


# Service Delivery in the MPS World: Challenges, Pitfalls, and Benefits.

**Mike Woodard**

woodard@strategydevelopment.org

610-742-4701



- **My background**

- Strategy Development – Service Consultant
  - Service GP optimization
  - Performance Management
  - Technology application
  - Compensation and incentives
  - Leadership and Management Development /Training
- IKON Office Solutions – 20 years; VP Service, North America; VP Service Strategy; VP Service Operations
- Xerox Corporation – 18 years; District Service Manager, Financial Planning & Analysis Manager, Field Service Manager, Customer Service Technician.

# Audience Profile

- Copier/MFP Dealer?
- Authorized Printer re-seller?
- Currently servicing printers?
- Authorized printer service provider?
- Service software?
- BEI subscriber?
- As a printer service provider (current or pending) what are your biggest challenges?

- **As a printer service provider (current or pending) what are your biggest challenges?**
  - Fleet takeovers are like a box of chocolates....
  - Technical Training – if not an authorized service provider
  - Parts Sourcing – if not an authorized service provider
  - Who's going to service the printer base?
  - How many tech do I need?
  - Service (aftermarket) pricing is so complicated
  - It's really not worth the all the pain.....
  - Other?

# Common Service Mistakes - Lessons Learned

---

- Assuming customer expectations
- Use of high \$ resources to support
- Sticking with traditional service delivery model
- Inflexibility – pre-inspections, model restrictions
- Exclusive use of O.E.M. parts and print cartridges
- Lack of performance benchmarking

# Common Service Mistakes - Lessons Learned

---

- **Assuming customer expectations**
  - Does customer really expect 4 hr response time?
    - Most printer users are used to “next-day” or “2nd day” service, especially if support is internal.
    - If “next – day” is unacceptable, offer within 8 hr, 70% of the time
    - Offer 4 hr response as a premium.

# Common Service Mistakes - Lessons Learned

---

- **Use of high \$ resources for service support**
  - With proper training, can be an entry level technician
  - If at all possible, don't use technicians for quarterly cleanings/ inspections, meter reads, etc

# Common Service Mistakes - Lessons Learned

- **Applying traditional service delivery model – i.e., territories vs route service, tech call ahead vs call center triage and help desk**
  - Value of technician/customer relationship not same as copier/MFP (major account may be exception)
  - Average MTBF 12+ months
  - Short call duration, more calls/day = need to minimize travel time
  - Wide-range of model coverage = need to assign call to right tech, with right parts.
  - Call center triage and help desk can resolve 20-30% of customer requests for service while enhancing customer experience.



# Common Service Mistakes - Lessons Learned

- **Inflexibility – insisting on pre-inspections, model restrictions, etc**
  - Pre-inspections are not worth the time, effort and risk (you could lose the deal). Instead, simply require that the device makes a print. Remember, the objective is to get the fleet under contract!
  - Model restrictions – be flexible and creative
    - There are numerous sources of training, parts and technical support for most laser based printers
    - Replace “orphans” with used HP printers
    - There are models to stay away from – Ink jet (repair by replace), drum based.(unless you are a dealer, i.e., Canon, Ricoh, Konica, etc)

# Common Service Mistakes - Lessons Learned

- **Exclusive use of O.E.M. parts and print cartridges**
  - Compatible aftermarket parts/cartridges can save big \$
  - A few quality suppliers
  - Warranty policy critical
- **Lack of performance benchmarking**
  - Financial, Operational, and Device – you need to know what good looks like, and focus on continuous improvement
  - BEI is an excellent source for operational and device performance benchmarking data

# Service - Initial Considerations

---

- Which printers should we support?
- Should we become an O.E.M. authorized service provider?
- Which techs should we have service printers?  
Existing copier/MFP? New hire?

## **Printers to Support**

- Which printers are most common and easiest to support?  
(parts, training, tech support, cost effective)
  - HP, Lexmark, Xerox, Dell
- Which printers should be avoided?
  - Ink jets, most are repair by replace
  - Drum based printers, unless you are an authorized dealer
- What about the odd-ball, orphan's?
  - Consider swap-out with used HP

## **Becoming an Authorized Service Provider**

- **Potential Benefits**
  - Revenue Opportunity
    - Manufacturer certification
    - Manufacturers push customers your way
    - Users seek you out
    - Warranty work
  - Parts, training, and technical support access
  - Customer confidence and credibility
- **Possible Challenges**
  - Warranty process can be cumbersome and frustrating
  - Cost of entry
  - On-going certification required
  - HP direct service in some areas

# Service - Initial Considerations

## Technician profile

- “Low touch” desktop printers
  - New hire, entry level
  - Fax/Scanner experience
  - Seg 1-3 Copier/MFD experience
  - Electro-mechanical aptitude, basic computer/connectivity skills, customer relation skills
  - A+ Certification desirable
- “High touch” printers – Edgeline, production printers
  - Seg 3+ B-W Color Copier/ MFD experience
  - Basic computer/connectivity skills, customer relation skills
  - A+ Certification desirable

# Service – Critical Success Factors

---

- Technical Training
- Parts Support
- Technical Support
- Service Delivery Approach
- Staffing
- Pricing
- Benchmarking

- **# 1 Priority**
- **Training sources**
  - Manufacturer
    - Authorized service provider requirement
  - 3<sup>rd</sup> party parts/support/training providers
    - Parts Now! [www.partsnow.com](http://www.partsnow.com)
    - Metro Fuser [www.metrofuser.com](http://www.metrofuser.com)
    - Depot America [www.depot-america.com](http://www.depot-america.com)
    - Others - lot's of fly by nights.
  - In house, home grown



- **Choosing a provider - questions to be answered**
  - Qualifications?
  - How many techs have received training?
  - Is the training product/model specific vs generic?
  - Is the training based on “quick fixes” or “theory of operation and maintenance/repair procedures”?
  - What are the training delivery options? On-site? Their training facility? On-line? CBT?
  - What is the cost?






















- **Common Pitfalls**

- It's easy to overstock – especially in the beginning = slow turning, dead inventory = dead cash.
  - Overall parts turns should be 4
  - Trunk inventory turns should be 6 or better
- It's common to not stock right parts = broken calls = productivity killer + excess customer downtime
- Cheapest parts can have highest cost/image
- Using multiple vendors in pursuit of lowest price
  - A single source allows for order consolidation & lower shipping cost

- **Vendor selection is critical – consider:**
  - Do they have the capability of providing fact based inventory recommendations for your service base?
  - What will they stock for you so you don't have to overbuy?
  - Do they offer quality, remanufactured parts?
  - What is their warranty? Is it easy to administer?
  - Where are their warehouses? How reliable are their national distribution capabilities?
  - Can you get next-day delivery anywhere you need it?
  - Are they O.E.M. authorized?

# Parts Support

## Vendor Comparison

Vendor	Printers	O.E.M.	Compatible	Reman	Technical Support	Technical Training
Parts Now! www.partsnow.com	HP, Lexmark, Xerox, Toshiba, Canon					HP, Lexmark, Toshiba 
Depot America www.depot-america.com	HP, Lexmark, Xerox					
Liberty Parts www.lbrty.com	HP, Lexmark, Xerox, Samsung, Oki					
Metro Fuser www.metrofuser.com	HP, Lexmark					HP, Lexmark 
Copperstate Resellers	HP					

- **What parts should we stock?**
    - A good parts vendor can provide fact based parts inventory recommendations
    - BEI World Stats provides detailed parts usage data at the model level
- Parts Example
- Regardless, most commonly used and stocked parts (HP) – pick-up rollers, maintenance kits, fuser assemblies, swing plate pressure rollers.

- **Readily available, effective technical support is a must**
  - Sources
    - Manufacturer
      - May provide Web based knowledge base access
      - Full model coverage
      - Quality and accessibility varies considerably
      - Certification record reliability can impair access
    - 3<sup>rd</sup> Party
      - PartsNow!, Depot America, Liberty Parts, Metro Fuser
    - In House
      - Can also support customer facing help-desk
      - Requires knowledge base building and access

- **If using 3<sup>rd</sup> party – consider:**
  - How is support provided? Phone? Web? Email? Chat?
  - What hours is support available?
  - How is support team structured?
  - How many calls does team handle?
  - What are service levels? Hold time? Hang-ups? Calls waiting?  
Answer time? Avg call time?
  - How are skills kept current?
  - What is the cost?

**Is the MPS service delivery approach  
the same as copier/MFD?**





***There can be significant benefits in a different approach to service delivery***

1. Specialization vs “assign printers to the copier/MFP techs
2. Route service vs assigned territories
3. Help desk call avoidance vs tech phone/on- site fix

- **Specialist vs Generalist** (existing copier/MFP tech)
  - Specialization benefits
    - Technical proficiency = higher MPBSC/MCBSV = lower cost (labor & parts) + higher customer satisfaction (retention)
    - Parts Inventory effectiveness – right parts at the right time, lower incomplete for parts, higher turns, smaller investment.
    - Enhances career path – entry level grade, feeder for copier/MFP grades.

- **Specialist vs Generalist?**
  - Considerations
    - Printer service base – initially, may not be enough workload to support dedicated printer tech – possibly assist with help desk, meter readings, etc
    - Geography – rural areas may require use of generalist tech (currently servicing copier/MFP)
    - Major accounts (existing dedicated techs) – relationship may require using existing tech.

- **Route service vs assigned territories**
  - Low touch products (printers) – value of tech/customer relationship is diminished – time between visits can be a year or more.
  - Application of location intelligence can significantly enhance productivity
    - The use of GPS and basic routing software can assign the closest tech with the right part at the right time, minimizing travel time, broken calls and optimizing available time.
    - If you have GPS, use it!

- **Help desk call avoidance vs Tech phone/on-site fix**
  - 30% of incoming service requests can be resolved via help desk
  - Establish customer facing Help Desk function
    - Staff with knowledgeable personnel – can rotate field technicians (initially)
    - Screen pending calls before dispatching – call customer and attempt to resolve on phone
    - Archive common problems and fixes (build searchable knowledge base)
    - Help desk can also provide internal tech support

- **How many technicians do I need?**
  - 8 hr response time delivery
    - **Mono printers** – 1 tech can support 3M prints/mo or approx 600 printers
      - Assumptions: 4,900amv, 26,000 mpbv, .75hr repair time, .4hr travel time, 142 avg avail hrs/mo.
    - **Color printers** – 1 tech can handle 1.3M prints/mo or approx 400 printers
      - Assumptions: 3,300 amv, 12,800 mpbv, .85hr repair time, .4hr travel time, 142 avg avail hrs/mo

- **How many technicians do I need?**
  - 4 hr response time delivery
    - **Mono printers** – 1 tech can support 2.6M prints/mo or approx 530 printers
      - Assumptions: 4,900 amv, 26,000 mpbv, .75hr repair time, .4hr travel time, 125 avg avail hrs/mo.
    - **Color printers** – 1 tech can handle 1.2 M prints/mo or approx 360 printers
      - Assumptions: 3,300 amv, 12,800 mpbv, .85hr repair time, .4hr travel time, 125 avg avail hrs/mo

- Pricing – Keep it Simple!



Pricing Example



- **MPS Service Financial Benchmarks**

– Salaries	23%
– Parts	12%
– Auto	3%
– Training/Misc	<u>2%</u>
GP	60%

- **MPS Service Operations Benchmarks**

- Gross calls/day/tech 6.0
- Net calls/day/tech 5.1
- Incomplete for parts 10%
- Callbacks (within 60 day) 5%
- FCE 85%
- Productive time/day 7.2 hrs

- **MPS Service Operations Benchmarks**
  - Prints/Tech
    - Mono            5.0M
    - Color           1.3M
  - Revenue/Tech
    - Mono            \$225K+
    - Color            \$390K+

# So, what's in it for Service?

- **Service Benefits**
  - 60% + service margin
  - Incremental revenue and growth opportunity
  - Opportunity to utilize excess capacity
- **Ease of Entry** (for established service organizations)
  - Core competency
  - Service coverage and infrastructure in place
  - Credibility as a service provider
  - Tap into existing accounts

# Questions?

## **BTA Service Management University**

Aug 17 - 18, Denver, Co

### **Attendees will leave with an understanding of how to:**

- Assess the service department's strengths and weaknesses
- Develop specific actionable plans to address areas of opportunity
- Execute action items to drive sustained profitability and quality customer service
- Instill ownership and accountability for desired results
- Successfully deliver profitable service in the MPS world

## **BTA MPS Operations & Service Workshop**

Sept 22, White Plains, NY

### **What's covered:**

- What should be included in a contract
- How to set up a contract
- What printers you should service
- How to get training to service printers
- The sources for printer parts and technical support
- Who should service printers
- How to determine the number of techs you need
- Whether to establish service territories for printers or use route service
- What level of car stock parts inventory is required
- Whether printers require preventative maintenance
- Benchmarking printer performance
- What system and people requirements are needed
- What vendor relationships are required
- How to establish back-office processes for effective implementation
- How to satisfy customer billing requirements
- Meter collection
- How to maximize profitability by having an effective warranty program

**Thank You!**