



How To Run A Very Profitable Service Department!

By: Bill Kinnard

Short Description of the Presentation:

If you have been in the contracting business very long you understand that service is the name of the game and that it “should” be the most profitable part of your business. Service has a higher profit margin, is pretty much recession proof and definitely has better cash flow than any other area of your company. The question is “What do I need to be doing for service to actually become very profitable?” Well listen carefully to this month’s presentation as Bill Kinnard shares the ABC’s of how to run a very profitable service department.

Key Points:

Think of your service department as a three-legged stool. The three legs are Demand Service, Maintenance and ProfitSmart Activities. If any of these areas is underperforming your “stool” is in danger of collapsing! Each must have specific goals and the performance of each tech needs to be measured against those goals. Also remember that the foundation of profitability is based on properly set hourly rates that produce a profit. All three legs may actually be performing perfectly but if your hourly rate is not set properly.....you will still lose money!

Demand Service:

- 50% of a techs time is spent doing Demand Service
- Three basic KPI’s (Key Performance Indicators) to track, and why

Maintenance:

- Set profitable pricing that equals and/or exceeds your Demand Service rates
- Several specific KPI’s to track in your maintenance department

ProfitSmart Activities:

- What are ProfitSmart activities
- Several KPI’s to track and what the “real” goals should be
- Why we don’t want our tech selling replacement equipment

Bottom line? Set specific KPI’s for each and every area of your service department and then accurately measure each service techs performance against the stated KPI’s.