2.3% | 7.2% + 0.5% = 7.7% | 10.5% + 0.4% = 10.9% |
| Group 2 | 4.0% + 0.5% = 4.5% | 11.7% + 0.8% = 12.5% | 18.7% + 0.6% = 19.3% |
| Group 3 | 6.7% + 0.8% = 7.5% | 16.6% + 1.0% = 17.6% | 23.2% + 0.6% = 23.8% |
| Group 4 | 8.3% + 1.1% = 9.4% | 19.5% + 1.0% = 20.5% | 27.4% + 0.7% = 28.1% |
| Group 5 | 11.4% + 1.4% = 12.8% | 25.0% + 0.9% = 25.9% | 30.7% + 0.6% = 31.3% |
| Group 6 | 9.6% + 2.7% = 12.3% | 25.6% + 0.5% = 26.1% | 31.8% + 0.2% = 32.0% |



Impacts on Composite Score

When all KPI changes are considered, shop composite scoring performance is improved.

| | Without Changes | With Changes |
|-----------------------------|--------------------|-----------------|
| Over 60% Composite Score | 95% | 97% |
| Over 70% Composite Score | 74% | 88% |

| Quarter Ending May 31, 2022 | | | | |
|-----------------------------|---------------|--------------------------|-------------------------|------------|
| Low Score | High Score | Current Shop Count | Future Shop Count | Difference |
| 0% | 10% | 0 | 0 | 0 |
| 10% | 20% | 0 | 0 | 0 |
| 20% | 30% | 0 | 0 | 0 |
| 30% | 40% | 1 | 0 | -1 |
| 40% | 50% | 3 | 0 | -3 |
| 50% | 60% | 8 | 6 | -2 |
| 60% | 70% | 48 | 21 | -27 |
| 70% | 80% | 118 | 116 | -2 |
| 80% | 90% | 48 | 77 | 29 |
| 90% | 100% | 1 | 7 | 6 |







Current KPIs

Our repair shop KPIs use a balanced approach to ensure competing objectives are addressed.

Considerations include providing value for Manitobans, customer service, and safe repair.

| Composite Breakdown | Points |
|-----------------------------------|------------|
| Ask Approve Variance (AAV) | 25 |
| Shop Supplements | 15 |
| Realized Part Saving (RPS) | 20 |
| Net Promoter Score (NPS) | 10 |
| Repair Status Usage | 7.5 |
| Repair Records on File | 7.5 |
| Repair Accuracy | 15 |
| <u>Total</u> | <u>100</u> |

