

Market Improvement Plans

Introductions

On a regular basis, Market Managers are provided with a trip charge report that detailed the trip charges for each year with multiple break downs that give an in-depth picture of the markets. Market Managers are tasked with identifying areas of improvement and formulated plans to enact said improvement.

The provided reports offer a great deal of data that the Market Manager should examine and consider. This data is spread across several tabs and includes a recap sheet with totals and breakdowns by several factors such as minor market, store location, and installer. Each tab allows the Market Manger to examine different components of jobs that have trip charges. Grouping trip charges by type, job type, location, installer, or market can help the Market Manager get a full picture of the market's costs.

Market Managers should look for three possible areas/issues that we can possibly make changes to reduce. These opportunities should focus on the highest cost areas as these are the areas that have the most impact, both positive and negative.

How to Identify an Opportunity

Start at the Recap tab and look at the amounts for each trip charge type for your Major Market. You can expand the list to show breakdown by Minor Market. Which trip charge is your highest cost type?

Once you have identified the largest cost type, you will need to drill down and try to determine what is causing so may trip charge requests. Look for things these charges have in common, such as client, job type, installer, area, store location.

Once you start to get a shape of where the charges are coming from, you may want to pull up the individual jobs and read through the Order History around those trip charges to identify the reason the servicer is asking for charges – especially in cases of Job Doesn't Pay Enough and Additional Work. Are you seeing the same situation over and over that requires a trip charge?

After identifying the cause of the cost, you will need to examine the parts of the issue that you can change to reduce cost:

- Process coaching – are some of these charges a result of the servicer not following the process?
 - Check over the process if you see a lot of charges for onsite issues.
 - We shouldn't have Additional Work trip charges for Lowe's or Best Buy – we can bill the client if process if followed.
- Capacity adjustment
 - How many jobs per week?
 - How many days per week?
 - What do days out look like? – further days out we may need to open up availability or recruit
- Regions –

- Can we reduce mileage charges by dividing the coverage area and allowing the installer to improve their routing efficiency?
- Booking Rules
 - We have tried Regions and the volume and coverage in the area still show we need to adjust what we can offer at a particular location.
- Spot Recruitment
 - Requesting Job Doesn't Pay Enough for things that are in-scope
 - "Fees" that are part of the servicer's normal expectations for certain job types
 - Existing servicers are overbooked and unable to expand capacity

Creating an Improvement Plan

Market Managers should work to create an actionable plan that will reduce costs. It is important to also be specific in the actions you are taking, so that the results are measurable. For example, do not say "I will recruit new providers for the X market." Instead, your plan should state "I will contact 10 leads a week and attempt to recruit at least 1 new provider for X market."

Keep in mind long term vs. short term actions. You may work with an existing provider to temporarily alleviate the issue – for example you may use Regions to keep high trip charge area jobs on certain days and agree to a set amount for traveling to that area. A long-term action is to recruit someone that can service the area in questions with no or lower trip charges

Calculating Cost Savings

Weekly Costs – How much is this issue costing CRST on a weekly average. An example would be a service company that has a trip fee amount of \$150 per job on an average of 20 jobs to a specific out of market area. That would have a weekly cost of about \$3000.

Short Term Savings – This is an estimate of the money that will not be spent when the short-term solution is in-place. You may need to work with the servicer(s) involved to develop this short-term option before you can determine cost-reductions. Looking at the same example, setting a daily rate rather than individual charges is estimated to reduce costs by 50% and would have a weekly savings estimate of \$1500.

Long Term Savings – These are the costs that you foresee happening when the longer-term solution is in place. Continuing our example, if we are able open up recruitment in that area or do spot recruitment to locate a team that does not require any or as much travel money, the long-term saving can be as high as 100% of the weekly costs.

Practice Exercises

Review the data provided by the trainer. Answer the questions below.

1. That is the highest trip charge type in the assigned market?
2. Does a particular client, job type, and/or servicer account for large parts of the cost?
3. Based on your investigation, what do you think causes most of the trip charges?
4. Describe, in detail, your action plan to reduce that cost.