Service Productivity, Efficiency and Effectiveness

BTA Mid-America Conference
St Louis, Mo  May 4, 2011
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• My background
  – Strategy Development – Service Consultant
  – Xerox Corporation – 18 years; District Service Manager, Financial Planning & Analysis Manager, Field Service Manager, Customer Service Technician.
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%)

• **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)
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%

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

Managing Productivity & Effectiveness

3 Key areas (KPI’s) requiring focus

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

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
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

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
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

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
Productivity & Effectiveness Management – Opportunity Examples

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

Mission accomplished – right?

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
**Question of the day**

Are you staffed to your own level of inefficiency?

**Benchmarking**

**Technician Staffing Model**

<table>
<thead>
<tr>
<th>Model</th>
<th>DLR Pop</th>
<th>DLR AVG</th>
<th>DLR Mo Vol</th>
<th>DLR Avg MT</th>
<th>Bnchmrk Avg MT</th>
<th>DLR Avg TT</th>
<th>DLR MCV</th>
<th>Bnchmrk MCV</th>
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<th>Bnchmrk Wrkld Hrs</th>
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**Targeted Workload hrs/mo/tech** | **Required Staffing hrs/mo/tech** | **DLR Stats** | **Bnchmark Stats**
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<td>9.9</td>
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Top 3 Best Practices

• Call Avoidance
• Productivity Management
• Specialization

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”
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

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

<table>
<thead>
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<th>Call Avoidance rate</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
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<td>.0035</td>
<td>.0032</td>
<td>.0029</td>
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<tr>
<td>Cost Reduction</td>
<td>9%</td>
<td>17%</td>
<td>23%</td>
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<tr>
<td>Color Cost Parts &amp; Labor</td>
<td>.0095</td>
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<tr>
<td>Cost Reduction</td>
<td>9%</td>
<td>18%</td>
<td>26%</td>
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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
**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

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

Start Now!

Questions & Discussion
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.

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Thank You!