BENCHMARK ANALYSIS & EVALUATION OF REPAIR DEPOT OPERATIONS

A White Paper for the Reverse Logistics Industry

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The information and data contained in this document was developed by D.F. Blumberg Associates, Inc, a leading management consulting and market research firm to the High-Tech Service Industry.

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BENCHMARK ANALYSIS & EVALUATION OF REPAIR DEPOT OPERATIONS

ABSTRACT

While originally released in January, 2000 this White Paper is rich in Benchmark information about the Repair Depots of today. The author presents data obtained from 49 different companies, representing the Computer, Office Automation, Network, Telecommunications, Retail, Financial, Medical, and Plant Automation industries. This paper summarizes the data obtained by presenting a comparison of Internal and External repair depots, breaking out average and “efficiently run” operations under the topics of: cost elements (including profit margin); quality issues; field support; depot operations and logistics.

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A. INTRODUCTION

The analysis and evaluation of depot repair operations through a formal benchmarking process can be extremely useful in identifying and evaluating current levels of efficiency and identifying opportunities for productivity and efficiency improvement. Based on the studies of 49 repair depots a comprehensive benchmark database has been developed. This database is segmented in terms of type of repair operation, level of performance, and type of technology supported. In broad terms, these benchmark segmentation mechanisms are:

- **Type of Repair Operation**
  Repair operations could be run **internally** as part of a larger corporation or **externally** as standalone repair operations; sometimes called “fourth party” repair.

- **Level of Efficiency**
  Operations can be characterized as either average efficiency or very efficient. Generally the very efficient organizations have achieved this efficiency through economies of scale as they have increased in size.

- **Type of Technology**
  Technology supported includes:
  - Information Technology (including computers and office automation)
  - Data Networks and Telecommunications (voice)
  - Terminals, including Retail (POS) and Financial (ATM)
  - Medical Technology
  - Process Control, Plant and Building Automation Technology

The Blumberg Associates, Inc. (BAI) depot repair benchmark database involves 49 companies of which half are internal organizations supporting larger corporations and, typically, company-owned field service organizations. The remainder are externally oriented, independent depot repair operations,
generally operating as “fourth party maintainers”. A reasonable distribution by technology serviced also exists. In essence, while the individual cell sizes are relatively small, the database as a whole is sufficient to provide benchmark accuracy, plus or minus 10% at the 90% competence level. Using this benchmark database a significant analysis of depot repair operations has been made.
DONALD F. BLUMBERG

DONALD F. BLUMBERG is an internationally recognized authority on the service and support industry and market, and on the design, operation, service, and support of computer, telecommunications, process control and plant automation, and related high-technology equipment and software service. Mr. Blumberg is the President, Chief Executive Officer, and founder of D. F. Blumberg & Associates.

Mr. Blumberg's education includes a Bachelor of Science Degree received in 1957 from the University of Pennsylvania in Electrical Engineering, majoring in computer sciences; a Master of Business Administration degree with a major in management and operations research, received in 1958 from the Wharton School of Business. In 1963, he also completed all course work leading to a Ph.D. in applied Economics with a major in microeconomics and business planning from the Graduate School of the University of Pennsylvania.

Mr. Blumberg has more than thirty-two years of experience in strategic planning, market research, and management of service operations. He has served as a consultant to a broad array of vendors in the high technology service industry, advising them on how to organize, operate, direct, manage and market their hardware and software systems integration, application, installation, and field maintenance and repair organizations.
D.F. Blumberg Associates, Inc. (BAI) is the oldest, largest and leading management-consulting firm to the High-Technology Services Industry. The firm provides client services in the area of strategic planning, market research, productivity, expert witness, and mergers and acquisitions. Serving clients worldwide since 1969, BAI has pioneered in viewing service strategically and has played a major role in the development of the High Tech Service industry, in general and the promotion of Independent service specifically. The firm continues to create advanced strategies and tactics for improving the profitability, quality, and productivity of service organizations.

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