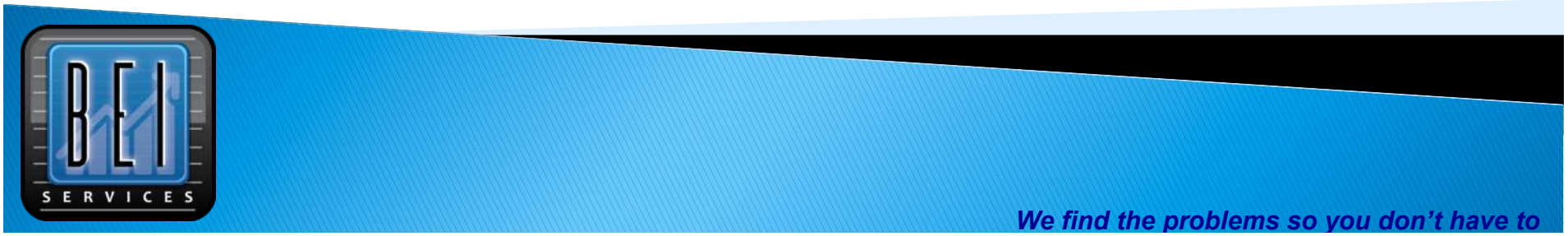
Key Drivers of Financial and Operational Performance

By: Ken Staubitz
BEI Services
www.beiservices.com



About BEI Services

- Allow you to compare your CPC (parts/labor) on the products you support compared to others
- Easily identify excessive costing units regardless of contract profitability
- Benchmark your organization to hundred of your peers in various service KPI's
- Provide a turn key customizable technician compensation program that's self funding
- Created the industries most comprehensive technician territory mapping solution
- Provide an evaluation of your entire service operation to identify profit improvement opportunities

Today's Objective

- Identify common challenges
- Provide feedback to improve

Common Challenges

Service gross profit – *sustainable* margin gains while ensuring you're competitive

Staffing – over staffed, but don't realize it

Metrics/reporting – various reporting is available, but few benchmark and most are underutilized

Process Management – poor processes to leverage existing business

Leadership and Management Effectiveness – most managers are in "fire fighter" mode and tackle symptoms

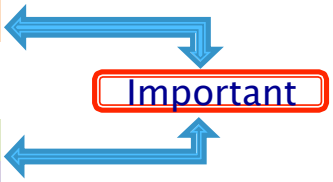
Cost Factors of Service

- **Labor expense**
  - Manpower
  - Tech wages
  - Repeat calls

- **Parts Expense**
  - Parts used
  - Warranty credits
  - Ensuring techs are using the *right* parts
  - Very minimal expense for MPS

Product Cost Factors

	BW MFD	Bus. Color	BW Printer	Color Printer
Units in Field	951,367	487,112	509,935	111,177
>100 actively svc'd units in field, > 3 calls /month				
MTBF in days	177	137	519	412
MTBV in days	**84**	**58**	**203**	**166**
MCBV	**21,938**	**14,296**	**26,721**	**13,098**
Avg. CPC (no toner)	**0.0086**	**0.0128**	**0.0065**	**0.0117**
Avg. Labor CPC	**0.0068**	**0.0087**	**0.0057**	**0.0093**
Avg. Parts CPC	**0.0018**	**0.0041**	**0.0008**	**0.0024**
Avg. Repair Time	1.1 hrs..	1.1 hrs..	0.8	0.9



- Notice MTBV between MFD's and printers
- Avg. printer labor CPC is 3.8 – 4X part CPC

Do you know what your staffing levels *should* be?

Determining Staffing Levels

Methods:

- Machines/clicks per technician
- *BEI Service's EWD Territory Mapping
- *Identify actual workload vs. benchmark workload

*most accurate methods

Revenue per technician is only a barometer for determining staffing levels.

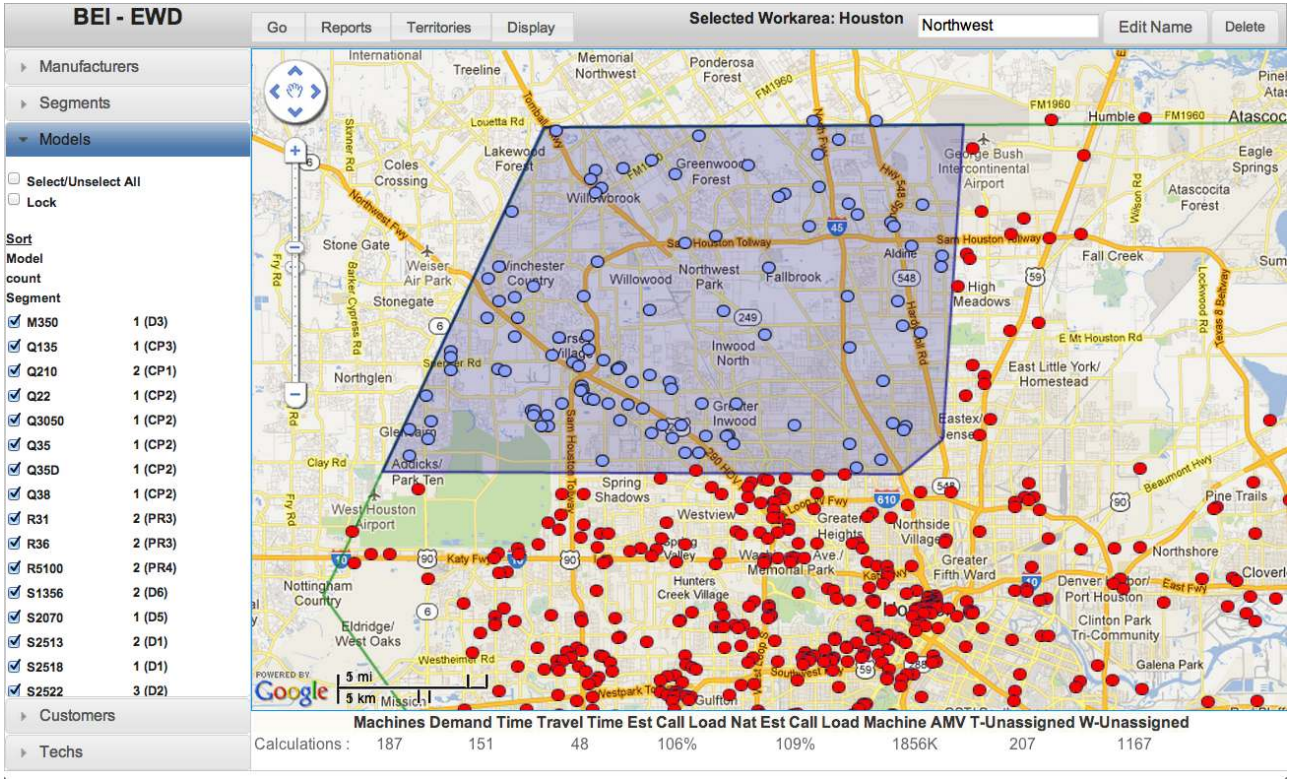
Determining Staffing Levels

The reason why pure copy volume, or machine count, doesn't always work for workload balancing…

Monthly workload for imageRunner Advanced C5051

Average Monthly Volume	Average Service Calls/month	Average Monthly Demand Time per machine	Volume Needed for 200,000 copies per month/tech	Monthly Demand Time at volume
6,000	2.3	3.9	33 machines	129 hours/month
14,000	4.2	7.1	14 machines	101 hours/month
25,000	7.3	12.4	9 machines	99 hours /month
34,000	10.6	18.0	6 machines	108 hours/month

Determining Staffing Levels



We find the problems so you don't have to

Analyzing Workload and Staffing

Identifying workload and planning

1. Determine your available productive hours of your current staff.
2. Determine the "demand time" (mechanical time + travel time) produced from your base
3. Identify the targeted workload for your serviced base
4. Calculate manpower requirements for both actual and targeted workload produced form your base
5. Compare and adjust

We find the problems so you don't have to

Analyzing Workload and Staffing

Productive Hours Calculator

Available Hours/Tech	**2,080**	52 weeks X 40 hrs/week
Vacation	**80**	2 weeks/year
PTO	**40**	1 week/year
Holidays	**48**	6 days/year
Meeting Time	**72**	6 hours/month
Inventory	**8**	2 hours/quarter
Training/Misc.	**128**	10 training days/ year, 4 hrs Misc. time/month
Total unavailable time	376	
Available hrs/year	1,704	
Available hours/tech/month	**142**	

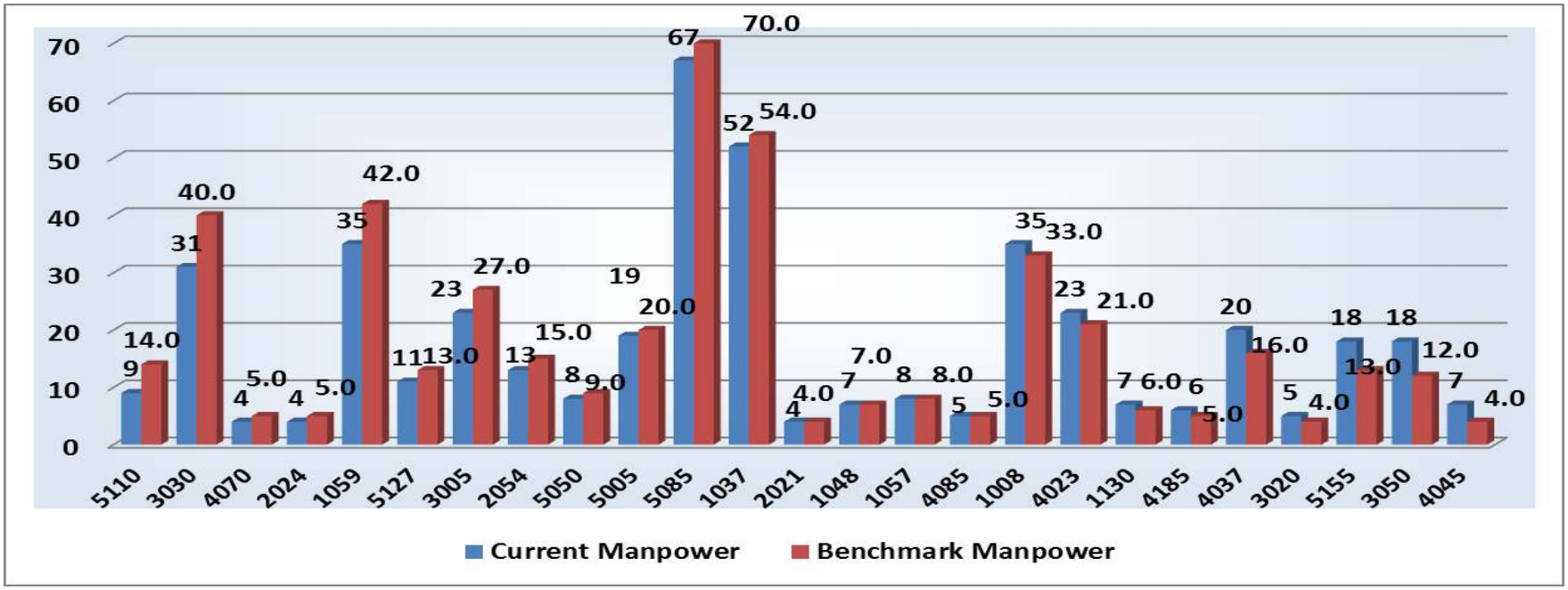
We find the problems so you don't have to

Analyzing Workload and Staffing

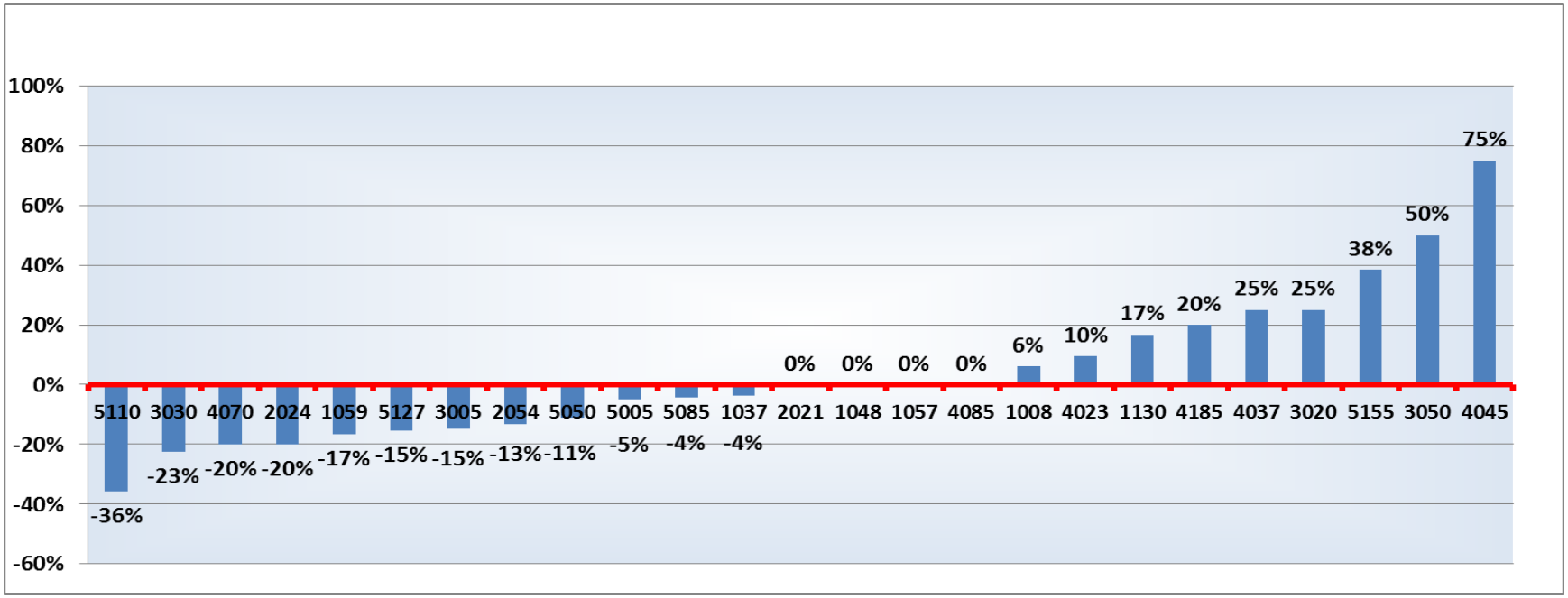
Example:

Model	Dealer Pop	Dealer AMV	Dealer Vol	BEI AMV	Dealer Avg MT	BEI MT	Dealer Avg TT	Dealer MCBV	BEI MCBV	Actual Wrkld Hrs	BEI Wrkld Hrs	*Target W-load Hrs	>5hr/mo difference
PRO907EX	12	90,918	1,091,016	81,043	1.6	1.3	0.7	53,915	89,289	46.5	24.4	24.4	22.1
AFMP301SPF	33	1,451	47,883	2,824	1.2	1	0.3	2,440	6,645	29.4	9.4	9.4	20.1
HPLJ4250	102	3,559	363,018	7,143	1	0.8	0.5	18,695	50,598	29.1	9.3	9.3	19.8
AFSP5210DN	40	3,520	140,800	11,494	1.1	0.9	0.7	9,737	30,294	26.0	7.4	7.4	18.6
HPLJP3005	157	1,391	218,387	3,065	1	0.8	0.5	10,946	21,085	29.9	13.5	13.5	16.5
L345	13	6,423	83,499	2,421	1.2	0.9	0.6	6,747	14,477	22.3	8.7	8.7	13.6
										-	-	-	-
										-	-	-	-
										-	-	-	-
										-	-	-	-
										-	-	-	-
									Totals	**183.3**	**72.7**	**72.7**	**110.7**

Current Staffing vs. National Benchmark



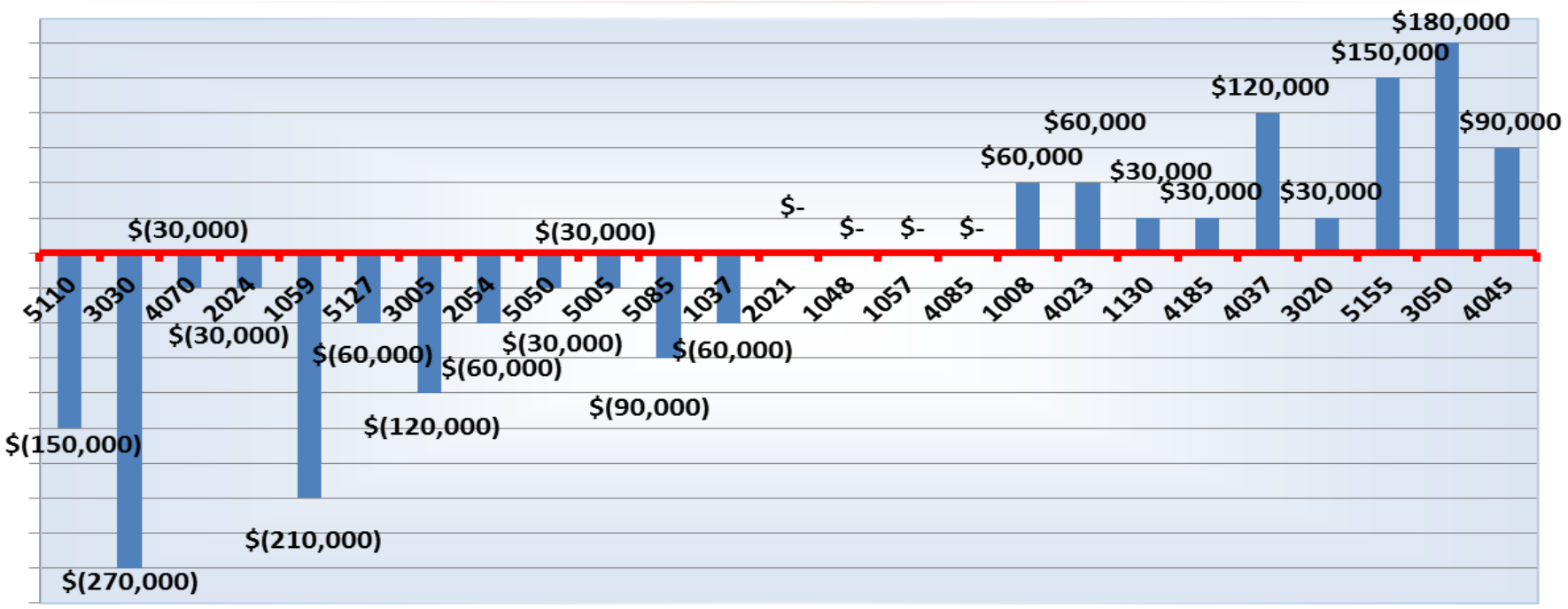
Current Staffing vs. National Benchmark



*Those below 0% are *out performing* the national statistics

We find the problems so you don't have to

Recognized, or Potential, Savings



*Below line is savings recognized

We find the problems so you don't have to

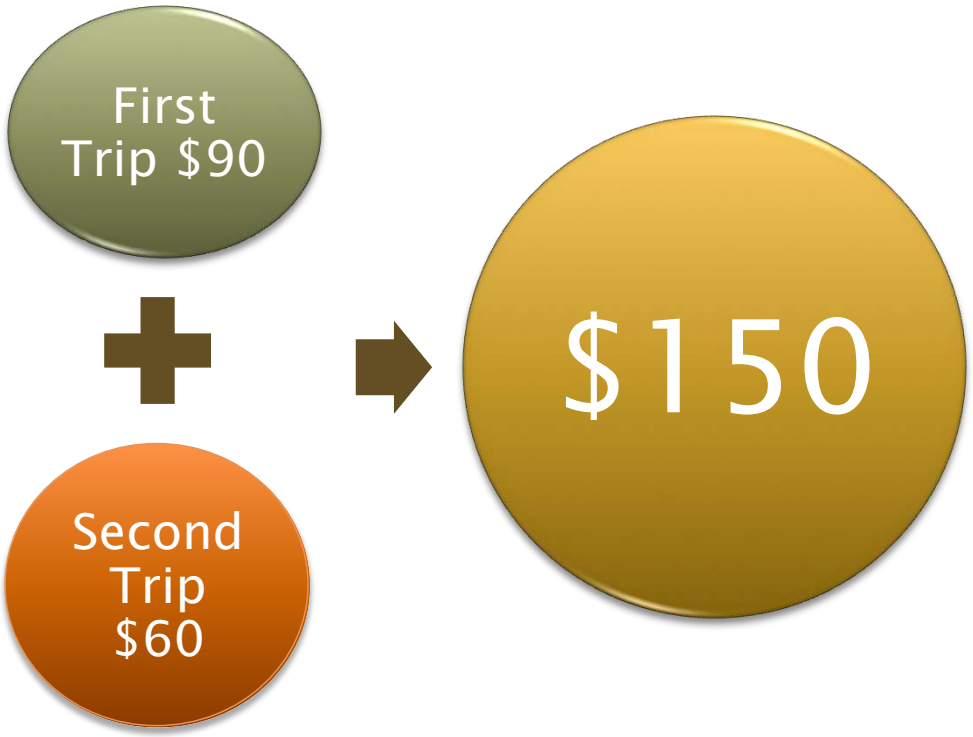
Staffing Considerations

- ***Territory Breakage*** – remote offices without a full workload
- Dedicated technicians for major accounts regardless of workload
- New acquisitions
- Specialization
- Desired response time
- Succession planning / MPS

Analyzing Workload and Staffing

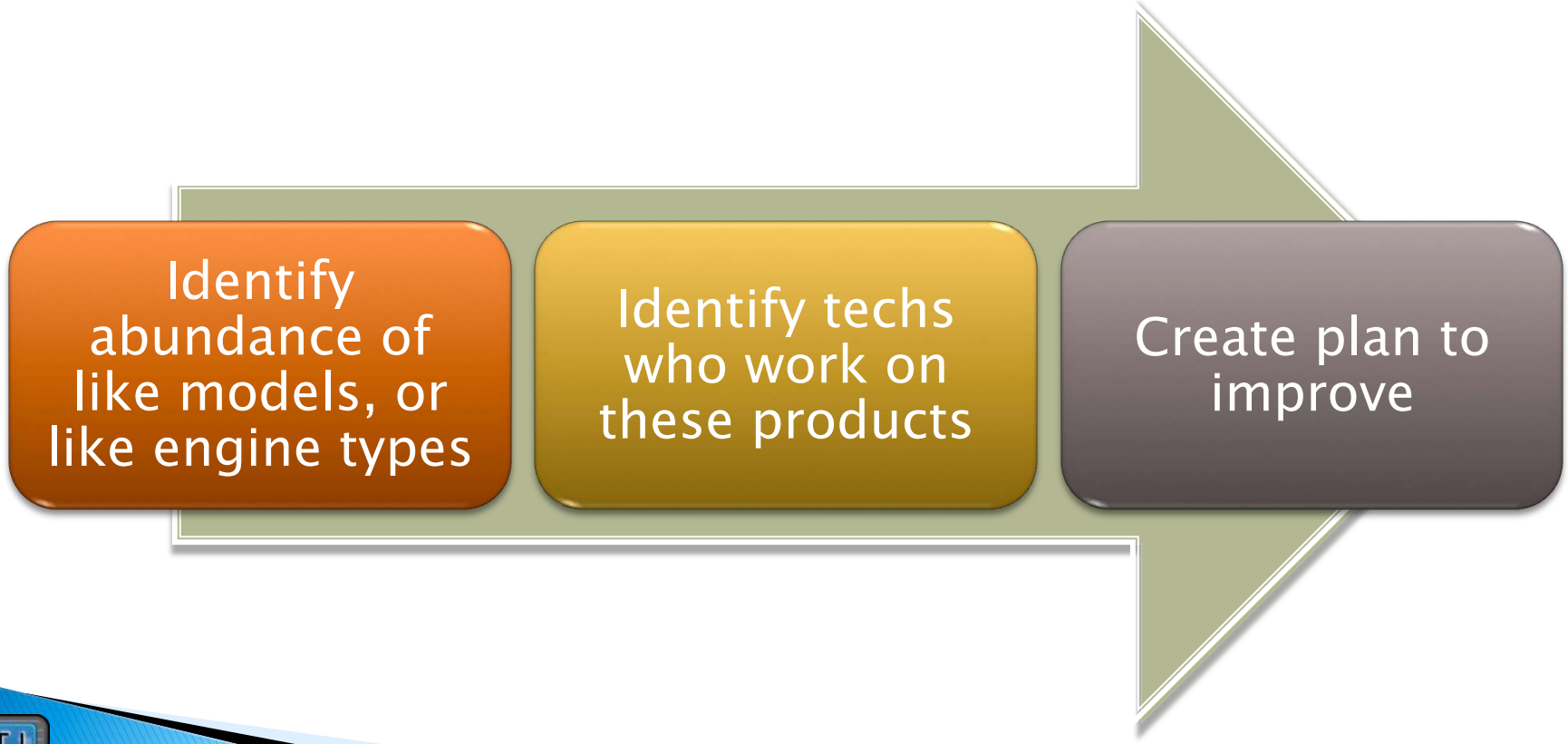
- What about response time?
  - 2 hr. response time you can only load a tech to 105 monthly hours of work (assuming 1.5 hrs demand time)
  - 4 hr. response time you can only load a tech to 125 monthly hours of work (assuming 1.5 hrs of demand time)
  - 8 hr. response time you can only load a tech to 145 hours of work (assuming 1.2 demand time)

Return Trip

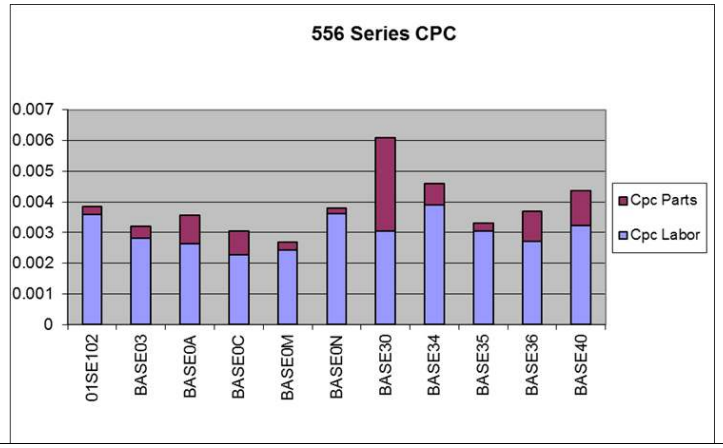


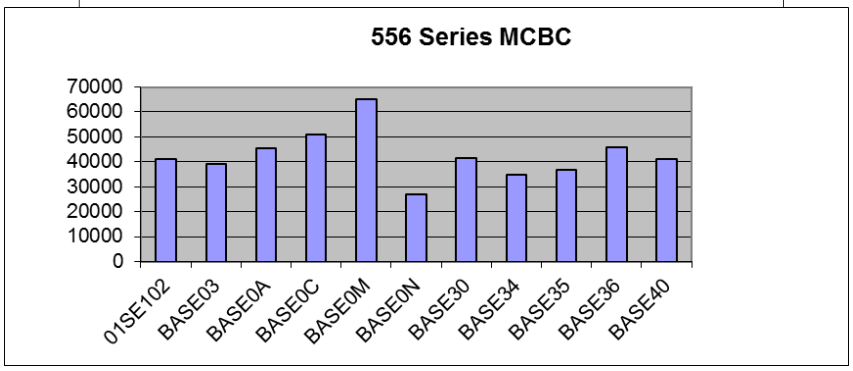
Don’t boil the ocean!

Reducing Return Trips

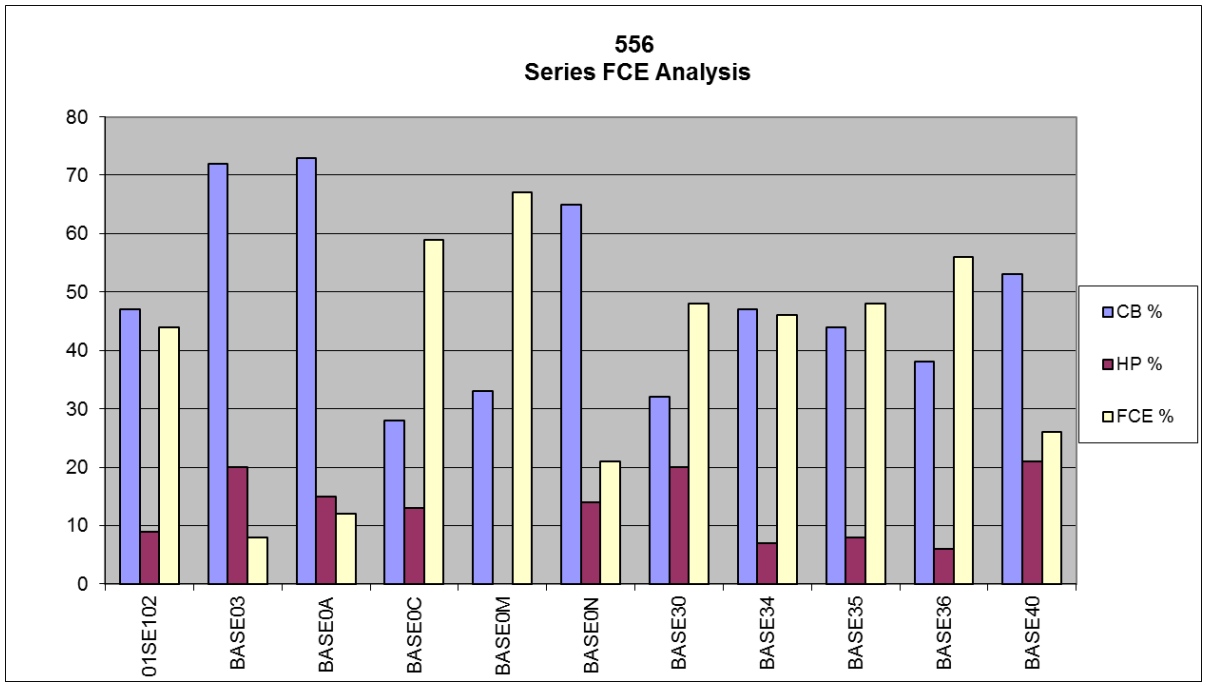


Example:


556 Series CPC
0.007
0.006
0.005
0.004
0.003
0.002
0.001
0
01SE102
BASE03
BASE0A
BASE0C
BASE0M
BASE0N
BASE30
BASE34
BASE35
BASE36
BASE40
Cpc Parts
Cpc Labor


556 Series MCBC
70000
60000
50000
40000
30000
20000
10000
0
01SE102
BASE03
BASE0A
BASE0C
BASE0M
BASE0N
BASE30
BASE34
BASE35
BASE36
BASE40

Example:


556
Series FCE Analysis
80
70
60
50
40
30
20
10
0
01SE102
BASE03
BASE0A
BASE0C
BASE0M
BASE0N
BASE30
BASE34
BASE35
BASE36
BASE40
CB %
HP %
FCE %

Summary

- Identify base workload vs. benchmark workload for your base
- Make sure you provide the resources to get your technical team good at working on the gear providing the largest amount of workload
- Make changes accordingly

Thank You!

Ken Staubitz
513.200.2169
ken.staubitz@beiservices.com