The Numbers Behind an Auto Repair Shop

A free field guide from Bytell Press. The figures come from our example financial model for a single owner-operated repair shop. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

Most new repair shops do not fail because the technicians cannot fix cars. They fail because nobody worked out how many repair orders a month the shop needs before the lifts were bought. This guide gives you that arithmetic in two pages.

1. How the work is priced

Every repair order has two parts: **billed labor** and **marked-up parts**. In the example model, sales run about 55% labor and 45% parts. The model uses these lines:

Pricing line	Model figure
Posted door rate	$140 per hour
Effective labor rate, after discounts and unbilled time	$115 per hour
Parts gross margin from the parts matrix	45–50%
Average repair order	$415
Repair orders a month at opening	About 150
Blended gross margin	**45%**

The model counts technician wages as a direct cost, so 45% is what is left after parts and technician pay. The shop posts $140 an hour and collects $115. Closing that gap is where the margin is.

2. What it costs to open

The example model opens on about **$220,000**. Startup cost depends heavily on the site.

Source of funds	Amount
Equipment and build-out loan	$180,000
Owner or investor equity, held as opening cash	$40,000
Total	**$220,000**

The model does not put a dollar figure on each use, but it lists them: lifts and installation, diagnostic and specialty equipment, tools and compressed air, the shop build-out, software, opening parts inventory, lease deposit and first-year insurance, pre-opening marketing, and a working-capital reserve. Do not shrink the reserve to make the total smaller.

3. What it costs to stay open

The model carries about **$22,688 a month** in fixed costs, whether or not a car comes in:

Monthly fixed cost	Amount
Occupancy, utilities, insurance, software, supplies, equipment upkeep, admin	$8,400
Service advisor	$4,800
Loan payment on equipment and build-out	$2,988
Owner draw	$6,500
Total	**$22,688**

Two more costs rise and fall with sales. Card processing runs about 2.5% of revenue and marketing about 1.8%. Together that is about $2,700 a month at the opening sales level.

4. The break-even: the one number to know

Break-even revenue = monthly fixed costs ÷ gross margin.

Because card fees and marketing move with sales, take them off the margin first: 45% less 2.5% less 1.8% leaves 40.7%. With the model's numbers: $22,688 ÷ 0.407 = about **$55,744 a month**. The model rounds this to $56,000. At a $415 repair order, that is **134 to 135 repair orders a month** before the shop earns anything beyond the owner's draw.

The model opens at about $62,000 a month, so the cushion is about 15 repair orders. If your margin slips to 43%, break-even rises to about $58,625 and most of that cushion is gone.

5. The cushion is thin in slow months

Repair work is mildly seasonal. The model uses these multipliers against a normal month:

Season	Multiplier	On a $62,000 normal month
Spring and fall	1.05 to 1.08	$65,100 to $66,960
Deep winter and mid-summer	0.90 to 0.95	$55,800 to $58,900

A $55,800 month sits right on the $55,744 break-even. In the model, sales grow about 1.8% a month, which lifts the slow months clear over time. A shop that opens slower than the model spends those months below the line.

6. Your numbers

Fill this in with figures from your own market before you sign a lease.

Question	Model	Yours
Effective labor rate you can collect	$115	_____

Question	Model	Yours
Average repair order	$415	_____
Gross margin after parts and technician pay	45%	_____
Monthly fixed costs, including your draw	$22,688	_____
Break-even revenue (fixed costs ÷ margin after card fees and marketing)	$55,744	_____
Repair orders a month to break even	134–135	_____
Opening cash	$40,000	_____

If your break-even needs more repair orders than your bays and technicians can turn, fix the plan before you buy equipment: raise the effective labor rate, lift the average repair order through honest inspections, or cut a fixed cost.

This guide is general business information, not legal, tax, accounting or investment advice. The figures are illustrative assumptions from an example model and are not a forecast or a promise of results. Licensing and insurance requirements vary by state and are not covered here; check yours with the state agency.

Bytell Press publishes the full business plan, the editable financial model behind these numbers, and the operating playbooks for an auto repair shop.

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