

Optimizing Your Service Operation to Reduce Expenses & Satisfy Your Customers

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We find the problems so you don't have to

BEI Services

- 20 years of experience in performance analysis of machines, parts and technicians
- Currently process 1 million service calls on millions of devices for over 23K technicians – *monthly*
- Solutions to improve service efficiency and profitability
 - **Advance Comparative Reporting (ACR)** suit with – Executive Dashboard for Critical Service Indicators (CSI)
 - **Territory Mapping (EWD)** territory management system with car stock recommendations
 - **Technician Compensation** – page based incentive pay plan
 - **Advanced Inventory Management (AIM)** – free parts inventory management that integrates with the Overstock Parts Network (OPN)
- Top 5 manufactures validated, use and continue to embrace BEI's machine and parts performance benchmarks
- Over 180 dealers/manufacturers currently utilizing BEI technician incentive program consisting of over 5,000 technicians
- Created the industries most comprehensive suite of service department analysis tools available



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My background

- BEI Services – National Sales Manager
 - Technician and equipment benchmarking
 - Sales generation
 - Technician compensation planning
 - Territory mapping
 - Inventory management
- Strategy Development – Service Consultant
- Modern Office Methods – Director of Client Services



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Today's Objective

- Discuss key drivers of service profitability
- Provide ideas to improve technician communication



Common Dealer Struggles

- ▶ Service is overstaffed and dealer unaware
 - Low productivity
 - Low levels of efficiency and effectiveness
- ▶ Desire for sustainable margin gains
- ▶ Poor “line-of –site” of opportunity cost for financial improvement
- ▶ Excessive inventory is tying up cash



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Driving Profitability

Consider sales as your offense
and *service is your defense.*



Driving Profitability

Managing labor expense

- ▶ Productive time
- ▶ Ensuring efficiency and effectiveness – FCE%

Managing Parts Expense

- ▶ Hold for part rate (HP%) is a guide
- ▶ Ensuring the *right* parts are used
- ▶ Technician's are restocked
- ▶ Mismanagement will contribute to aging parts inventory

Driving Profitability

Technician ID	Assigned Time p/Day	Unaccounted Time p/Month	Average Maintenance Time p/Call	Average Travel Time p/Call	Average First Call Time Dispatched	Average First Call Arrival Time	Average First Call Duration	Average Last Call Time Dispatched	Average Last Call Duration	Average Calls p/Day
Tech 1	6:11	36:12:00	0:57	0:17	8:20	8:30	1:06	14:59	1:46	5
Tech 2	5:34	43:50:00	0:51	0:12	8:23	8:39	1:30	15:11	1:15	5.3
Tech 3	2:11	75:34:00	1:08	0:10	10:51	11:02	1:24	13:04	1:18	1.7
Tech 4	2:20	28:21:00	1:22	0:35	10:53	11:27	1:49	11:38	1:51	1.2
Tech 5	5:11	53:23:00	1:59	0:43	8:16	8:53	2:58	11:16	3:40	2.1
Tech 6	6:47	19:25	1:20	0:26	8:14	8:28	1:49	13:33	1:55	3.9
Tech 7	6:28	29:14:00	1:02	0:22	7:40	8:17	1:54	14:31	1:37	4.9
Tech 8	7:22	12:39	1:24	0:33	8:30	8:55	2:16	14:36	1:59	3.8
Tech 9	2:14	86:35:00	0:47	0:14	11:55	12:06	0:59	14:09	1:03	2.2
Tech 10	3:32	33:43:00	1:18	0:12	9:24	9:44	3:12	12:24	2:25	2.4
Total	4:26	31:52:00	1:16	0:27	8:36	9:01	2:28	13:14	2:36	3.2

Driving Profitability

“ABC” Company

- ▶ 5 technicians
- ▶ \$1M in service revenue
- ▶ Average 440 calls/month (4 calls/tech/day)
- ▶ Average 1.5 hours per call (travel/labor)
- ▶ \$39,600 to service these 440 calls at a \$60 burden rate
- ▶ Average 6 hours of productive time/day
- ▶ Hold for part rate (HP %) = 20% (88 calls)
- ▶ Call back rate (CB%) = 30% (132 calls)



Driving Profitability

Opportunity cost:

- ▶ Productive time goal = 6.8–7.0 (85%–88%)
 - “ABC” on average is losing 110 hours of production per month (5 techs (1 hr./day X 22 days))
 - Essentially, 1 workload lost per month
- ▶ 50% of the time technician is *revisiting* the client
- ▶ HP% goal = 12% (*call reduction of 35*)
- ▶ CB% goal = 25% (*call reduction of 22*)



Driving Profitability

Opportunity cost continued:

▶ Productivity gains

- Potential savings of \$30K from reduction in staff

OR

- Support an extra \$200K in service revenue

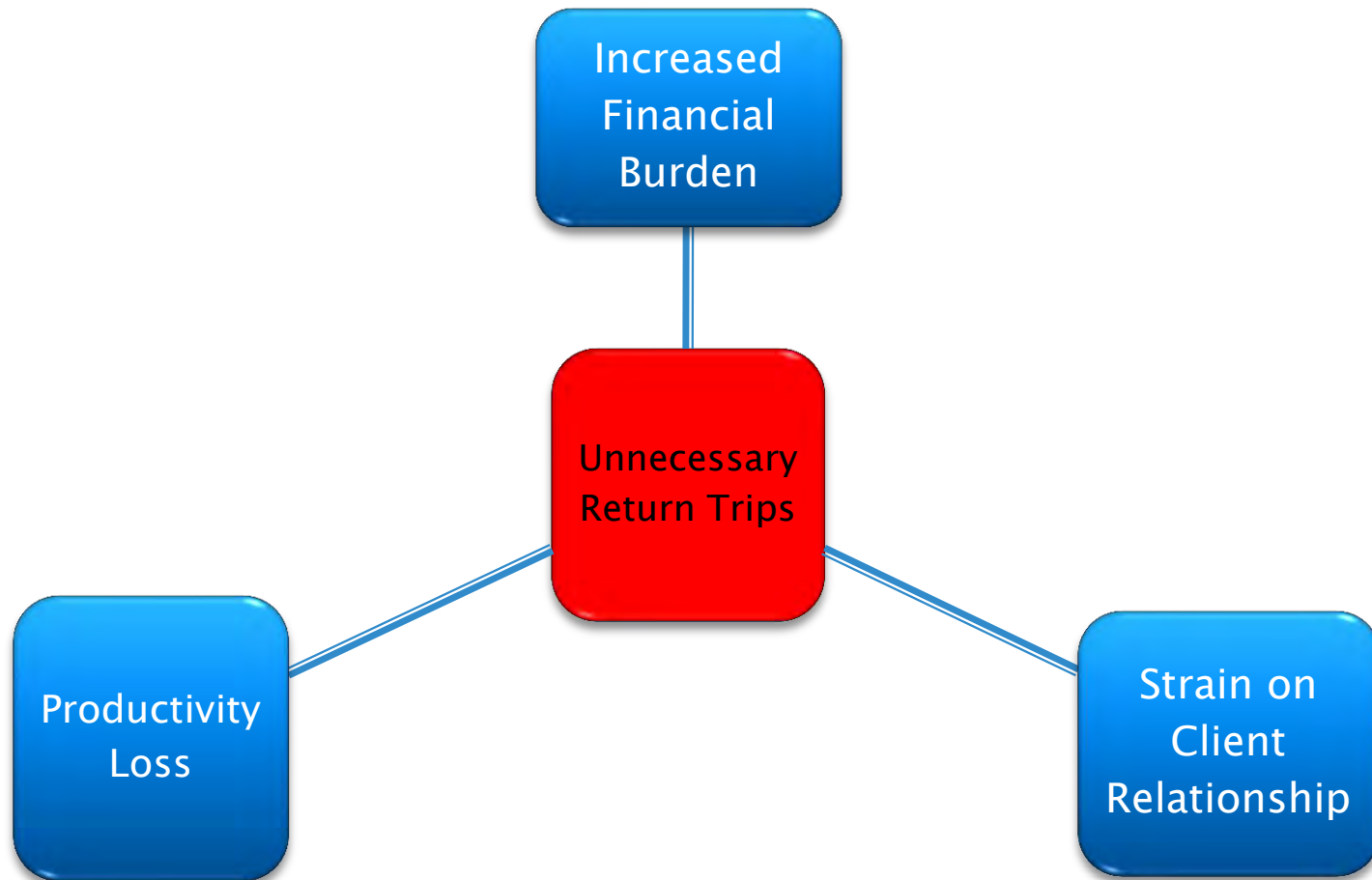
▶ Efficiency gains

- Call reduction of 57 calls = .5 of a call load
- Approximate savings = \$5,130 (\$60 (57 X 1.5 hrs.))



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Driving Profitability



Driving Profitability

Call backs

- Tech training
- Tech competency and trouble shooting
- Total call process

Hold for Part, or Incompletes

- Car stock effectiveness
- If avg. monthly usage $> .5$ stock at 2 month's usage
- Inefficiencies in this area could be contributing to aging parts inventory



Driving Profitability

What is your average productive time per technician?

What is your current HP rate?

What is our current CB rate?

What is the opportunity cost for improvement?



Regardless of the return trips, how do you know your technician's are communicating effectively with your customers?



Driving Customer Satisfaction

What are your customer's telling you?

- Survey results
- Complaints, or escalations
- Internal feed back
 - Sales
 - Dispatch
 - Contracts
 - Collections
- Customer visits



Driving Customer Satisfaction

Common Responses:

- I didn't know when the tech was coming.
- The tech just showed up.
- He's always late.
- He left without me knowing.
- I didn't know it needed a part.

A result of poor communication

Driving Customer Satisfaction

Common Responses:

- He never seems to have the part he needs.
- It takes forever for them to return with the part.
- The second tech really took the time to take the machine apart.
- She is the nicest tech, it's always the machine that is the problem.
- I placed a service call and hadn't heard anything.

Driven by operational issues



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How can you ensure your technician's are communicating effectively?



Driving Customer Satisfaction

- Analyze feed back
- Set the expectation
- Provide training

Role Play!

If a tech can't communicate properly in your office, what are the chances they will communicate effectively with your customers.



Driving Customer Satisfaction

Talk tracks:

- ▶ Call ahead
- ▶ In need of parts
- ▶ They have no idea what is wrong!
- ▶ Loaner
- ▶ Upset customer

What's your escalation process?

Driving Customer Satisfaction

- What are your customer's telling you?
- Are there patterns to the feed back and analysis?
- Has your team set expectations with your technicians for communication?



Summary

- Understand the opportunity cost for you dealerships metric improvement
- Utilize your customer feed back, set expectations for communication and role play.
- We can help provide:
 - Snap shot of current service performance
 - Benchmark your company
 - Provide process for improvement
 - Identify “best in breed”



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Thank You!

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