

CFESA Young Executive Council



Discussion Points

Two Types of “Service” That Impact Your Business

☐ Field Service

- Manufacturers relying more and more on large parts houses to distribute parts.
- Industry is dominated by a relative few “mega” equipment holding companies.
- Customers of all types are requiring consistency in pricing, programs and performance.

- **Positives**
- **Negatives**
- **Tips for Success**

Discussion Points

☐ Customer Service

- Service Criticisms and complaints
- Deadly Sins
- Effects of Complaints

- Positives
- Negatives
- Tips for Success

The Middleby Corporation



Manitowoc Foodservice

 **Cleveland**  **Delfield**  **Garland**

 **Frymaster**  **Dean**  **Kolpak**

 **Lincoln**  **Manitowoc**  **Servend**

 **Merco**  **Merrychef**  **Multiplex**

 **U.S. Range**  **KPS**  **Manitowoc**
Beverage Systems

Ali Group

Ice-O-Matic  **Aladdin Temp-Rite**  **Champion** 

Amana



BEVERAGE-AIR
YOUR COMPLETE REFRIGERATION SOURCE

Scotsman
Ice Systems

**MOYER
DIEBEL**
Simply Engineered Better



FRIGINOX
LE FROID PROFESSIONNEL



LAINOX

bi·line
Conveyor Systems

Edlund

CARPIGANI
sweet innovation

Belshaw
belshaw-adamatic.com
Adamatic
Bakery Group

 **eloma**

COLODELITE

VICTORY

MOFFAT

 **CFESA**
Commercial Food Equipment Service Association

ITW



Emerson



Standex



The Signature of Quality



Value • Performance • Quality



Marmon



Unified Brands



Vollrath



Service Positives

- Service is a differentiator.
- Margins are better than parts sales.
- Ability to Leverage Customer Relationships.
- Manufacturers now beginning to pay rates at or above street levels.
- Opportunity to leverage positive relationships into increased business and profits.

Service Negatives

- Competing with larger, better funded service companies for customer and manufacturer support.
- Costly equipment and infrastructure
- Higher wages for skilled labor
- Factories and customers demanding consistent pricing, service levels regardless of location and longer labor warranties
- Demand for service information is exploding

Service Negatives

- Can make or break overall profitability.
- Extremely labor intensive, both internal support and field technicians
- Third party service brokers taking control of the customer from a distance
- More and more companies (factories and customers) are grading our performance
- Exposure to criticism

Average Annual Service Van Costs

➤ Van Lease (\$27, 000 for Three Years)	\$ 9,000.00
➤ Insurance & Maintenance	\$ 4,200.00
➤ Gas & Oil	\$ 6,300.00
➤ Special Tools & Equipment	\$ 1,200.00
➤ Inventory	\$ 8,000.00

*** Tools exclude items such as lifts, trailers, dollies, etc.**



Average Annual Technician Costs

➤ Wage and Benefits	\$ 75,000.00
➤ Training Costs	\$ 2,800.00
➤ Uniforms	\$ 500.00
➤ Workers Compensation Insurance	\$ 1,400.00
➤ Technology & Cell Phones	\$ 1,200.00
➤ Tool Allowance	\$ 650.00



Other Service Costs

➤ Building Lease & Insurance	\$ 94,000.00
➤ Utilities	\$ 32,000.00
➤ Maintenance	\$ 11,000.00
➤ Computer Hardware & Software	\$ 120,000.00
➤ Telephones & Communications	\$ 60,000.00
➤ Service Administration Staff	\$ 442,000.00

***Service admin. is based on six staff Members wages & benefits, and includes management.**



Tips for Success

- ❑ Know your service costs!!! Gross margins are key profit indicators.

YTD Service Margins thru 4-30-015

Branch	2015	2014	2013	2012	2011	2010	2009
A	40.68%	39.64%	38.78%	38.78%	40.04%	39.14%	38.24%
B	21.90%	25.40%	23.95%	24.40%	31.88%	32.70%	31.92%
C	38.27%	35.41%	31.02%	33.33%	28.78%	28.54%	20.95%
F	36.55%	36.97%	37.37%	39.60%	38.25%		
H	37.95%	34.72%	38.81%	37.42%	37.98%	39.09%	39.53%
I	31.89%	28.31%	33.15%	33.95%	30.25%	22.25%	35.39%
J	35.00%	30.38%	28.51%	33.42%	35.28%	36.66%	37.42%
K	38.12%	39.76%	42.15%	41.36%	38.08%	42.83%	44.08%
L	35.82%	33.67%	32.67%	36.48%	37.13%	37.11%	36.40%
M	35.92%	31.32%	35.57%	40.26%	39.43%	42.50%	37.79%
R	36.94%	33.35%	31.18%	32.14%	36.46%	39.67%	38.57%
S	36.54%	33.71%	35.98%	34.42%	33.07%	36.51%	37.39%
T	33.54%	33.16%	35.76%	35.89%			
U	33.15%	21.55%	29.29%	27.87%	29.49%	30.45%	

Tips for Success

- ❑ Know the appropriate product mix for your company.
 - Emergency & Discretionary Service
 - Installation
 - Planned Maintenance
 - Refrigeration, Cooking, Ware Washing, Laundry, HVAC, Water Filtration, etc.
 - Warranty & Non Warranty

Tips for Success

- ❑ Be vigilant about the “service product mix” and what it does to your bottom line.

Service Labor Sales Mix					
	2014*	2013	2012	2011	2010
Warranty Cooking	\$4,050,926	\$3,752,361	\$3,892,475	\$3,401,549	\$3,103,654
Warranty Refrig / HVAC	\$511,173	\$606,117	\$473,405	\$531,619	\$433,242
Total Warranty Labor	\$4,562,099	\$4,358,478	\$4,365,880	\$3,933,168	\$3,536,896
Total Labor Sales	\$17,181,836	\$17,345,050	\$16,146,223	\$16,080,674	\$14,212,352
% of Warranty to Total	26.55%	25.13%	27.04%	24.46%	24.89%
* Through November 2014					

Tips for Success, KPI's

Calls Received Daily & MTD

Completed

Open

Parts on Order Service Tickets

Parts Received for Service Tickets

Other Call Status Such as Hold, Cont, Quotes

Daily Service Billing

Tips for Success (CFESA Profit Survey)

[..\..\Performance Surveys\2014 CFESA Profit Planning Report.PDF](#)

The annual CFESA Profit Survey contains a wealth of information.... **YOURS ONLY if YOU PARTICIPATE!**

Tips for Success

- Eliminate as many non profitable customers as possible.
- Sell your “value”, not your price.
 - Every transaction is a value proposition
 - If you under value your services, you will always be underpaid!
- Offer as full of a menu of services as possible
 - Allowing others into accounts to provide services you could is a long term tactical mistake.
 - Every part you sell over the counter to a local plumber electrician or HVAC contractor is a service call you do not do.



Take Away

Customers don't care how valuable they are to you; they care only how valuable you are to them

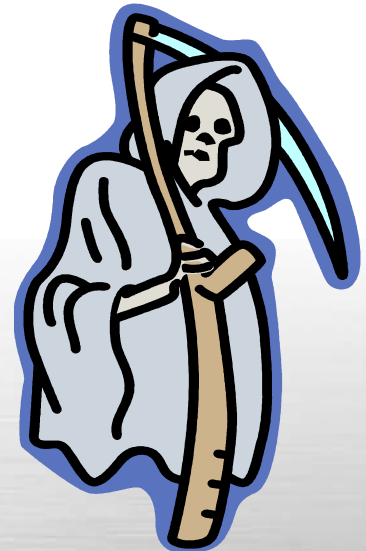
Criticism & Complaints

**If Criticism Were Really Harmful,
The Skunk Would be Extinct By Now!!!!!!!**



Seven Deadly Sins of Customer Service

1. Putting money or profits ahead of service
2. Complacency brought about by success
3. Lack of teamwork
4. Not listening; anticipating the answer before hearing the question or situation
5. Lack of training for employees
6. Not paying attention to the customer or the competition
7. Giving the customer lip service



Complaints

Here are the numbers of people customers will talk to based on how well you handle their complaint:

- 3 if you do a good job
- 10 if you do a great job
- 25 if you do a bad job
- 50 if you do a really bad job

The Basics

- Generate more complaints
- Listen
- Express regret quickly
- Trust the customer
- Accept responsibility
- Solve the problem quickly
- Thank them for bringing the problem to your attention



If 99.9% is good enough, then.....

12 newborns will be given wrong parents daily.

114,500 mismatched pairs of shoes will be shipped per year.

18, 322 pieces of mail will be mishandled per hour.

2,000,000 documents will be lost by the IRS this year.

2.5 million books will be shipped with the wrong covers.

2 planes landing at Chicago's O'Hare airport will be unsafe each day.

If 99.9% is good enough, then..... (con't)

315 entries in Webster's dictionary will be misspelled.

20,000 incorrect drug prescriptions will be written this year.

880,000 credit cards in circulation will turn out to have incorrect cardholder information on their magnetic strips.

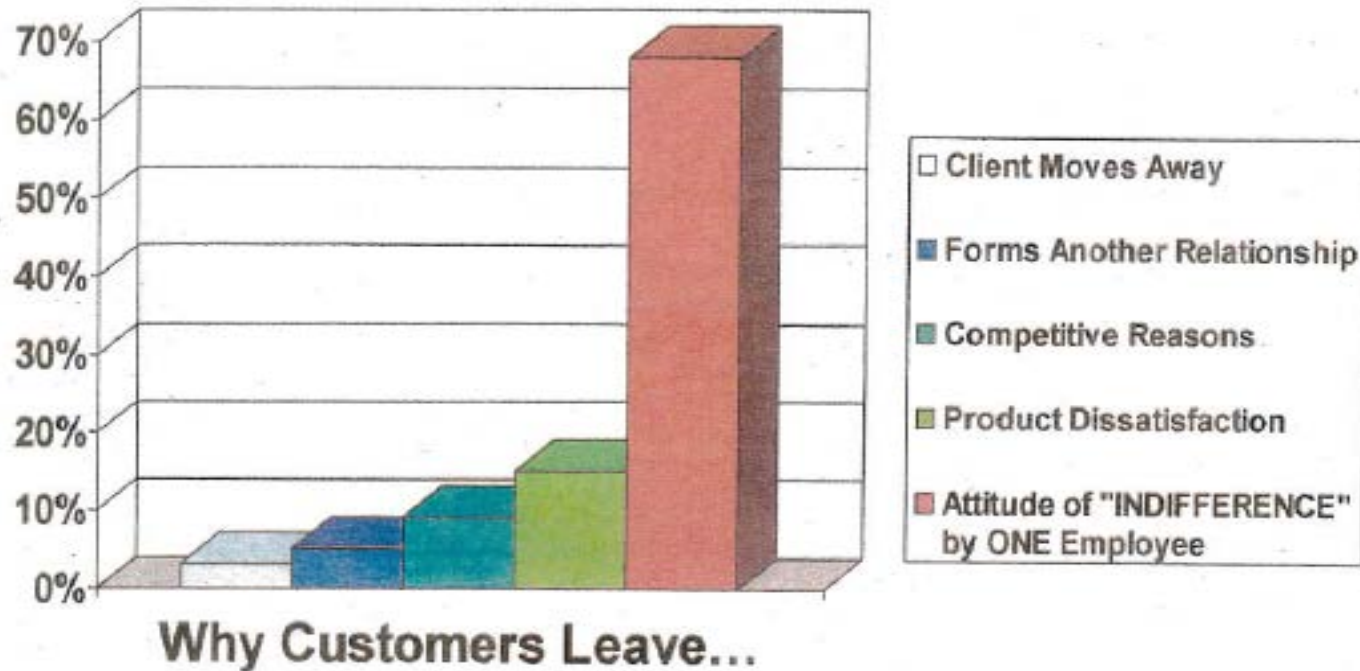
103,260 income tax returns will be processed incorrectly during the year.

5.5 million cases of soft drinks will be flat.

30,576 copies of tomorrow's Wall Street Journal will be missing one of the three sections.

Leadership Matters...

At every level of the organization



Source: White House Office of Consumer Affairs
Technical Assistance Research Program (Harvard University)

Prepared for TEC 31 Executives
by CMI Assessments



Commercial Food Equipment Service Association

Milwaukee Biz Times September 1-14, 2014

Outstanding Customer Service

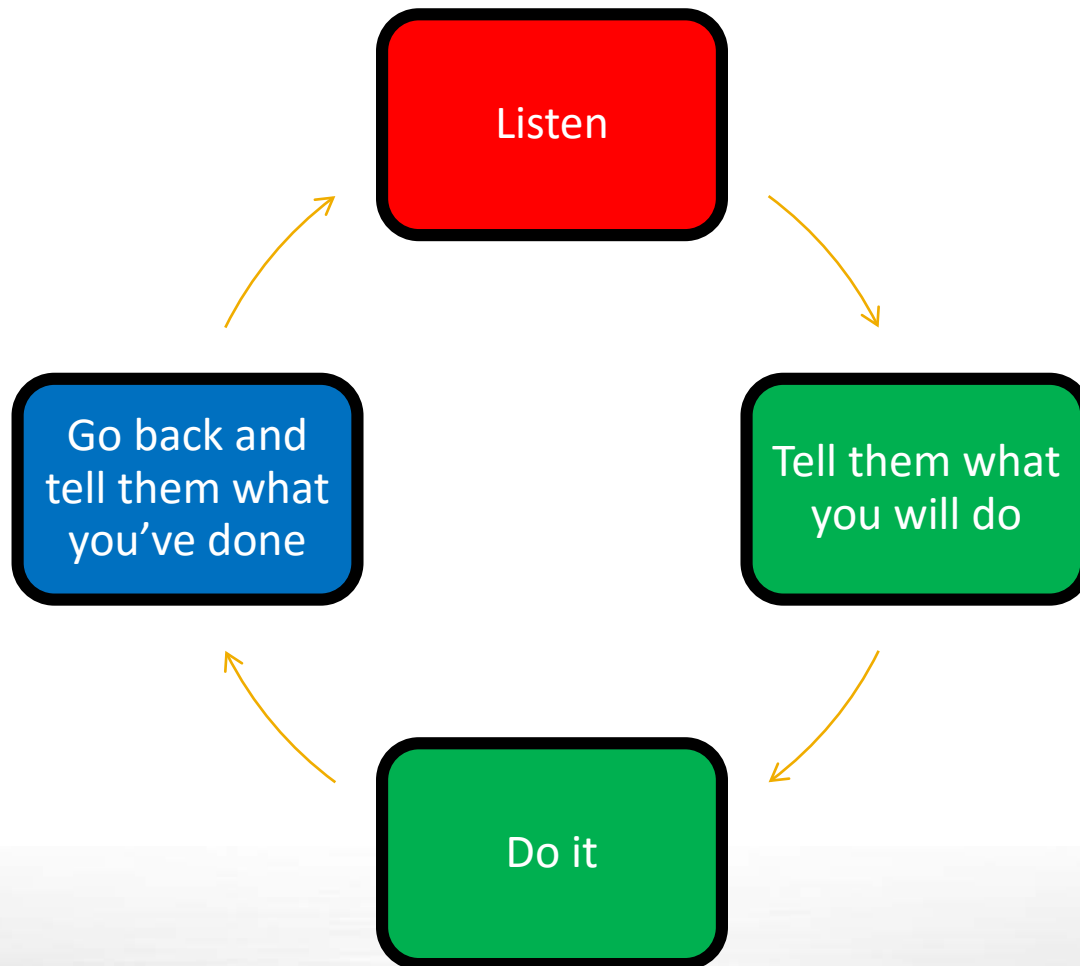
- ☐ 80% Attitude And 20% Technique
- ☐ Create Win-Win Situations
- ☐ Build Relationships
- ☐ Treat As Individuals
- ☐ Attack The Problem, Not The Person
- ☐ Use The Customers Name
- ☐ Be Visible
- ☐ Smile
- ☐ Listen
- ☐ Have Fun!
- ☐ Have A Sense Of Humor
- ☐ Put People Ahead Of Profit
- ☐ Act With Urgency
- ☐ Encourage Teamwork In Your Staff
- ☐ Follow-Up



Tips for Success

- Define great customer service for your organization.
- Treat every complaint from a customer as an opportunity to develop more business.
- Recognize what your customers want....Ask them!
- Address them by name to help develop the relationship.
- Know your service product and how it's delivered. Make sure all in the organization know it as well.
- Customer service is everyone's job. Own it.
- Follow up on all feedback, both positive and negative.

Complete The Circle



Take Away

“Business goes where it is invited. Business stays where it is appreciated”.

Jack Kaine

TEC Speaker of the Year 2002

Take Away

“Customer satisfaction is worthless. Customer loyalty (retention) is priceless.”

Jeffrey Gitomer

Thank You

“Learn from the mistakes of others. You can never live long enough to make them all yourself.”

Groucho Marx

