“The Science, Art and Speed of Service”

by Ed Guffee
THE SYSTEMS, PROCEDURES & INFORMATION NEEDED TO MANAGE THE BUSINESS
THE CULTURE, COMMUNICATIONS, AND CONSISTENCY BETWEEN SALES, SERVICE & THE CUSTOMER
THE MOST IMPORTANT ASPECT OF A SUCCESSFUL SERVICE BUSINESS
1 HOUR
75%
1. Service is based on hours not products.
Calculate a billable hourly rate
25% FOR BURDEN
$28.00 \times 0.25 = $7.00

$35.00 PER HOUR
50% INDIRECT OVERHEAD
$35.00 / .50

BREAKEVEN COST $70.00 PER HOUR
2. You must calculate the breakeven cost of labor per hour.
33% PROFIT ON LABOR
$70.00 / .66 (33%)

BILLABLE RATE = $105.00 PER HOUR
1/3 LABOR = $35.00 PER HOUR
1/3 O/H = $35.00 PER HOUR
1/3 MARGIN = $35.00 PER HOUR
Practical example 2

Calculate total labor revenue
2,080 HOURS PAID
75% BILLED = 1,560 HOURS
BILLABLE RATE = $105.00

LABOR SALES PER = $163,800.00
Practical Example 3

Calculate Total Labor
Gross Profit
LABOR SALES = $163,800.00
33% GROSS MARGIN

LABOR MARGIN = $54,054.00
Practical Example 4

Calculate Annual Labor Growth
SALES GROUPS EXPECT ANNUAL SALES INCREASES AS A PART OF LIFE
SERVICE GROUPS REALIZE ALMOST ZERO ANNUAL REVENUE GROWTH
BASE PAYROLL = 2080 HOURS
75% BILLED = 1,560 HOURS
BILLABLE RATE $105.00

LABOR SALES = $163,800.00
3. Service revenue grows by increasing the number of working persons
Just fix my dryer!
GOOD SALES PEOPLE &
GOOD SALES ORGANIZATIONS
ARE
GOALS DRIVEN
GOOD SERVICE PEOPLE & GOOD SERVICE ORGANIZATIONS ARE PURPOSE DRIVEN
CUSTOMER SATISFACTION
4. Service groups are purpose driven.
YOUR SALES ARE DOWN 7.38%
WHAT ARE YOU GOING TO DO TO IMPROVE?
BUT I HANDLED EVERYTHING, FIXED ALL THE CRAZY PROBLEMS, AND KEPT OUR CUSTOMERS HAPPY!
5. The purpose of service is customer loyalty.
NULL HYPOTHESIS
Dear ED GUFFEE,

Mercedes-Benz USA would like to thank you for your recent business. Also, on behalf of our dealer network, thank you for choosing Mercedes-Benz of Nashville for your vehicle’s service needs.

In approximately 7 days, Mercedes-Benz USA will be sending a survey regarding your service experience. We ask that you please complete this survey, as the results will help our efforts in providing you with a world-class experience during each interaction.

In the meantime, if you have any questions or immediate concerns, please use the link below to provide some additional details and Mercedes-Benz USA will notify the appropriate person at Mercedes-Benz of Nashville to follow-up with you.

Request Follow-Up

Regards,

Mercedes-Benz USA, LLC

Español | 简体中文 | 正體中文 | 日本語 | 한국어 | हिंदी | Tagalog
Hello James,

How was your trip?

We see you recently traveled on a flight operated by American Airlines or one of our regional carriers.

We value your opinions, and we want to know how we did. Tell us about your travel experience in a brief survey. The survey will be available until Thursday, April 05, 2018 at 11:59 p.m. CT.

BEGIN THE SURVEY
# ABC Printing
## Customer Satisfaction Survey

Please circle the number that corresponds with your level of agreement.  
**Strongly Disagree = 1**  **Disagree = 5**  **Strongly Agree = 10**

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
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<tbody>
<tr>
<td>Overall, I am satisfied as a customer of ABC printing.</td>
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<td>I feel ABC printing values me as a customer.</td>
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<td>The products I purchase are delivered when promised.</td>
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<td>The products I purchase are free from defects.</td>
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<td>The employees at ABC printing are courteous.</td>
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<td>The employees of ABC printing care about my business.</td>
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<td>The ABC printing facilities are neat and organized.</td>
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<td>ABC printing facilities are clean.</td>
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<td>I have a good understanding of the ordering process.</td>
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<td>ABC printing’s website is helpful and informative.</td>
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<td>ABC printing informs me of new and improved products.</td>
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<td>I would recommend ABC printing to others.</td>
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Comments: ___________________________________________________________________  
__________________________________________________________________________  
__________________________________________________________________________  
__________________________________________________________________________  
__________________________________________________________________________
SATISFACTION SCORE

&

NET PROMOTOR SCORE
Labor sales of $163,800.00

33% gross margin

Labor margin per tech = $54,054.00
6. The service group must support the sales group.
BSP-1908 Berliss, Pump Shaft Seal, Type 6, 3/4 inch Shaft, Viton, Cup Mount Seat
by Berliss
$55.99
FREE Shipping on eligible orders

Gogoal Mechanical seal TYPE21 shaft size 3/4 inches for Replace John Crane 21-3/4" and FLOWERVE-3/4" industrial pump and water pump
by Gogoal
$23.70 prime
Get it by Mon, Sep 19
FREE Shipping on eligible orders

by Gogoal
$16.90 prime
Get it by Sun, Sep 9
FREE Shipping on eligible orders

uxcell 19mm Inner Dia. Coil Spring Rubber Bellows Mechanical Shaft Seal
by uxcell
Your order has been shipped

Order#: 136109

For your convenience, we are providing your order tracking information:

<table>
<thead>
<tr>
<th>Item #</th>
<th>Product Name</th>
<th>Estimated Ship Date</th>
<th>Ship Method</th>
<th>Estimated DELIVERY Date</th>
<th>Tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1008-100</td>
<td>Cube Shape Stress Ball</td>
<td>January 04, 2018</td>
<td>Ground</td>
<td>January 05, 2018</td>
<td>1Z933325639</td>
</tr>
<tr>
<td>751</td>
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<td>07064521</td>
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</table>

Click on the Tracking Number(s) above to track your package.

Thank you again for placing your order with Garrett Specialties. Please keep us in mind for any future needs.

We are pleased to inform you that your order has shipped.

ADDITIONAL COMMENTS

We appreciate your business.
Out for Delivery Today

Scheduled Delivery Date:
01/05/2018 by End of Day

Service Level:
UPS Ground

To:
BRENTWOOD, TN, US

Weight:
10.00 LBS
I live with my parents.

I'm a mother of 2.

I have $85K in school debt.

I'm a Millennial.

I'M A MILLENIAL.
7. You must prepare for the demands of the future costumer.
WHAT IS GOOD OR BAD CUSTOMER SERVICE?

- The difference between good and bad service starts with setting expectations.
- A charter is a good place to start.

<table>
<thead>
<tr>
<th>SCENARIO</th>
<th>SAID</th>
<th>DID</th>
<th>SATISFACTION</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>30 minutes</td>
<td>40 minutes</td>
<td>6 out of 10</td>
</tr>
<tr>
<td>B</td>
<td>50 minutes</td>
<td>40 minutes</td>
<td>9 out of 10</td>
</tr>
</tbody>
</table>
CAN YOU SERVICE FROM ONE CENTRAL LOCATION?
8. There must be a transparent expectation of what speed is acceptable.
recap
1. Service is based on hours not products.
2. You must calculate the breakeven cost of labor per hour.
3. Service revenue grows by increasing the number of working persons.
4. Service groups are purpose driven.
5. The purpose of service is customer loyalty.
6. The service group must support the sales group.
7. You must prepare for the speed demands of the future costumer.
8. there must be a transparent expectation of what speed is acceptable.
SMARTER, NICER & FASTER