Service Productivity, Efficiency and Effectiveness

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Mike Woodard

Mike Woodard

- **My background**
  - **Strategy Development** – Service Consultant
  - **IKON Office Solutions** – 20 years; VP Service, North America; VP Service Strategy; VP Service Operations, VP Service, Region & Marketplace.
  - **Xerox Corporation** – 18 years; District Service Manager, Financial Planning & Analysis Manager, Field Service Manager, Customer Service Technician.

Productivity & Effectiveness

Productivity, Efficiency and Effectiveness – what do they mean in our world?

- **Productivity** – how much work is produced in relation to available time, commonly referred to as *Productive Time*
  - Productive time = travel time + repair time.
  - Productive time benchmark = 7.0 + hrs/day or 87%+ (7/8=87.5%)

Productivity & Effectiveness

- **Efficiency/Effectiveness** - the ability to produce the desired result (complete a service call) without wasted energy or effort (w/o a callback or incomplete call). Referred to as *FCE% (first call effectiveness/efficiency)*.
  - FCE% = 100% - (callback% + Incomplete%)
  - FCE Benchmarks
    - Copier/MFD – 82% (10% callback, 8% Incomplete)
    - Printer/MFP – 85% (10% callback, 5% incomplete)

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Productivity & Effectiveness

Is it possible for field technicians to be productive but not effective?

Skippy
Tech of The Quarter

- 6.0 Calls/Day
- 7.5 prod hrs/day (94%)
- Avg start time 8:05
- Avg stop time 16:45
- Avg R.T. 3.9 hrs

- FCE 52%
- CB 45%
- INC 7%

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Productivity & Effectiveness

Is it possible for field technicians to be effective but not productive?

Sally
Tech of The Quarter

- FCE 88%
- CB 7%
- INC 5%
- Avg R.T. 2.5 hrs
- Avg start time 7:55

- 5.0 prod hrs/day (62%)
- Avg stop time 14:00

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Productivity & Effectiveness

Why is it so important to monitor and manage service Productivity and Effectiveness?

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Productivity & Effectiveness

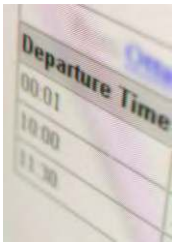
Managing Productivity & Effectiveness

3 Key areas (KPI's) requiring focus

- Accountable or Productive Time
- Callback rate
- Incomplete Call rate

Productivity & Effectiveness

1. Productive/Accountable Time – BM 7.0+ hrs/day/available Tech (58% < 7 hrs, 21 % > 7 hrs, 21% don't track)
   - Primarily driven by 1st call arrival time and last call depart time (# 1 productive time killer)
   - Low productive time, combined with low response time, can be indicator of excess capacity – not enough work demand



Productivity & Effectiveness

2. Callbacks – BM 10%
   - Driven by Technician Effectiveness (ability to fix it right the 1st time)
     - ✓ Training (64% yes)
     - ✓ Effective troubleshooting
     - ✓ Total Call adherence (59% yes)
     - ✓ Territories
     - ✓ Specialization

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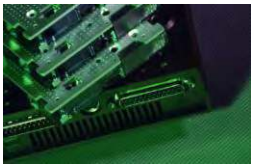
Productivity & Effectiveness



3. Incomplete Calls – BM 8%
   - Driven by car stock effectiveness
     - ✓ Based on usage
     - ✓ If avg mo usage >.5, stock @ 2 months usage
     - ✓ Purge slow moving parts from car stock, 0 usage in 6 months put into warehouse inventory
     - ✓ Inspect for calls in-completed for a part, but part never installed – indicator of poor troubleshooting
     - ✓ Dedicated Territories and Specialization enhance car stock effectiveness

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Productivity & Effectiveness

Effectiveness Management – Opportunity Example

- Callbacks: BM 10%
  - Assume 1,500 gross calls/mo & 20% callback rate
  - Eliminate 150 calls at 10% Callback BM
  - @ 4 gross calls/day/tech = 88 calls mo workload
  - 150 call reduction divided by 88 calls = **1.7 workload reduction**

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Productivity & Effectiveness

Effectiveness Management – Opportunity Example

- Incompletes: BM 8%
  - Assume 1,500 gross calls/mo & 20% Incomplete rate
  - Eliminate 180 calls at 8% Incomplete BM
  - @ 4 gross calls/day/tech = 88 calls mo workload
  - 180 call reduction divided by 88 calls = **2 workload reduction**

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Printer Service Cost Management

Productivity Management – Opportunity Examples

- Productive Time: BM 7.0 hrs/day/tech
  - Assume 1,500 gross calls/mo & 6.0 hrs prod time/tech
  - 17 techs
  - 1.0 hrs/day/tech gained @ 7.0 hr BM
  - 1 hr /tech x 17 techs = 17 hrs/day productive time gain
  - 17 hrs per/day divided by 7.0 hrs = **2.4 equivalent tech workloads ,or capacity, gain**

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Productivity & Effectiveness

Productivity & Effectiveness Management – Opportunity Examples

- Example Summary
  - Callback reduction 1.7 workloads
  - Incomplete call reduction 2.0 workloads
  - Productive time gain 2.4 workloads
  - **6.1 workloads**

Mission accomplished – right?

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Productivity & Effectiveness

Productivity & Effectiveness Management

What else has to happen in order to realize the financial benefit of productivity gains?

- Utilize the excess capacity (increase revenue w/o adding cost)

  or

- Right-size staffing

  or both

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Question of the day

Are you staffed to your own level of inefficiency?

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Benchmarking

Technician Staffing Model

Model	DLR	Pop	DLR AMV	DLR Mo Vol	DLR Avg MT	Bnchmrk MT	DLR Avg TT	DLR MCBV	Bnchmrk MCBV	DLR Wrkld Hrs	Bnchmrk Wrkld Hrs	>5hr/mo opportunity
BIZHUBC352		137	6,784	929,408	1.5	1	0.4	11363	10213	155.4	127.4	28.0
BIZHUBC353		169	8,111	1,370,759	1.5	1.1	0.4	15574	15377	167.2	133.7	33.5
BIZHUBC360		132	6,402	845,064	1.5	1.1	0.3	9522	13445	159.7	88.0	71.8
BIZHUBC450		133	7,787	1,035,671	1.5	1.1	0.3	12084	13215	154.3	109.7	44.6
BIZHUBC451		161	9,969	1,605,009	1.6	1.2	0.3	16544	18022	184.3	133.6	50.7
BIZHUBC452		130	12,440	1,617,200	1.6	1.2	0.3	14468	15610	212.4	155.4	57.0
BIZHUBC500		35	22,711	794,885	2.7	1.8	0.3	14059	12637	169.6	132.1	37.5
BIZHUBC550		42	15,203	638,526	1.8	1.4	0.3	18545	17987	72.3	60.3	12.0
BIZHUBC552		13	18,771	244,023	1.6	1.1	0.3	29027	17235	16.0	19.8	0.0
	Total	952		9,080,545						1291.3	960.1	335.0

R.T. Target	Targeted Workload hrs/mo/tech	Req'd Staffing DLR Stats	Req'd Staffing Bnchmark Stats
3.0	116	11.1	8.3
3.5	121	10.7	7.9
4.0	125	10.3	7.7
4.5	127	10.2	7.6
5.0	130	9.9	7.4

Printer Service

Top 3 Best Practices

- **Call Avoidance**
- Productivity Management
- Specialization

Printer Service – Call Avoidance

Service "Call Avoidance" - an imperative!

- Labor (burdened) is 80% of your service cost
- Price pressure – need to be cost competitive – and maintain margin
- 30% + phone fix opportunity
- MNS & MS providers are migrating into MPS – and they "Get It"

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Printer Service – Call Avoidance

Call Avoidance

So, what's the cost savings opportunity?

Example: BF Imaging

- 15 Techs, dedicated to break/fix printer support
- avg 80% feet on street availability =12 Techs
- avg 6 gross calls/day/avail tech
- 72 gross calls/day
- 1,584 gross calls/mo
- 19,500 gross calls/yr

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Printer Service – Call Avoidance

Call Avoidance

Example: BF Imaging

	Call Avoidance Impact		
Call Avoidance rate	10%	20%	30%
Avoided calls/mo	158	317	475
Equivalent Techs	1.2	2.4	3.6
labor savings – salary only @ $30K/tech	$30K	$60K	$180K
OR			
Incremental annual Rev w/o increased labor cost	$250K	$500K	$750K

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Printer Service - Call Avoidance

Call Avoidance

	Call Avoidance Impact on Service Cost Per Print			
Call Avoidance rate		10%	20%	30%
Mono Cost Parts & Labor	.0035	.0032	.0029	.0027
Cost Reduction		9%	17%	23%
Color Cost Parts & Labor	.0095	.0087	.0078	.0075
Cost Reduction		9%	18%	26%

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Printer Service – Call Avoidance

Call Avoidance – a phased approach

I. Tech Call Ahead
- Copier/MFD best practice for years
- Relies on individual technician knowledge
- Start here if you are not already practicing
- Track success – “phone fix” call code
- 10 %+ call avoidance achievable

Printer Service – Call Avoidance

Call Avoidance – a phased approach

II. Basic Help/Support Desk

- At minimum, provide basic user support
- Can staff with knowledgeable personnel and provide higher level of support – rotate techs, use shop tech, etc
- Route printer service calls to support function

Printer Service – Call Avoidance

Call Avoidance – a phased approach

III. Help/Support Desk with dynamic Knowledge Base

- Requires basic Knowledge Management solution
  - Content authoring required& encouraged
  - Controlled access levels
  - Key word, phrase, topic content search capability
- As KB grows, less skilled staffing required
- Provides foundation for move into MNS/MS support

Printer Service – Call Avoidance

Bottom line:

If you are providing printer service, call avoidance is a critical driver of service profitability.

Start Now!

Productivity & Effectiveness

Questions & Discussion

Strategy Development

What we do for companies……

We help companies optimize all aspects of their service operations by advising them on critical success factors:

- Target service metrics and goals
- Performance management
- Technology application
- Service growth strategies
- Compensation and incentive plans

We also deliver MPS & Leadership & Management training designed for the service professional.

Mike Woodard 610-742-4701 woodard@strategydevelopment.com
Ken Staubitz 513-200-2169 staubitz@strategydevelopment.com

Thank You!