



PUT THE CARROT WHERE YOU WANT THE TEAM TO GO



People Work To Their Comp Plan

- ▣ We work for a reason
 - Money
 - Power
 - Glory
 - Satisfaction
- ▣ Number one reason - **Money**

What is a Comp Plan?

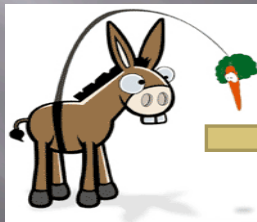


- ▣ Comp plan includes:
 - Salary
 - Bonus
 - Contests
 - Time off
 - Recognition
- ▣ Includes everything of value received for work performed

Where is Your Carrot?



Where you want the mule to go



Where the mule is going.

Carrot Principles



- ▣ The smaller the carrot and the more difficult to obtain, the smaller the results, even reaching the point of negative results



The bigger the carrot and the perceived ability to reach it, the better the results.





Many Comp Plans Are Wrong

- ▣ If you aren't achieving the results you want, suspect your comp plan
 - Sales
 - Service
 - Admin
 - Delivery
 - Warehouse



Model For Success

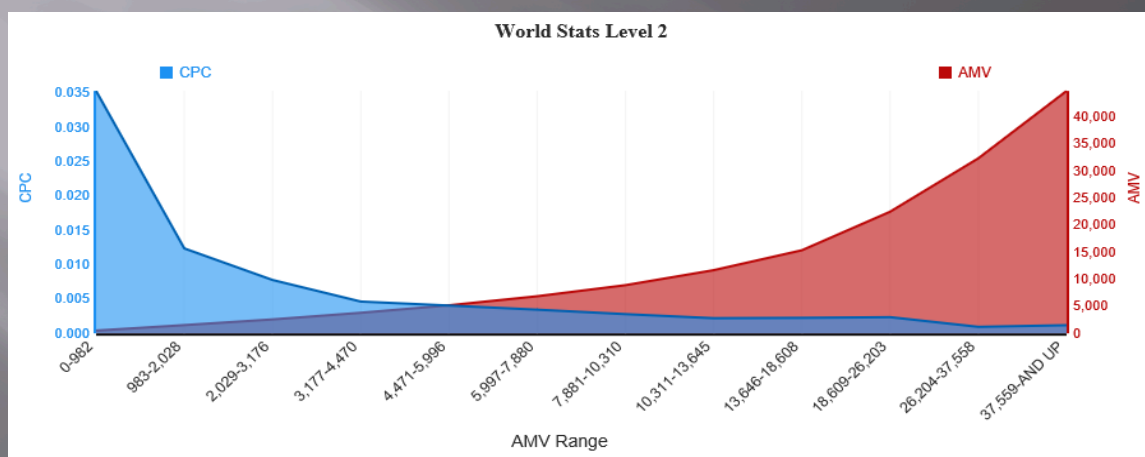
Dealer Profitability Model						
Percent Of Sales	Category	Gross Profit Percent	Sales Exp Percent	Admin Exp Percent	Profit Loss %	Weighted Profit %
48.0%	Equipment	40.0%	28.5%	17.0%	-5.5%	-2.6%
18.0%	Supplies	44.0%		17.0%	27.0%	4.9%
32.0%	Service	52.0%		17.0%	35.0%	11.2%
2.0%	Rental	45.0%		17.0%	28.0%	0.6%
100.0%	Total	44.7%	13.7%	17.0%	14.0%	14.0%
						Operating Income

Sales Department



- ▣ Sales comp plans often drive harmful behavior
 - Overselling equipment
 - Discounting service
 - Selling orphan devices
 - Constantly rolling current base

Equipment Behavior and Costs



Equipment Placements



	Range	Total Population	Nat Cpc	Vol Nat Cpc
3258	0-982	492	0.0044	0.03526
	983-2,028	681	0.0044	0.01235
	2,029-3,176	682	0.0044	0.00776
	3,177-4,470	586	0.0044	0.00462
	4,471-5,996	465	0.0044	0.00404
	5,997-7,880	352	0.0044	0.00344
	7,881-10,310	228	0.0044	0.00279
430	10,311-13,645	108	0.0044	0.0022
	13,646-18,608	59	0.0044	0.00225
	18,609-26,203	19	0.0044	0.00235
	26,204-37,558	14	0.0044	0.00094
	37,559-AND			
	UP	2	0.0044	0.00118

Why



- ❑ More than half were in worst-performing bands
- ❑ Clients suffering
- ❑ Service losing money

- ❑ Comp plan paid the rep to do it

Examples



- ▣ Production equipment in non-production environment
 - County Clerk
 - Mom and Pop
 - One of a Kind
 - GBC

How to Fix it



- ▣ Before you can fix it – decide what is important
 - Net-new customer
 - Net-new placement
 - Right machine – right environment
 - At or above service book price
 - Service escalates
 - Service included in lease
 - Power protection

Targeted Comp Plan



Compensation

Maximum

Minimum



Sales Desirability

The more of the targets associated with the sale, the greater the compensation

Quota - Trips - Bonus



- ❑ Sales that don't address company goals shouldn't count for quota, bonus or trips
- ❑ Examples
 - Non-targeted existing customer upgrade
 - Wrong equipment placement
 - Discounted service pricing

Service Compensation



- ▣ Important Service Facts
 - Most of your profit comes from service
 - According to the model, 80% of profit
 - Your customer satisfaction comes from service
 - You keep your customers because of service
 - If your technicians all quit, you would be out of business
 - It takes 3 years and 60K – 90K to train a technician
- ▣ Technicians are the stepchildren of the company
 - No Bonus – No Trip – No Recognition

Service Metrics



- ▣ If there is a bonus program – wrong metrics
 - Calls per day
 - Parts cost
- ▣ Service calls **cost** money
- ▣ Not putting needed parts in **costs** money

Understand How to Make Money



- ▣ Service costs are labor and parts
- ▣ Labor by far biggest cost
- ▣ For profit purposes – divide labor costs by number of copies = labor cost per copy
- ▣ Labor cost includes travel time, mileage, etc.
- ▣ More calls = more cost for same number of copies

Metrics that Matter



- ▣ Copies Between Calls (CBC)
- ▣ The bigger that number, the lower the cost
- ▣ Example:
 - Machine makes 100K copies and visit cost is \$100 per visit.
 - 1 visit in the 100K cost per copy for labor = .001
 - ▣ CBC = 100K
 - 10 visits in the 100K cost per copy is .01
 - ▣ CBC = 10k

What You Want From Service



- ▣ High CBC – Most important
 - Target CBC varies between models
- ▣ Correct Parts Use
 - Parts put in at the correct time
 - Not using parts to troubleshoot
 - Parts usage varies by model
 - For those reason need easier metrics

First Call Effectiveness



- ▣ First Call Effectiveness (FCE) measures how often the technician fixes the call the first time.
- ▣ Callbacks – When a machine requires return visit within a specified time or copy volume reduces FCE.
- ▣ Parts availability also plays a part

Impact of CBC



- ▣ Higher FCE and CBC
 - Reduce labor requirements
 - Reduce mileage costs and travel time
 - Improve customer satisfaction
 - Improve response time

Tech Goals for Bonus



- ▣ Overachieves on FCE
- ▣ Meets or exceeds a minimum # hours documented
- ▣ Puts right parts in
- ▣ Maintains good relationships with customers, peers and management
- ▣ Warranty returns

Tech Bonus



- ▣ Monthly bonus based on meeting metrics
- ▣ Top 10% of techs get same trip that sales gets
- ▣ Make recognition the same. For example, if sales rep gets recognized for meeting quota, service rep should get recognized for meeting goals

Parts Department



- ▣ Factor in FCE is the Hold For Parts Call
 - Managing car stock properly reduces HP
 - Managing turns frees up capital for other uses
 - Reclaiming parts reduces expenses and improves uptime
 - Warranty target
- ▣ Put a bonus in place for exceeding expectation in those areas

Admin



- ▣ Supply department should have a bonus for managing client toner needs – not over-supplying toner
- ▣ Contract department could have a bonus for accurate and timely billing
- ▣ AR for achieving desired aging

Company Bonus



- ▣ In addition to the above, if you really want the company to pull together, put in place a group reward for the company meeting the desired goal. This will help make the company a team rather than individuals out only for themselves.