

# Good Logistics Saves Money and Customers

If FedEx can deliver packages overnight, we can deliver a technician on time

By Bryan Rader ■ MediaWorks

**H**ow do FedEx and UPS do it? They can take a package from anywhere in the U.S. by early evening and have it on the recipient's desk the next morning at 8 a.m. And they can tell you where it is en route to its destination, when it arrives, who signed for it, and when they will attempt delivery again.

Logistics and scheduling are an important element of any business operation; it's certainly the key backbone of the commercial package delivery business. Yet it's important elsewhere too – newspaper delivery companies, fresh produce distributors, and fast food restaurants to name a few. One can argue that logistics drives all companies' ability to manage an efficient operation.

Look at the logistics of our industry for a moment. How efficient are we at scheduling our installs, our service calls, our product adds? How efficiently do we manage our truck rolls, or the distribution of our customer equipment?

This is a challenge that has haunted my company for years. How should we schedule customer work-orders for a typical system: Three days a week, five days a week, or as necessary? Is it truly efficient to dispatch a technician to drive across town for a single non-pay disconnect? Oh, and do you send two different technicians out at different times to complete multiple product installs, such as video and Internet? (Hopefully not.)

Some people believe the most efficient operation is one that relies totally on the self-installation. But I never believed in that system. "Go-backs" because the cus-

tomers couldn't figure something out on his or her own frustrates the field staff with unplanned work, and frustrates the customer as well.

One thing that we have learned is that growth in a given market creates tremendous efficiencies, and can help make managing logistics and scheduling easier and more rewarding. For instance, our largest market (Atlanta) has a relatively tight cluster of cable systems that minimizes "windshield time" and maximizes customer contact. On some days, a service technician can actually complete twenty or more work-orders. Now that's logistics management.

As we were building the business, we were much less efficient and logistics was not a strength. Greater than 20 percent of our overall gross margin was eaten up in field support and service costs. Today, due to tight geographic limitations and system clustering, that number is less than 10 percent of our gross revenue. We have cut this operating cost in half. That's something to think about if you are just now drafting a business plan.

Product adds and technical support training have helped too. Service technicians can be more effective with their time. When they arrive for an install, they are trained and capable of connecting cable TV, digital boxes and high-speed Internet. In one trip (at the cost of less than \$20), a technician can create over \$120 in monthly revenue.

Logistics is a tricky process though. Weather, traffic, customer expectations, or last-minute add-ons can all impact your planning. An unhappy property manager

may dictate a change in your schedule as well. Sometimes sending a technician 40 minutes out of his way for a work-order can be a lousy logistics tactic, but a great service strategy.

It is also crucial to have a strong field communication plan, from the technician to your dispatcher. The most frustrating thing you can tell a cable subscriber is to be home between 8 a.m. and noon, and have no earthly idea what happened when the technician misses the window. And a good plan is to work on shrinking the appointment window – two hours is better than half the day.

The bigger you get, the more attention this deserves. Just as FedEx and UPS have modified and improved their scheduling and logistics efforts over the years, we must do the same.

Recently, Delta Air Lines adjusted its logistics through a new program called "Operation Clockwork." By re-working use of aircraft and spreading the load more evenly throughout the day, Delta believes it can save over \$100 million a year.

Not a bad place to spend some time with your management resources. Better logistics, better scheduling and better planning can lead to better business. Even if it doesn't happen overnight. ♦

## About The Author

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