

Professional Service Management

A guide to:

- More profitable service shop operation
 - Improved productivity of technicians & mechanics
 - Effective service sales promotion techniques
 - Expense control through better management
 - Successful employee & customer relations
 - Personal improvement & career advancement
-

William
Joseph

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Preface

My first exposure to the service business came in the early days of television. I was working for a small appliance dealer as a repairman (we weren't called technicians in those days).

Since there were several of us working in the shop, someone had to be designated as the "boss." I remember him now only as Mr. Messenger. He was the eldest of us—more important, he knew how to fix those new television sets.

Mr. Messenger knew little and probably cared less about the professional management techniques discussed in this book. In looking back, though, I am reminded that I was not at all offended by his lack of credentials, since I knew nothing about such things either. What I do remember, despite the passage of all those years, is that I did not like having Mr. Messenger for a boss.

None of this is intended to fault my erstwhile colleague. Back in those days, the concept of service management had hardly progressed beyond its embryonic stage. Indeed, business management itself, in the professional sense that we think of it today, was still in its formative stages. As far as I know, Peter Drucker had yet to publish his first words on the subject.

A great deal has happened to me and to the service industry in the intervening years. Both, I like to feel, have matured considerably.

While there is still a tendency in some quarters to promote service managers on the basis of their technical skill rather than on their business and management potential, the practice is at last losing ground. We can expect this trend to accelerate as more and more industry leaders come to realize that service management is an exacting discipline, at least as demanding as other forms of general business management.

Working one's way up through the ranks has been, and I hope will always be, a perfectly acceptable path to service-management responsibility. However, as the industry grows even more sophisticated, the choice of candidates must inevitably reflect the fact that management potential, not technical skill, provides the surest foundation for success. Whether you are a practicing service manager, an owner/manager of some form of service business, or a technician trying to gain the management skills that will enable you to improve your lot, I believe that this book can help you.

Professional Service Management is a book neither on the abstract concepts of product service nor on the relationships among the manufacturing, marketing, and servicing arms of our distribution systems. These themes have been adequately explored in any number of scholarly works—and this certainly isn't a book on how to repair things. Instead, this book has been written specifically for the manager who must deal with the immediate and practical problems inherent in every type of service operation—how to run the business; how to satisfy the customer; how to make a profit.

Whether your business is involved in repairing airplanes, typewriters, or anything in between, the techniques discussed in these pages will help you do your job more effectively. If I have done my job well, you will find the book you are holding to be a permanent reference of the sort that will stimulate new thoughts and ideas each time you review it.

If you happen to be the type of person who insists on getting to the bottom line with dispatch, you may find yourself skimming through the first three chapters. Whether you choose to read them first, or come back to them later, I urge you to give them a fair share of your time. They provide what I feel is the kind of bedrock foundation that will add meaning and substance not only to the rest of the book but to the balance of your career as well.

The title of this book is no accident. By any set of parameters that one may choose, service management has earned the right to be regarded as a true profession. It is my hope that *Professional Service Management* will make some positive contribution toward the furthering of that premise.

William Joseph

Acknowledgment

When the final words of a manuscript have been set to paper, it's time to recall the names of those who have in some way made a contribution to the work.

What an impossible task. . . .

In my own effort to do so, I quickly became aware that such a list for this book would be unacceptably long. Yet to mention one or a few names would be to run the risk of slighting others.

Instead, allow me to make a general but sincere acknowledgment.

In a career in the service business that began in 1948, I have met and worked with many hundreds of service managers, service technicians and mechanics, executives, educators, and consultants. It has been the collective teaching of all these people that has given me the courage to embark on this project. To each and every one of them, my sincere gratitude for an education that could not have been gained in any other way.

W. J.

*Professional
Service
Management*

About the Author

William Joseph is a veteran of more than 30 years in the service industry. During his career, he has operated his own small television repair business, has been employed as a service manager, and, for the past 20 years, has been a service executive in one of the country's largest corporations.

Since the appearance of his first published article in 1958, he has become one of the most widely published authors on service-management subjects. More than 200 of his articles have appeared in leading magazines and trade journals.

He is the author of two monthly columns on business management: "It's YOUR Business," appearing in *Appliance Service News*, and "The Business Side of Things," in *Alarm/Installer Dealer*. He is also an active speaker and lecturer on service-management subjects and has appeared as a featured speaker at service-management seminars.

Contents

Preface	xi
Acknowledgment	xiii

1. *How It All Began* 1

Early Growth in the Service Industry	2
The Service Business Today	3
Today's Consumer	4
The Effects of Changing Technology	4
Service Comes into Its Own	5
The Business Community Responds	7
The Customer Speaks Out	9
Life as a Service Manager	10
What Your Customers Expect	11

2. *Service—A People Business* 13

The Importance of "People Skills"	14
The Laws of Human Relations	17
The Fundamental Physical Needs	25

3. *The Magic of Communicating* 29

It Starts with Good Listening	30
A Good Vocabulary Helps	30
Where Do You Fit In?	32
But Don't Overdo It	35
Skill with the Spoken Word	37
Making a Speech?	38
The Written Word	39
Why Bother to Write?	40
Meeting Manners	41

4. Productivity—The Big Challenge 43

The Service Factory	44
Better Productivity Means Better Profit	45
Motivation	46
Measuring Productivity	49
What You Can Do	53
Road Technicians	57
All Technicians	59
Housekeeping	61
Financial Incentives	61

5. Routing and Dispatching 63

Road Calls	63
Suggested Changes	65
Alternative Systems	67
The Daily Gathering	75
Shop Technicians	77

6. Shop Layout and Work Flow 79

Remember the Factory Concept	79
Accessibility to Repair Parts	82
Storage Areas	84
Shop Records	85
Carry-in Service	86
Houskeeping	87

7. Repair Parts Inventories 89

The Orphans of the Service Business	89
Level of Service	90
The 80/20 Rule	92
How Much Inventory?	93
How to Keep Records	95
Inventory Deletions	97
Out of Stocks	98
Stocking the Truck	100
Profits from the Parts Department	102

8. Setting Service Rates 105

It Must Be Done with Care	105
No Easy Formula	107

The Hourly Rate System	108
Productive-Time Ratio	112
Flat-Rate Systems	114
Other Systems	118
Charging for Estimates	118
Inflation	119
Moderate or Premium Rates	119
 9. <i>Selling Service Contracts</i> 121	
Genesis	121
Should You Be Selling Service Contracts?	122
Fulfillment Costs	123
How to Sell Them	125
Selling Renewals	128
Wording the Contract	131
 10. <i>Selling Your Service</i> 135	
The First Step	136
Bringing in New Customers	137
Other Forms of Advertising	140
New Business from Old Customers	142
Your Image	143
 11. <i>Controlling Expenses</i> 146	
Technical Payroll	146
Other Payroll	147
Supplies	148
The Telephone	151
Energy	154
 12. <i>You and Your Customer</i> 155	
What is a Service Manager? What Does He Do?	155
It's the Customer Who Counts	156
Who's Listening	158
Broken Promises	160
Telephone Complaints	161
How to Say "No"	163
The Customer Satisfaction Audit	166
Your Personal Development	168

13. *Managing a Healthy Business* 169

The Discipline of the P&L	170
Accounting	170
The Balance Sheet	173
The Basic Ratios	176
Managing for Profit	178
The Technician's Role	181
What About Expenses?	184

14. *Legal Considerations* 188

Warranties and Guarantees	189
The Magnuson-Moss Warranty Act	191
Implied Warranties	193
Product Liability	194
Insurance	196
Equal Opportunity	200
Consumer Reports	201
Service Legislation	202

15. *Letters to Help You Manage* 205

Good Advice from Malcolm Forbes	206
Writing to Your Boss	209
Letters to Customers	212
Letters that Say "No"	213
Letters from Satisfied Customers	215
Consumer Agencies	216
Sales Promotion Letters	217

Chapter 1

How It All Began

The electric light bulb, the printing press, and Burt Reynolds all share one important thing in common: the precise times and places of their births have been clearly established.

Not so with the service industry.

In the earliest days of our civilization, the producer and the consumer were one and the same. If one of our forefathers was in need of a plow, he was expected to make it himself. Having done so, he most probably would not have been inclined to look to someone else for help when the plow fell into a state of disrepair.

At some point, of course, the first chap with more natural talent for fixing things than for making them came on the scene. Although history does not afford us a view of the event, we can assume that a market for his services slowly, and perhaps grudgingly, took shape.

It remained, however, for the industrial revolution to generate a clear distinction between those who produced goods and those for whom the goods were produced. When the American worker moved off the farm and into the factory, the groundwork for today's service industry was laid.

Of course, old habits are not readily dismissed. In recognition of this, much of the early output of our factories was designed to accom-

moderate the American penchant for doing it yourself. Early farm machinery, for example, often came complete with tool kit, maintenance instructions, and the implicit understanding that malfunctions would require a considerable amount of tender loving care on the part of the owner. There were few, if any, service facilities in the bigger cities, much less in the rural areas.

However, advancing technology and an increasingly sophisticated system for bringing manufactured goods to the ultimate consumer served to strengthen the need for an industry designed to keep our assembly line society in good working order.

In 1887, when Richard W. Sears placed the classified ad that resulted in the hiring of Alvah C. Roebuck, he was looking for someone capable of repairing the malfunctioning pocket watches being returned by some customers. In doing so, Sears was responding to his perception that, to be successful, a merchant selling mechanical goods would need the support of a behind-the-scenes service organization.

In 1908, when William Crapo Durant merged the Buick and Oldsmobile motor car companies to form the colossus General Motors Corporation, the automobile industry had already begun to piece together the highly specialized service network without which our so-called mobile society would not have been possible.

Although the precise moment of its birth was not recorded in any ledger, the service industry had indeed been born.

EARLY GROWTH IN THE SERVICE INDUSTRY

By 1950, the annual cost of services in the United States was \$88.2 billion, or about \$583 per person. By 1970, the cost of the same services had grown to more than \$424.6 billion, slightly more than \$2090 for every man, woman, and child in the country. Inflation notwithstanding, the providing of services in America had become a gigantic industry.

In recent years, the market for services has been expanding even more rapidly. In 1975, a much-predicted milestone was reached. In that year, services became the largest item in the gross national product (GNP). For the first time in our history, more money was spent for services than for the purchase of tangible goods. By 1978, services accounted for nearly 46% of the entire gross national product.

To be sure, the government's description of services is broad, including not only the kinds of repair services that involve the professional service manager but also such diverse activities as dry

cleaning, medical and dental services, house painting, etc. You get the idea: any business transaction that results in the exchange of a service instead of tangible goods is included in the government's statistical analysis of "services." Despite the breadth of the category, however, the repair segment alone constitutes a multibillion dollar industry, one of the largest in American business. It is the world of today's professional service manager.

The Department of Transportation estimates that automotive repairs and maintenance alone amounted to \$50 billion in 1978. This is a tidy sum when you consider that it is nearly one-half the amount spent for the purchase of new cars a year earlier.

THE SERVICE BUSINESS TODAY

The American economy, then, can be seen as having experienced three different phases. In the beginning, we were an almost totally agrarian society, with the bulk of our population living or working on farms. When the so-called industrial revolution came along, tangible goods were manufactured at a furious pace with an abundance of cheap labor and many of the workers were happy to leave the farm behind. Recent statistics indicate clearly that we are being ushered into the third phase of our economy—a service-oriented society. A summary of these statistics is presented in Table 1.1.

TABLE 1.1 Services as a Percentage of Gross National Product

	Total GNP, billions of dollars	Services, billions of dollars	Services, % of total GNP
1950	282.6	88.2	30.8
1955	399.3	135.3	33.9
1960	506.0	193.2	38.2
1965	688.1	272.7	39.6
1970	982.4	424.6	43.2
1975	1528.8	699.2	45.7
1976	1706.5	782.0	45.8
1979	2368.8	1085.1	45.8

Source: *Statistical Abstract of the United States*, 1980.

The principal force behind the current evolutionary process is a relatively simple one: appliances; automobiles; scientific, medical, and office equipment; and other durable goods being sold today are expensive and complicated. When these goods break down, the user expects them to be repaired promptly and properly. Providing that service is a big and a costly business.

More important to today's businessperson than the cost of service, though, is the cost of no service—or poor service.

TODAY'S CONSUMER

Along with more sophisticated technology and manufacturing techniques, we have also been quite successful in developing an infinitely more perceptive and demanding consumer. And woe to the producers or sellers of consumer or industrial goods who are insensitive to the demands of their customers or to the role played by service in the modern merchandising equation.

THE EFFECTS OF CHANGING TECHNOLOGY

With few exceptions, the merchandise sold during the early years of our industrial development was a tinkerer's dream. Even the early automobiles were designed with consideration for the do-it-yourself owner. In fact, the buyers of that ubiquitous Model T Ford had to be well-prepared to tinker, or else their travels were likely to be limited and distressingly intermittent. The first mechanical household appliances, such as washing machines, were also constructed in a basic and simple manner conducive to easy repairs.

Then a funny thing happened on the way to the market place. American ingenuity combined with the pressures of free competition resulted in increasingly fancy gadgets designed to catch the imagination of the emerging consumer.

Basic wringer washers became semiautomatic and then fully automatic washing machines. Auto gear boxes became transmissions and then automatic transmissions. Mechanical phonographs became electronic radios. Ice boxes became refrigerators, and coal furnaces in the cellar became thermostatically controlled heating/cooling systems in the basement.

The handymen-tinkerers viewed this transition first with apprehension and then with outright panic. They had become an endangered species, destined to be replaced by an army of trained mechanics and

service technicians. Even within the industry itself, the subtle implications involved could be felt. Those who had started their careers as “repairmen” or “servicemen” found they had become “service technicians.”

Finally, with the close of World War II, a furious burst of technological creativity dealt the remaining die-hard handymen a mortal blow. Color television, electronic garage-door openers, microwave ovens, central air conditioners, ad infinitum—all conspired to ensure that the service technician and the service manager would become almost as familiar as members of the family in most American homes.

While all this was going on, such fields as business and medicine were being advanced through the development of complex scientific equipment. In 1950, a few years after the close of World War II, tangible goods were being produced at such a prodigious rate that services accounted for only about 31% of the gross national product, a modern low. From that point on, the need for services has resulted in a steadily increasing percentage.

Much of the postwar appliance boom was aimed directly at improving the lot of the beleaguered homemaker. Chores that had previously been hard manual labor—such as the family wash—were reduced to not much more than an annoyance. Dishwashers proved to be the first guaranteed cure for dishpan hands; ovens became self-cleaning; refrigerators became self-defrosting.

Of course, Dad wasn’t overlooked by the purveyors of the new leisure lifestyle. He saw himself demeaned on the situation comedies that were beginning to appear with frightening regularity on the new TV screen in the den, but he was able to benefit from a stream of gadgets that were being developed especially to make his life easier. There were dehumidifiers to keep the workshop dry during the damp summer months, humidifiers to put the dampness back in during the dry winter months, and a garage door that could be opened by a push button from inside the car. To make driving an even more pleasurable experience, such amenities as power steering, power brakes, thermostatically controlled heating/cooling systems, and electrically operated windows and doors were developed.

SERVICE COMES INTO ITS OWN

Unfortunately, some early fulfillments of the American dream were destined to end on a sour note. Too often, the sellers of some of these first-generation modern miracles were ill-prepared to answer the call when their products failed to perform satisfactorily. Probably the most