

eNETWORK NEWS



SIA Committees announced— Board Actions

This publication will be sent to members electronically and on the website By: Claudia J. Betzner

Special points of interest:

- Board & Roundtables Schedule for 2008, other actions
- Committees Announced
- 2009 Summit
- Executive Roundtable Review
- New Members
- What do Members Want in SIA?

The Mission of SIA is to serve as a forum where every member can enhance their business and to take collective action for the betterment of the industry whenever necessary.

At the June Board meeting held in Boston Rich Guglielmo, SIA President, announced that Claudia Betzner has been appointed Chairman of the **Membership Committee**. Claudia will be leading the single most important committee in the SIA. Last year we exceeded our goal by increasing our membership from 93 to 110 companies. Our goal this year is to have 125 member companies by the 2009 Summit.

The President is challenging each of you to help Claudia meet her objectives. Please provide the committee with a prospective company name and contact during the year. Let us ALL help her meet and exceed the goal. As we grow more member companies we have more Partnerships and Networking Opportunities for each of us. The committee includes: Michael Lipson, Jose Bernal, John Hlinka, Michael Blumberg, Kevin Brady, Craig Youngblood and Bill McCubbins.

The **Summit Committee** includes Tom York for IT, Peter Brooks for Medical and Claudia Betzner. We will hold the 2009 back in Las Vegas In March of 2009. Exact dates and location will be named soon. The focus for 2009: **“Reinventing your company for Smart Survival; learn from the past, manage for**

the present and plan for the future.” We will look at how the new administration will affect the service industry; workforce mobility management; The effect of an ever increasing global economy; and how the fuel costs & supply will change how we run our companies. We will look at Succession Planning—developing future leaders as your replacement. As our industry Leaders age we will discuss exit strategies, financial retirement strategies and green strategies. We are seeing many of our members



involved in recycling parts, components, etc.

We will be offering greater discounts for additional participants from the same company with most other rates remaining the same. We are asking for input from our members on what is important to you for 2009. We have noticed a change in the industry form Customer Centric of Customers getting anything they ask for to looking at them as a profit center. A shift from Top Line Revenue focus to Bottom Line Profit focus.

These are all topics that will be discussed during the 2009 Summit.

We have formed a **Benchmarking Committee** headed up by Marc Melkerson of Renova for the purpose of defining Benchmarks for our industry. The Survey will be conducted prior to the 2009 Summit with Michael Blumberg of Blumberg Advisors completing the analysis and comparing our members to a large database of the industry. Both will present the results to the 2009 Summit attendees.

We are breaking the survey down into two groups: Field Service and Depot Repair. The Field Service committee includes: Craig Youngblood, David Yarborough, Tom York, Peter Brooks. The Depot Repair Survey Committee includes: Rich Guglielmo, Michael Lipson, Bill McCubbins and Marc Melkerson. Some of the FS criteria will include Revenue per call; costs per call (direct labor, G&A, internal tech support); call close ratio. Please advise a committee member what info you would like to compare to the industry. General Metrics will be segmented with incentives for completion, personalization, third-party collection, it can be anonymous, and this time the questions are developed by the SIA committees so the information will be more friendly.



*SIA welcomes 20
new member
companies in last
year—Member with
most new members
receives a
conference
attendance*

New Members

**ExpressPointTechnology
Srvs. Inc.**
InStock, Inc.
CDE Services, Inc.
Washburn Computer Group
Keystone Memory Gp LLC
Wellington Technologies, Inc.
Ingenico
Cilicon Solutions
Midrange Repair & Parts
Prism Pointe Technologies
Sonora Medical Systems
Hyper MicroSystems
**Competitive Support Op-
tions**
**Anacomp Multi-Vendor
Srvs.**
Apex Computer

**Assurant Solutions
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**Networking Technologies
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Liberty Parts Team, Inc.,
David K. Reinke, CEO
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608-268-7611

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Americas IT Srvs.
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877-202-9653
Tyork@us.ibm.com

Alexander Strategies
Dr. Jim Alexander, President
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ceive a free 2009 Summit
attendance? Just bring in
the most new members and
you will receive a free atten-
dance. The New Member-
ship recruitment program
will also put dollars in your
pocket. Call the Executive**

What is important to the SIA Member

In July you will be ask to take a short survey that will define goals and objectives of the Board and help up with our Summit planning for 2009. We are defin- ing the questions but here is a sample:

1. What value do you receive from your participation in SIA?
2. What value would you like to see in the future in SIA?
3. What is the most important value going forward?
4. What makes you come to the summit?
5. Topics for Summit
 - (a) Financial Exit Strategies ___
 - (b) Planning for Retirement ___
 - (c) New government & admin.
6. What would you like to see in future summits? _____
7. Who would you like to meet in SIA? “ facilitated networking improvement”

- Impact on service industry _____
- (d) software issues _____
- (e) aging workforce _____
- (f) Mobility management _____
- (g) Green strategies _____
- (h) Developing your replacement Leader

June Executive Roundtable Review



Session One Service Management Software was led by Peter Brooks, President & CEO ISS Solutions Software Platform:

- **3rd party product**
- **Developed in-house**

Where is it going? What workforce tools are available? Some buy off shelf then customize (most responded to this option). Others total home-grown. Important to remember to stay costs competitive with virtual workforce. Workforce – seeing more standardization global. Microsoft Solomon used by some, Oracle by some. SAS used by Depot Repair companies. Should design system for complex changes – hire a programmer for that job by demand. ServicePlus application and or Goldmine mentioned. Use Open Source Platform. Was backend now direct onsite. Salesforce Lightning for Open Source; salesforce.com; Great Plains was starting point for some but quickly evolved to 90% homegrown. One example: Proprietary evolved into developing from scratch and will package it to sell to ISOs. Look at long-term investment for future savings when developing your software platform. Need is the father of invention. Use web-access, CRM package. Make technology centerpiece of strategy. Laptop – Lenox server; open source web-based. One participant discussed a horror story of hiring a programmer and after development over 3 years pulled plug. Advice was set specs with completion dates and goals for completion look at completion history resume of potential programmer.

Purpose:

- Field Service
- Depot Repair
- Reverse Logistics
- Internal Support
- Call Center
- Dispatch
- Clinical Engineering Specific

Integration:

- Financial Systems
- CRM
- ERP
- Mobile Devices
- Email
- Pager
- WEB Forms and Reports

Database:

- Proprietary
- Oracle
- Sequel
- Other

Customization:

- Proprietary (3rd party controlled)
- Standard development interface (VB, etc.)
- Product-specific development toolkit

Costs

Example (Depot Repair):

Requests:

Product Information: Model, serial number, software loads, revision level

Location Info: store number, type of store, in-store or in-transit, by what carrier, carrier tracking number

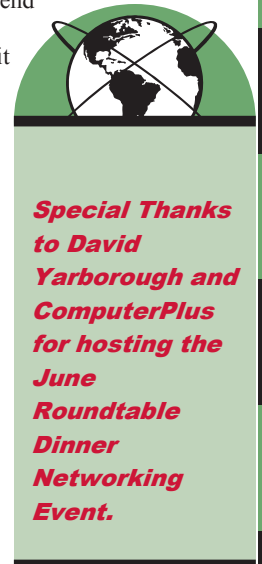
Repair Information: date repaired, what was repaired, fees associated with any repair, no fault founds

Date Information: actual date received, actual date repaired, actual date in pool, actual date shipped, actual date ship and by what carrier, carrier tracking number

Inventory Information: for each product how many on hand, how many in transit, how many in repair

Daily totals

order or RA Request: on-line order entry, on-line RA request, if RA on-line generate shipping label by specific carrier





June Executive Roundtable Review

Session Two Re-Inventing your Company; Chairman Bernd Appleby, President & CEO Terix; Facilitator Craig Youngblood, President & CEO LMS

Companies evolve and change over time. Sometimes, the evolution follows a well thought out and superbly executed plan. Other times, the change is chaotic and driven by short-term opportunities. In any case, your organization today probably looks and feels different now than in the past.

What are some of the drivers of change?

What elements of your organization have changed? Fuels supply & demand globally; more change is bottom up customer driven. Evolution based on customer demand or competition driven. Technology change now measured in weeks or months not years.

Is all change good? Is all change necessary? Smaller companies can react to change quicker; two examples of type people – those that like change and those that resist change. Soldier change – bottom 20% of low performers – get rid of over six months. Do major overhaul and change every 2 – 4 years. Are you Pro-active or Re-active? An example of reactive was a medical device OEM went to new module; example pro-active was software developed for future growth

Book recommended: The Innovators Dilemma

Elements that change:

Culture – evolving from tribal knowledge to scalable processes; Culture change due to aging workforce today. Younger generation has motivation of mobility and flexibility from workforce in past of entitlement culture. Today's work culture going away from older workers to newer generation since they are cheaper and do not expect lifetime employment nor do they want it. Make work fun. Out of the box teambuilding exercises. More empowerment to employees today. Use Green initiatives.

- a. Initially all information is in the heads of a few capable people. Formal business rules are non-existent and are made up as you go along. The company relies heavily on the judgment of a handful of key personnel. When key people leave, they take knowledge with them exposing significant knowledge gaps.
- b. Business rules and knowledge are formalized and institutionalized. New people are trained on structured processes that remove operational judgments. When key people leave, the knowledge stays.
2. Products or services – as the times change, demand changes
 - a. Services have a life cycle, from birth to maturity to obsolescence. Customers have new demands for services that were non-existent a couple years ago (no one wants monitors repaired anymore, but they do want them disposed of properly).
3. Infrastructure – from spreadsheets to databases, telephones to VOIP
 - a. Quotes, personnel data, finances and all other data are managed using the simplest tools possible, Excel spreadsheets, Quickbooks, etc). Heavy dependence of people inputting data from paper into computer files. Culture changes are re-inventing infrastructure.
 - b. Databases and automation replace spreadsheets. Spreadsheets and other similar limited tools take a back seat to automated tools for quoting, billing, etc.
4. Management – new skills are required as the business becomes more complex
 - a. The founders effectively run their company as a small department with many disciplines – sales, operations, shipping, finance, etc. Complex business issues are not understood well or are ignored (low risk).
 - b. Management must delegate many of their responsibilities and learn new aspects of the business including tax implications, nexus, licensing and other compliance responsibilities.
5. Engineering services – from maintaining equipment to creative design (patents)
 - a. Engineering services maintain phone systems, desktops and a few simple servers initially. Perhaps a part time job for one person.
 - b. Engineering now adds value to the market place by creating applications and programs used by the company and customers as a differentiator in the market. This brings in additional revenue and raises the profile of the company. Patents are applied for where creative work is unique.

Would you like an
invitation to the
Minneapolis
Roundtable
September 11? How
about San Diego
December 4?



6. Control (by the principals) – from complete decision making to delegated
 - a. The founders exercise complete decision-making and financial control. They interview and approve every new applicant. They directly oversee accounts receivable and deposits.
 - b. The business is too complex and varied for the founders to spend time on what is now considered “routine”. Trusted managers assume the tasks the founders once held dearly.
7. Markets – from subcontractor to prime contractor. Small business to Fortune 500.
 - a. Start-up companies often are removed several times from the end-user through intermediary companies. They are subcontractors to subcontractors in some cases. They take a secondary position because they have yet to build their reputation. It’s difficult to do business directly with the end-user, and if an end-user is willing to do business directly with the start-up, it is usually another small end-user company with a limited budget.
 - b. With success and integrity in the market, start-ups evolve from a secondary position to dealing with large sophisticated end-users and/or a preferred service provider to a global services company.

While the company re-invents itself and your personal control and visibility of the thousands of business details, customers meetings, accounts payable and receivable, sales opportunities, etc is greatly diminished, is your organization representing itself to the business community the same way you would?

Go to meetings – go to web-based; example “scipe”

Biggest Change Impact Past or Future:

- Too many eggs in one basket – diversity important – customers & services
- Retail – look at logistics & supply chain in whole new way
- Labor model has changed dramatically, more variable labor
- Get rid of unprofitable customers – fire unprofitable customers
- One company changed the incentive from gross revenue to net profit – implemented profit sharing
- Look at G&A as the enemy
- Use Service management tools
- Variable workforce – skills needed to do job; don’t pay for skills don’t need in job
- Workforce motivation has changed for younger workers
- Biggest going forward is to go from a sales force to a sales force
- Embrace a low-cost repair model – moved operation to Mexico
- Printers – went to measured clicks
- Costs of infrastructure changed dramatically as a result of technology available

Elements that shouldn’t change:

1. Your organization’s business ethics
2. Your organization’s integrity

September 11 Roundtable in Minneapolis topics:

1. Parts—how to get them, price considerations, supply, Parts Pooling, get them off the books
2. Depot Repair
3. Logistics

December 4 Roundtable in San Diego topics:

- Succession Planning – motivation to bring in next level Sr. Management that would replace you; Developing Future Leaders for your position
- Exit Strategies - Financial Planning
- Mobility – How to manage remotely – gas prices effect on decisions today



**Special Thank You
to Jose Bernal and
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hosting after
dinner drinks and
cigars for the
Boston Roundtable**

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