

Is MPS Your Savior?

PROSPERITY PLUS MANAGEMENT CONSULTING, INC.

By Jim Kahrs

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Take Away Points:

- MAKING THE MPS MOVE
- HOW TO ORGANIZE A STRATEGY
- HOW TO TRAIN STAFF
- HOW TO MONITOR THE PROGRAM

Unless you have been living under a rock for the last couple of years you have no doubt heard of MPS or Managed Print Services. Many people tout MPS as the future of the industry, going on to say that if you do not get on board quickly you will perish.

That may be so, yet we have heard this prophecy before. Not long ago we were talking about the paperless office. Though that too may be coming, it is not here yet. So, is MPS the savior of an industry? In my humble opinion the answer is no.

I'm not suggesting MPS will not have a massive impact on

the industry; it will. However, MPS is simply a program. Those of you who have been around for a while may recall similar fanfare surrounding the introduction of other industry-changing or defining concepts.

There was cost-per-copy, better known as CPC. When this concept was first introduced it was described in much the same way MPS is defined today. "If you're out there selling boxes you won't survive." Dealerships had to learn a new way of packaging, promoting, presenting and selling CPC. Leasing companies had to learn how to administer these new programs, and customers had to be educated on the benefits.

It took a few years for the industry transition to occur. Some dealerships caught on quickly while others had to be dragged along kicking and screaming. Those that made the shift smoothly cashed in with increased sales and profits.

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The introduction of color copying was another turnaround point for many. Dealerships had to figure out how to sell a new product that came with tremendous benefits at a high price tag with several new challenges. Many found out quickly that the existing sales team wasn't able to meet these challenges with success. Manufacturers encouraged dealerships to hire or name specialists for color products.

These specialists attended training programs to teach them the ins and outs of color systems, user applications and how to sell color. Once again, there were dealerships that embraced the concept and drove the market and others who watched from the sideline. The ones who embraced color and adapted once again cashed in as color system sales usually came with higher gross profit margins and higher service revenues.

As dealerships were getting themselves up to speed with color, another trend was building. Office networks and the Internet were growing at a rapid rate and manufacturers were diligently working on the conversion of their systems from analog to digital technology. Though digital copiers had the same capabilities their analog predecessors did (and much more) they also had the network connectivity advantage.

Once again dealerships needed to adjust. The complexity and challenges of digital equipment tested many a service department. Besides having to learn how to service

machines that were laser-based instead of lens and mirror based they had to learn about office networks and connecting these systems.

It was time for some specialists again. There were sales specialists who were trained in uncovering opportunities and selling these systems to end users and service specialists to handle the install and upkeep of them. Those dealerships that embraced the change and organized their company accordingly cashed in. They made additional revenue and profit on the sale of these systems and captured additional revenue for service. Some even sold network services as a completely new offering.

When you view the current landscape of the industry it's easy to forget the historical pattern. Our industry, like many others, has evolved over time. The most successful dealerships have learned to embrace this evolution and move with it. But what separates the dealerships that lead the charge during these times of change from those that wait and follow along when the trend has become the norm? Are they psychic? Are they smarter than everyone else or do they have some secret playbook? No, they are in almost every case, more organized and proactive in their approach to the business.

So, how do you become more organized and proactive? For the balance of this article I will outline five steps you can take and how they relate to MPS.

1. Know the technology.

Be on a constant quest for industry and business knowledge. To be proactive you need to know what is happening in the industry. There are plenty of opportunities to gain additional knowledge and insight. Industry associations like BTA and ITEX offer trade shows and training programs, manufacturer meetings typically include sessions on new trends and there are consultants and other resources which can provide keen insight. The dealers who succeed with MPS today are the dealers who attended MPS training and education session two years ago. It's never too late. If you're not fully up to speed on MPS get moving.

2. Train Everyone.

This means training your entire staff; not just sales or service. Your entire team needs to be educated about MPS.

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This means investing the time and money needed to really get your team's knowledge up to standard. The sales team needs to know what MPS really is (and many still don't), how to identify prospects, how to present these solutions and how to navigate the sales cycle. The service team must know how to truly manage a fleet of printers/MFPs. Similarly, the admin team must know how to properly and profitably administer these programs. Take away any piece of the puzzle and you'll have trouble.

3. Get Organized.

The most successful dealerships have a strong organizational integrity. Everyone understands what their roles are and what everyone else does. Furthermore, they can easily tell when each other is doing the job. At Prosperity Plus we've had repeated success getting dealerships to implement a tool called an Organizing Board. This tool organizes the company around the functions of the dealership; not the people. People change; they get promoted change departments or leave the company. The functions on the other hand do not change until you encounter industry changes such as MPS.

In my opinion the single biggest factor preventing dealerships from realizing success with MPS is an inability to organize the company for success with this new "product offering."

The success color had after its introduction was driven by specialization in most cases. There were sales reps and service techs who were specialists for color. As the technology of color became better understood by dealership staffs and customers the product migrated to more of a general line offering handled by all. This is a very effective model to apply to MPS. Assigning specialists allows a dealership to accomplish two major objectives: it gives you someone who can be trained intensively on MPS and it allows you to maintain your current business model as you build an MPS strategy.

No one can afford to lose the "traditional" business while chasing a new opportunity. If you try to change your entire business model to MPS overnight you will create tremendous hardship for yourself.

4. Monitor Production.

Now that you've set up a successful structure for MPS the next step is to monitor the production of this new offering. It is common for dealerships to track production of their sales and service teams. Unfortunately, it is also common for new business units to function outside the scope of this tracking. For example, I've seen many dealerships that track, report and drive the production of their techs on everything from the number of calls done to first call efficiency to time spent and parts usage. All of this is valuable and key to success. However, too many of these dealerships do not track their IT techs

with these same measures. For some reason these techs have a different role and are not tracked or driven and quite often their calls aren't even logged into the system. The result is lost productivity. If you're one of the many dealers in this category I would challenge you to get the IT techs on the same program as the rest of the team. The application of this to MPS necessitates the identification of the actions that lead to success and then tracking and driving those actions.

This could be as simple as tracking things like MPS appointments and audits to tracking the number of print devices under contract and/or the revenue generated. With these tracking measures in place you will see where you're being successful and then know which areas need additional building.

5. Rethink Incentive Programs.

The final recommendation in this overview is to build proper incentive and reward programs.

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Attempting to fit MPS into your current sales compensation plan will not lead to success. MPS requires a different approach and different compensation. Technicians who support MPS customers will also require different incentives and rewards. There are many different models to follow when building these plans, so I'll refer you back to step one, get the education you need to build compensation and tracking systems that will reward success.

Now to bring this full circle to the opening question; is MPS the savior of an industry? In my opinion the true answer is yes and no. For dealers that effectively manage this industry change the future can look very bright. For those that choose to lag behind and ignore the trends the future will be an unknown. If you follow the basics outlined above you will successfully navigate through the MPS challenge, and more importantly you'll have a plan for meeting the next challenge that we will all inevitably face down the road.

About the Author, About the Company



Jim Kahrs

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Prosperity Plus Management Consulting is dedicated to helping office systems dealers. We provide consulting and seminars designed to improve everything from cash flow and profits to organization and people issues to sales and marketing. Our comprehensive approach to business consulting focuses on teaching the dealer owner to get a better handle on the business.

Dealers get tremendous results from our financial benchmarking programs. We work with you to determine exact financial goals and help you put the plans in place to achieve these goals. The results of our financials programs have been tremendous improvement in cash flow, significantly increased profits and stabilizing business.

Our organization programs have helped dealers get themselves out of the day-to-day grind. One of the common goals here is to have the structure in place that allows the dealer owner to take a two or three week vacation without the business crashing.

