

eNETWORK NEWS



Summer Roundtable in Colorado was clear, crisp and clean

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

The Summer Roundtable in Colorado was a big success.

For those of you who were not able to attend the summer roundtable in Colorado you really missed a tremendous event. With the snow-capped mountains in the background, trees blooming, soft summer raindrops falling, *we had a great event in Colorado thanks to Wayne Moore and Sonora Medical Systems in Longmont, Colorado.*

We began the day with a Board meeting and in the afternoon held the SIA Executive Roundtable, which focused on Price Compression Pressures led by Sid Saleh of Services Revenue Newsletter and then Wayne Moore of Sonora provided a case study on "Provoke your Customers." Both sessions are covered in the Newsletter. In the middle of the afternoon we were treated to a tour of the Sonora Facility which was very impressive, sterile to a point where I would not mind having my surgery there and very informative. Getting out to our Members facilities certainly provides more opportunity to see

what others are doing. Later this fall we will be hosted to another facility tour by Joe Barna and the CDE Services facility in Atlanta. If you would like an invitation please let me know.

The SIA Board meeting

Conducted prior to the Roundtable and some of the strategic topics discussed, included "How to attract New Members and provide a greater value to the members in SIA." Over the next few months we will focus on our Mission Statement, Ethics statement in our bylaws and develop a renewed focus of "How SIA Provides value to the Service Industry and it's member companies."

We continue to focus on adding new Members and as you can see, we have five new company members since our last newsletter. Historically, the Service Industry usually leads the U.S Economy out of the recession and some of our strategic discussions included signs by several board members they are seeing positive indicators such as more growth, revenue and more access to borrowing. We would like to hear your stories and perhaps have a session at the Summit that talks about signs of recovery

in the service industry. Typically our members do very well in a recession since they provide a great value at a sometimes lower costs advantage with lower overhead.

The Board also discussed the next two roundtables which are shown in the Newsletter and what a great advantage to have the sessions at our member companies facilities throughout the country. Our locations and topics are also shown in the newsletter.

Finally, we are very happy to announce the next SIA Summit spring of 2010 and have announced the dates, location, focus and topics for that event. While our planning is just beginning for this event we will focus on topics that are geared to recovery, revenue generation, costs reduction and how we can take advantages in the New Economy. Please see the complete article in this newsletter and provide us with your input. We have space available on the 2010 Summit Committee, if you are interested please contact the Executive Director and let us know of your interest level.

Special points of interest:

- Summer Roundtable Review
- Board & Roundtables Schedule for 2009
- New Members
- Lexicon—New Sponsor
- 2010 SIA Summit announced
- Three C's
- Recommended Books

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.



*SIA welcomes
Five new
members this
quarter*

New Sponsor

Lexicon is the leading multi-vendor provider of depot-based, repair and maintenance services for popular brands and models of Radio Frequency (RF) and batch Portable Data Terminals (PDT's), bar code scanners, and label printers.

Our mission is to enhance barcode equipment and mobile-device customer satisfaction by providing superior repair and maintenance services, high quality Lexicon-Certified™ refurbished equipment, and a better repair experience via Repair Engine®, our online Service Management System. We work with top solution provider companies nationally in the Lexicon Partner Network™ to deliver repair and maintenance services for products manufactured by Symbol Technologies (Motorola), Intermec, PSC, Zebra, Datamax, Welch Allyn, Hand Held Products, Datalogic, Telxon, Norand, Sato, Percon and others. All services are performed in our state of the art Atlanta, GA-area Service Center to ensure quality and accessibility for customers throughout North America. All services are performed in our state of the art Atlanta, GA-area Service Center . Dave Wiedman is the Chief Operating Officer and can be reached at dwiedman@lexicontech.com or 678-750-0270.

New Members in 2009

Andlor Logistics Systems
Vancouver, B.C.

Tolt Service Group
Elmhurst, ILL

New This Newsletter:
Strategic Sales Group
Highland Park, IL
Scott Kranzberg, Pres.
Scott@strategicsalesgroup.net

TekTrakker Information Systems,
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2009 SIA Board meeting & Roundtable schedules

September 10, Roundtable Afternoon of 10th 2009 Atlanta – This will be held at CDE Services in Atlanta

Main topic:

1. What is the new Paradigm for the Service Industry in the Post Economic meltdown – what is different, changed business expectations, changed customer expectations, what is the impact on the service industry, what are the recovery signs, what are the trends. In the past the Service Industry has always led the country out of the recession and what are the indicators that is happening again. Success Stories and indicators will be discussed from each participant's perspective.
2. How to Make your Company more "Sellable" with a goal of creating more revenue and more profitability – The session will be led by an M&A expert.



December 10 2009 West Coast – LMS will host the roundtable on December 10 in Irvine CA (Orange County)

- How we pass case related data and performance metrics between service providers" Doug Morse of Service Transformation (formerly Oracle) will facilitate and bring the group up to date on a project he is working on
- The second portion would be standardization, data collaboration, and measurement, TekTrakker will lead this discussion.

If you are interested in obtaining an invitation to one of these events contact the SIA headquarters.

From darylwizelman.com

The Three "C's"

I have been witnessing a shift in culture that ranges from the culture in our homes to the culture in our work environments. The shift is moving from head first leadership to heart first leadership.

Regardless if we are leading our children, a few people or a large group of people one key to effective and efficient leadership is **Caring, Communication and Coaching**.

Caring: Are you a servant leader? Do you give without the expectation of getting something in return? Do you really care deeply about those you lead?

Communication: Over communicating is essential. Tell your team the truth regarding the current state of affairs and remind them of the organizations vision. Speak into them as often as you have the opportunity. Face to face is the best venue but telephone, hand written notes and email works well also. When you communicate the truth, good, bad or indifferent, the group will stay focused on the vision and they will be grateful for your integrity.

Coaching: Rule number one. Don't coach those who don't want to be coached. However, if they do want to be coached you have an opportunity to improve the lives and careers of all of the people you lead and work or live with. Be gentle and always coach with grace and a high awareness of what you say and do. Be aware not to lose the confidence or trust of those you coach.

Action plan for us: Post The Three "C's" in a place you will be reminded of the vital need they have to be cared for, communicated to and coached on the areas where they can improve.



plant seeds where trees will grow!

The next action plan is to take some time everyday to employ The Three "C's" into your life. Live it and teach it to others.



"After all, you only find out who is swimming naked when the tide goes out." Warren Buffet

Books recommended:

"Raving Fan's" is not another Blanchard book delivering another important business idea via a parable, this time on the secrets of customer service. The secrets are concisely delivered with three memorable points. Decide what you want. Discover what your customer wants. Deliver more than they need. A simple approach that is harder to execute than it is to read about. Well worth the time it takes to read about it. Remember that the hard work is in the execution. There is no quick fix to develop and sustain raving fans. But neither the task impossible. -Steven Sherlock. This book is available at amazon.com. At the recent Roundtable in Colorado these two books were also recommended. "You are not the person I hired," "I am a Terrorists." The latest book I am reading which was recommended by Joe Barna at the summit, "The world is Flat" but be sure to get the latest edition.



SIA Executive Roundtable highlights

Price Compression Pressures

Session One led by Sid Saleh, Publisher Services Revenue, Golden, CO

(for the services revenue newsletter go to <http://www.growsr.com/> regular price is \$149) He will also be conducting a research project directed to SIA Medical Members later this year)

Root of Pricing Pressure

- Customer Needs; What Provider offers; What Provider offers is Not what customer needs

Direct vs. Indirect

- Customer access; Account Relationships; Middleman has to be sold first – indirect scenario
- **Is Price ever Right?**

Price and Value

- Good Value = price bragging; Poor Value = price complaint; Reduced Value = price reductions

Downturn: Extra Price Pressure

- Customers scrutinize value received; Provider wrings out operational waste
- Downturns force efficiencies; Do you speak pricing?
- **The language of value is pricing – have you done your homework?**
- **Quote from Warren Buffett: “After all, you only find out who is swimming naked when the tide goes out.”**
- **Under Pressure, service providers first consider price adjustments – lower prices**

Lower Prices: Reactive Approach

- Easy Fix: Under provider's control; Requires no effort or investment; immediate effect
- Raises Doubts about Service Provider: Pricing Policy? How LOW can you go?
- Erodes Margins: Spiral of slow, but certain service exit
- Customers will think you are charging too much anyway – make them come up with something they are willing to give up to reduce the price; Costs are not static – where can cut costs to provide reduction
- Everyone is evaluating their business today

Lower Prices: Proactive Approach

- Be calm, sit on it a couple of days
- Ongoing Management: requires ongoing re-evaluation of value, costs, etc. May involve investment to gain cost efficiencies, takes time and effort
- Raises Doubts about Other Service Providers: No one can deliver at a lower price; what risks are you taking at lower prices?
- Protect Margins: Lower opex resulting from innovation
- Add more value rather than cut price and make sure you convey the value proposition to customers
- Have them add more assets to get deeper discounts – scale
- Ongoing Management: Requires ongoing eval of value; may involve investment, takes time
- Raises doubts about other service providers: no one can deliver at lower costs, what are risks?
- Protect Margins: Lower opex resulting from innovation, physical changes in products

Lower Prices in Practice

- Only when compelled, inertia of current margins
- Illusion or reality of captive markets

BY • Customer complaint;; Renewal objection ; Innovators, new alternatives

- Pay Commission on revenue or margin? Pay commission when you are paid.

Value of SIA Network – Own customer by doing all their work but use the SIA network

Maintaining Prices

- Done homework, why budge? Customers need change over time
- Intrigues Customers – Pricing confidence puts doubt on low pricer, highlights risk of using low pricer; Requires discipline; Customer switching costs help
- Identify what customer is buying – his needs; Show costs model
- Bring in a neutral person with no vested interests to interview different areas within your customers company; Price Pressure a sign of value expiration; Reduce price on service with expired value; Introduce service with new value at a higher price; Three case studies were then presented

Special Thank you to
Sonora Medical
Systems for hosting
the Summer
Roundtable in
Colorado

Provoke Your Customers (Roundtable Continued)

Session Two led by G. Wayne Moore, President Sonora Medical Systems, Longmont, CO

Wayne provided a case study of challenging our thinking

Meaning of **provoke (verb)** to stir action or feeling; to arouse; to induce; to instigate

I. Raise the bridge or lower the river

- Do your homework
- Ensure room is created in your customer's budget for what you sell
- Develop a provocative point of view – pitch it to the decision maker – if you can bring in a 3rd party to come in and evaluate that has no vested interests; reach the senior level decision maker (the real one)
- Rethink new Paradigm – change basis of competition
- You have to be active; importance of creating relationships; Brand your repair business
- 80 – 90% of buying decisions that are services based are based on relationships and trust

II. Four steps in the customer meeting

- Lodge your provocation
- Capture reaction to the provocation – use body language training to observe hot buttons
- Discuss “war stories” Offer to conduct a short diagnostic study
- Book suggested “How to stop a Terrorists”

III Identify a Critical Issue

- Look at what you think your problem is and then.....the problem you did not see is the one that kills you
- Don't get fired for not being fiscal responsible – you have to make a profit
- Nobility of soul never kept a business in the black
- Identify one key issue that matters so deeply that even in a downturn economy the money will be found to fix the problem – Tee Repair Expenses
- Be sure the CFO knows how much they are spending on the issue that would keep him up at night; Is the issue being ignored, neglected, or ineffectively addressed
- Are you a credible source of advice – look at your own track record

IV. Formulate your Provocation

- Identify the high-impact issue
- Tee repair expenditures
- Develop an original point of view
- Help Customer recognize the issue
- Provocation works

V. Where is the pain point?

- Tee reimbursement levels
- What is the Profitability threshold
- Tee operating costs
- Where is the Loss level
- Operating costs must track down faster than decreases in reimbursement
- Tee Reimbursement levels compared to Old operating costs - New operating costs
- Wayne discussed letters now being received asking for freezing or lowering costs throughout the year

VI. Change the basis of competition

- Reframe the issue, you also have the opportunity to change the basis of competition
- A Winning tool
- The TEE Repair Expenses Equation (# of occurrences) (cost per repair) = TEE annual repair expense
- The equation for Sonora was to focus on # of occurrences but the focus of competitors was to focus on cost per repair – the competitors were all competing on price
- When looking at the competitors range from lowest to highest was only \$21,000 difference; Sonora looked at 20 occurrences and charged a different pricing structure



**Next SIA
Roundtable is
September 10 in
Atlanta at the
CDE Services
facility**



The people who make a difference in your life are not the ones with the most credentials...the most money...or the most awards. **They simply are the ones who care the most.**

SIA Executive Roundtable session two continued

IV. Five Phase Plan

- Provide a diagnostic study – includes what has stood in the way of a solution; TEE expenditure analysis; processes, testing, # of occurrences, repair cost/occurrence, etc. When it comes to report the findings proponents of the status quo will deny the truth of any assertions – make sure facts are incontrovertible!
- Get off TEE servicer contracts – contracts do not cover customer abuse; 95% are abuse; OEM replacement costs are much more; probes can be repaired for much less; goal must be to reduce the number of occurrences
- Equip and re-tool the process
- Train and staff -
- Probe repair – when probe does fail then probe repair is the solution

V. Take Aways

- Provocation selling gathers momentum at each phase
- We become advisors to the customer
- Inspires the customer to think differently
- Focuses on pain
- Provides insights
- **Changes the basis of competition**

Final Discussions

- Change Operating paradigm compared to competition
- Example of sales cycle new sales person
- Align your company to what your business is not what competition does
- Evaluate great sales talent by other than sales volume
- Book recommended: Your not the person I hired
- Sales cycle 6 months to a year to get to optimum sales value from new hire
- Services Revenue will be conducting a study later in the year and ask for input on what research is needed in the industry; this will be discussed later but will probably start with research in the Medical field on what Customers are buying, plan to buy, needs are.
- One needed input on how to incentivize engineers in sales cycle and should incentive be comparable to sales person; overall group thought the incentive should be totally different so the two groups would not be competing but work together such as have a program where the engineers get points for prizes later in the year and the sales person gets commission on sale.
- Many do business to business and do not use direct sales
- OT vs. Applied time – what is legal? Some states have very strict rules after eight hours of any kind of time OT is required for non-exempt – top management seeking more predictability on what costs will be going forward.
- One participant wanted input on training partners and how to find global partners which are sometimes harder to find and harder to evaluate their value.
- Most in group has seen signs of recovery by a surge in sales in the last three months; **the SIA September roundtable in Atlanta will discuss “How the Service Industry” usually leads the country out of recession**, and what the paradigm changes are for the service industry post the economic meltdown – what has changed, what are expectations, what are signs of recovery.

The Day ended with a Networking dinner at a famous restaurant in Boulder, Colorado where the group continued to Network and partner, the number one value of SIA is to Promote and Create Partnerships and Alliances.



SIA Announces the 2010 SIA Summit

At the 2009 SIA Summit we ask participants where they would like to have the next summit and the majority still wanted it in Las Vegas with Florida a close second. The Board ask the Executive Director to solicit proposals from both Florida and Las Vegas. We received many proposals from several Florida locations including Miami, Fort Lauderdale and Orlando. While it would certainly provide a welcome change of scenery and venue, the Florida proposals were almost double those in Las Vegas and in the current economy we believe it is in the best interest of the members to go with the least expensive alternative while still providing a great location. All proposals were presented at the SIA Board meeting in June and the Board voted to go back to Las Vegas. We also received many proposals from Las Vegas and then it got down to Mirage, Caesar's and Planet Hollywood. When all was said and done, Mirage still provided the best value and worked with us this year when we did not make our committed level of participation. *Therefore the board voted by a 8 to 2 ballot to stay at the Mirage.* Here are the dates: **Sunday March 21, Monday March 22 and Tuesday March 23, 2010.** The Board also decided not to host a Golf Tournament but to have the time available on Sunday prior to the event kicking off at the 6:00 P M reception or on Wednesday Morning at the conclusion of the event. If you are interested in teaming up and want some help with that a couple of members would be happy to assist you, just let the Executive Director know of your interest.

Theme – Focus; **Paradigm Shift advantages in the Service Industry in the New Economy;** Capitalizing in the New Economy. Most of the sessions will have a focus of Post-Economic meltdown—what are the changes to the service industry and how can our members take advantage of those changes. Here are some of the topics:

- **Mitigate Risks of Growing Government** – The taxing of employee benefits; businesses will be piggy bank of new government
- **Anti-Competitive Discussion Panel** – Two or three case studies; OEM's trends for Openness; Open markets; current trends from all competitors; Lockout spec's and diagnostics; Have customers/hospital intercede on service providers behalf; counterfeit equipment issues; This session will be an awareness of the anti-competitive trends members are seeing in the industry with solution recommendations.
- **Customer Forum** – How to use in-house users for revenue stream such as training, etc; BioMed friend of Test Equipment; What customers need now in the new economy;
- **Software Session** – What are the Oracle and other software companies offering to combat lockout chips, diagnostics, reverse engineering; how do you go to the edge without going over the cliff. Software centric products
- **Tools of the Trade** – What are some of the latest technology products, cutting edge. Companies to invite to present include Blackberry – Research in Motion, salesforce.com and Antenna.
- **State of the Industry – current trends;**
- **State of the Association**
- **Pricing compression Pressures – How to Provoke your customers into new opportunities**
- **How to make your company “sellable”**
- **Industry Leader Panel** - New Opportunities and advantages for the service industry in the post economic meltdown – ending session



2010 Summit will have a focus of how Service Companies can take advantage of the Paradigm shift post-economic meltdown.

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PROMOTING
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