An Open Letter to The Imaging Channel:

Chapter Two

As I delve into the massive amount of data that BEI has collected over the last 25 years, I see some amazing shifts in product technology and capability. However, in spite of these shifts, some things have never changed. The impact of this steadfast refusal to change is hurting the bottom lines of many dealerships and will continue to do so at an ever-increasing rate.

This letter highlights one of the most perilous fossils of our industries past, we OVERSELL almost every imaging device. You are probably thinking...prove it! BEI Services pioneered the concept of dynamic volume tiers that allow us to analyze how volume effects cost. We use twelve tiers and place machines of like page volumes into these tiers. Here are the numbers:

As of the end of April, 49% of ALL units placed were in tier ONE, with an average page volume of only 1,386 pages per month. You are probably thinking that this is because of MPS and the large population of low end printers we now service, however, that is incorrect. Take segment D4 which are mono 60 ppm, A3 size machines. 52% are in tier one with a monthly page volume of only 2,064 pages. This is more striking when looking at desktop printers. Segments 1–4 are all above 67% in tier one, and all with average monthly volumes of less than 1,000 pages.

We got to this point because most dealers are overly focused on pleasing two entities, their outdated Salesforce compensation programs and outdated manufacturer hardware quotas. I know this to be true because if profit were the motive, these would not be the stats. Every model of machine has a volume 'sweet spot' where cost is at its lowest. However, 80% of equipment exist outside of that sweet spot. So as volumes continue to decline, A4 products become faster and more feature rich and print becomes a commodity, we as an industry need to decide who the master is. That master should be the customer, and their needs. Customers whose expectations are changing much faster than our old way of doing things.

I believe that iDaaS (imaging Device as a Service) is the future. To make this new billing model successful, the sales compensation of old will have to change. To make money, the correct machine must be placed to meet the anticipated volume and needs of the customer, not the machine that helps the sales representative make the most money and meet a purchasing quota.

It is of the utmost importance that we take control of our service deliverable. As an industry, margins have been so good for so long we have become ambivalent to the disciplines needed to manage service. We have also been confused by outdated industry models that allow money to get moved from place to place, thus, magically improving Service Department profit. The cost of service lies primarily in labor and parts. Therefore, if you are not reducing labor expense (letting techs go), reducing parts spend, or adding new profitable revenue, you are NOT driving more service profit to the bottom line.

Contact BEI Services to gain insight on how you can reduce the cost of your service deliverable and increase profit.

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