Do’s & Don’ts of Profitable Precision Service

Tim Norris-CEO
Ag Info Tech, LLC.

Precision with a Purpose!
I am honored to present here at The InfoAg 2017 Conference

• I would like to formally thank the International Plant Nutrition Institute and Precision Ag Professional for organizing this conference.

• I would also like to thank all of the wonderful companies that have sponsored this great event.

• Of course, thank you for attending.

*Precision with a Purpose!*
I don’t claim to have it all figured out! In fact I am here to learn as well!

• But through 21 years of being in the Precision Ag Service business I have learned a few things to do and not to do.
• So I will do my best to help you learn from my experience.

Precision with a Purpose!
Agenda

• Share a little bit about myself and about Ag Info Tech, LLC.
• Talk about the importance of service, and how service income can add stability during economic downturns in agriculture.
• Talk about key things to do, and key things not to do, with delivering Precision Ag Services.

Precision with a Purpose!
Tim Norris

- I have a passion for Agriculture and a passion for helping others.
- My son & I farm around 500 acres of our own and about 500 acres of custom planting and harvesting for our neighbors.
- I am also an adrenaline junkie and thoroughly enjoy life!
- Here are photos from some of my hobbies!

**Precision with a Purpose!**
Ag Info Tech, LLC.

• Precision Agriculture Company
• I started the business in 2004 and added 2 different co-op’s as partners.
• Currently have 11 team members
• Annual sales of technology products and services of around $3,000,000.
• Service the Eastern 2/3rd of Ohio and the North West corner of Pennsylvania.
• Named the 2015 Precision Ag Magazine’s “Most Valuable Dealership”
The Ag Info Tech TEAM, the reason for the Most Valuable Dealership Award

Precision with a Purpose!
Ag Info Tech’s Product Lines

• Ag Leader
• Integris
• Norac
• Precision Planting
• Soil Max
• Trimble

Precision with a Purpose!
Ag Info Tech Services

- Hardware Installation
- Training
- Repair Service
- Precision Sampling
- VRA Seeding Prescriptions
- Yield Data Analysis
- TOPO Mapping
- Tile System Design
- Infrared Imaging

Precision with a Purpose!
I feel that as a business owner / manager you have two choices.

1. Be a low cost product supplier.

2. Be a solution provider.

Precision with a Purpose!
Low cost product supplier.

- **Pros**
  - High volume because you are the lowest price.
  - High volume helps you max out volume discounts and rebates from your suppliers.
  - Very little overhead to operate.
    - All you need is a sales staff and shipping and receiving personnel. Maybe sell online.
    - Don’t need service personnel, tools, trucks or a shop.
    - Sales staff needs to be trained on features and product benefits only.
  - Fairly profitable when sales are strong.

*Precision with a Purpose!*
Low cost product supplier.

• Cons
  – Once a high sales volume is reached companies make you sell more each year to maintain your current discounts.
  – If sales drop you lose margin that you were counting on having.
  – That margin comes straight off the bottom line.
  – If a customer has difficulty they may go somewhere else to get their product serviced and may purchase their next products there.
  – Other than low cost, you are not providing a whole lot of extra value.

**Precision with a Purpose!**
When I first started this business being a low cost provider was a temptation.

- But I felt that the real value, especially with Precision Ag products, was in helping our customers implement the technology to its fullest.

*Precision with a Purpose!*
Ag Info Tech’s Mission

• “To serve God and Mankind, by bettering our customers lives, by providing timely, reliable, technology products and services. Helping our customers be more efficient, accurate and profitable through the use of Precision Ag equipment and practices, while operating a profitable business that seeks to better our employees lives and our communities.”

Precision with a Purpose!
We Provide
“Precision with a Purpose”

• I wanted to show you that this is more than a Tag Line for our company it is our Belief and our Mission.

• We want our Products and Services to Fulfill a Purpose for our customers and ourselves.

*Precision with a Purpose!*
The wall above the door to our individual offices – the main Do!

"Whatsoever you do, work at it with all of your heart, as though you were working for the Lord and not for people"

Colossians 3:23

Precision with a Purpose!
For a sustainable business I believe service is key!

• Pros of a service based business
  – Truly help your customers better their lives and their business.
  – Become a trusted advisor that they continue to come back to, year after year.
  – You can add services in the off-season that help spread out the workload.
  – Spread out the risk of a fluctuating ag economy.
    • Service income tends to be there, even when the new sales are not.
  – You can grow your business beyond your expectations with a reputation of providing quality service!

*Precision with a Purpose!*
Cons of a service based business.

- It’s a lot of hard work!
- It means that you are available beyond normal working hours.
- It can be frustrating when things beyond your control cause problems that you struggle to fix.
- It takes a lot of capital to have the facilities, tools and personnel for a service business.
- It is sometimes hard to charge for your time.

*Precision with a Purpose!*
Things I have learned NOT to do with Precision Ag Services

- Don’t give your services away!
- Don’t skimp on training your TEAM!
- Don’t send your TEAM out without the proper resources.
- Don’t expect your TEAM members to be experts in every area of service.
- Don’t keep track of service requests on a pad of paper.
- Don’t make your TEAM wonder who is in charge of their job.
- Don’t let the job consume you or your TEAM!

*Precision with a Purpose!*
Notice a resounding theme TEAM

- A service based business takes a talented and functional TEAM!
- We are in no way near perfect, but I would put OUR TEAM up against anybody's!
- Make sure you have the right TEAM members.
Don’t give your services away!

• It’s quite tempting for one of our salesman or myself, to offer free installation or to not charge for our service on a repair to make sure we get the sale or to get future sales.
• Good equipment dealers have this figured out.
• I needed to learn from them.
• They strive to have their parts and service departments cover the entire expense of their businesses.

*Precision with a Purpose!*
My goal for service revenue.

- Since we really don’t sell many parts, we sell new systems, I am striving for a 50/50 balance between gross margin from equipment sales and gross margin from services rendered.
- We are not there yet but we are working on it. The good news is service income is increasing.

*Precision with a Purpose!*
If you are like me, I want to treat the customer right.

- It was hard for me to justify charging a customer $75 or $95 per hour.
- I have paid it at other places, but it is painful and I felt like I was getting taken advantage of.

_Precision with a Purpose!_
What is the right amount to charge per hour for service?

- What is the true cost of a service tech to the company.
- What does that equate to by the billable hour?
- How many hours are we billing?
- How can we improve upon this?

Precision with a Purpose!
What is the total cost of an employee?

- $15 \times 2,080 \text{ hrs.} = $31,200
- Benefits & Taxes = 40\% \text{ or } $12,480
- AIT’s Computer, Phone, Truck and Training Expense per employee = $12,705
- Total cost of a $15.00 \text{ hr. employee per year is } $56,385, \text{ this is without overtime!}

*Precision with a Purpose!*
How much time do they have available to work?

- 2,080 Hours
- 7 Paid Holidays = 56 hrs.
- 10 paid vacation days = 80 hrs.
- 3 paid sick days = 24 hrs.
- Training 5 days minimum 40 hrs.
- Leaving only 1,880 hours to work.

*Precision with a Purpose!*
Cost per hour of a tech?

- Keep in mind that a $15 per hour tech’s true cost is $56,385 per year.
- Divide that by 1,880 = $29.99 hr.
- 100% of time billed $29.99
- 75% of time billed $39.99
- 50% of time billed $59.98
- 40% of time billed $77.03
- 30% of time billed $99.97

Precision with a Purpose!
Where does AIT fall in that scale?

• We pay our service tech’s between $15 and $25 per hour depending on experience.
• Our percent of available time billed is around 52%
• We charge $75 per hr. for equipment serviced that was purchased through AIT and $95 hour for equipment not.
• We should be at $95 & $120 in my opinion!

*Precision with a Purpose!*
But some people don’t charge anything.

- I saw a recent study of Precision Ag dealerships, and this statistic shocked me!
- 49.8% of the dealers that responded to this survey, said that they needed to START charging for their service.
- This survey included equipment dealers, input suppliers and independent precision ag companies.
- As an independent company we are competing with companies that use Precision Ag as a loss leader for sales of Iron or Inputs.

**Precision with a Purpose!**
I think the best way to lower our cost is increase billable hours.

- We have implemented service plans to get equipment ready for spring or fall that allow us to work in the off-season.
- Implemented a planter inspection program to inspect planters in the summer before being put away for the winter.
- Offered summer specials to retro-fit planters with precision ag hardware in our off season.
- All of these have helped grow the % of available hours that were billed.

*Precision with a Purpose!*
Don’t skimp on training!

• Almost all of the companies offer training for service technicians.
• A lot of them have good training online as well.
  – Know the learning style of your team member as some have to see, feel and do things in person in order for it to sink in.
  – You could waste a lot of valuable time if they get nothing out of it.
• A properly trained employee is going to have a lot more confidence when on the farm than one who is not!

*Precision with a Purpose!*
Don’t skimp on training!

• It’s much easier for a farmer to pay your fee if the tech is confident and efficient at getting their problem resolved.
• Even free training is expensive.
• Let’s look at an example of me sending an employee to a 3 day training at AG Leader.

Precision with a Purpose!
Ag Info Tech cost for a free 3 day training Ag Leader

- 690 miles × 2 = 1,380 miles
  × 53.5 cents per mile = $738
- 5 Days of employee expenses
  $15 hr. true cost of $30 × 40 = $1,200
- 4 nights of a hotel × $100 night = $400
- 4 nights of meals × $20.00 = $80

Total cost = $2,418

Precision with a Purpose!
Do the math for your TEAM members when you send them on a training and share it with them.

- Let them know that you feel they are worth this investment!
- Encourage them to talk with other attendees and see how they do things.
- Pay for them to go to a decent dinner, hopefully with other peers in attendance.
- Challenge them to bring back at least two ideas of how the company can improve our service department with the knowledge they have learned.

*Precision with a Purpose!*
Don’t send your TEAM out without the proper resources.

- You can have a confident employee that knows exactly what to do, but if their computer has problems or they don’t have the proper tools to diagnose the issue they will get frustrated.
- There is nothing worse than a customer not planting corn, watching over your shoulder and you can’t get your laptop to work, or your test equipment is junk.

Precision with a Purpose!
Our Service Trucks

Precision with a Purpose!
All 3 service trucks have the ag tester
Precision Planting Component Tester

Precision with a Purpose!
We have one set of hydraulic test equipment.

**Precision with a Purpose!**
Hydraulic Hose Trailer
Think of the confidence that having tools like these bring.

• It adds confidence to your service tech that they will look more professional.
• It will add confidence that they know what is actually wrong.
• It will help truly diagnose the problem.
• It can save time and money by not switching out the wrong components.
• Adds confidence to the grower that you know what you are doing.

Precision with a Purpose!
Don’t expect every team member to be an expert in every area.

- We have 3 major product lines and several smaller lines.
- We have 4 major data service programs that we offer on 3 different data platforms.
- It’s impossible for one person, let alone every person to know it all.
- We created “Product Line Specialists”.

Product Line Specialist Job Description

• Working with the Territory Manager for your assigned product line, ensuring that we have up-to-date information about the assigned line.

• Communicate with the employee group any new or pertinent information about the product line in our team meetings.

• Attend training, online whenever possible, to know the product line inside and out.

• Know the website inside and out so you can get us info quickly if needed.
Product Line Specialist Job Description

• You are the in house “Go To Guy” for your product line.
• Write an article every quarter for the Ag Info Tech Happenings Newsletter and turn it in to the Customer Communications Manager by March 1, June 1, September 1 and December 1.
• Send special announcements to the CCM
• Assist management and all sales and service positions with information that is pertinent to your specific product line.
Benefits of a product line specialist.

- People become an expert in the line for which they are responsible.
- It doesn’t overwhelm people to have to know it all.
- Give an internal expert to go to before involving tech support.
- Creates and rewards teamwork.
Don’t keep track of service requests on a pad of paper.

• Keeping track of service requests on a pad of paper is fine for a one man show.
• It’s not accessible for others in your organization.
• Implement an online solution for tracking your service requests.
  – Pipedrive is a good solution for this.
  – We made a product called AgriVault
• Whatever you use, it needs to be online and accessible for everyone in your company.
## Repair Requests

<table>
<thead>
<tr>
<th>Request</th>
<th>Account</th>
<th>Request Type</th>
<th>Status</th>
<th>Created Date</th>
<th>Hours</th>
<th>Action</th>
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<tbody>
<tr>
<td>Edge touchscreen</td>
<td>Miller, Abe</td>
<td>Repair</td>
<td>In Progress</td>
<td>07/10/2017</td>
<td>0.0</td>
<td></td>
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<tr>
<td>Bad UCS sensor</td>
<td>Till &amp; Drill Farms, Mark</td>
<td>Repair</td>
<td>In Progress</td>
<td>07/05/2017</td>
<td>0.0</td>
<td></td>
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<tr>
<td>Raven 660 won't power on</td>
<td>Baker's Acres, Roger</td>
<td>Repair</td>
<td>In Progress</td>
<td>07/03/2017</td>
<td>0.0</td>
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<td>Optrx will not power on</td>
<td>Harsh, Glenn</td>
<td>Repair</td>
<td>In Progress</td>
<td>06/29/2017</td>
<td>4:30</td>
<td></td>
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<td>Kinze Vision touchscreen</td>
<td>Ray, Ray Brothers</td>
<td>Repair</td>
<td>In Progress</td>
<td>06/21/2017</td>
<td>0.0</td>
<td></td>
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<tr>
<td>Flowswitch needs replaced on Case 3310 sprayer</td>
<td>Case, Bob</td>
<td>Repair</td>
<td>In Progress</td>
<td>06/19/2017</td>
<td>6:30</td>
<td></td>
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<tr>
<td>Display Cable RMA</td>
<td>Gasser, Jason</td>
<td>Under Warranty</td>
<td>In Progress</td>
<td>06/14/2017</td>
<td>0.0</td>
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<tr>
<td>Intellislope operating slow</td>
<td>Foon, Lee</td>
<td>Repair</td>
<td>In Progress</td>
<td>06/06/2017</td>
<td>0.0</td>
<td></td>
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<td>Bad seed sensor harness on bean planter</td>
<td>Wolfe, Mike</td>
<td>Under Warranty</td>
<td>In Progress</td>
<td>05/31/2017</td>
<td>0.0</td>
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Service Details

- Status: In Progress
- Type: Repair
- Created: 06/19/2017
- Created by: Matt Culler
- Account: CASE BOB
- Service Date: 06/19/2017
- Time Spent: 6:30

Proposal

This Request does not have an associated Proposal.

Link Existing  Create New Proposal

Work Log History

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Hours</th>
<th>Last Updated By</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/19/2017</td>
<td>Put new flow switch in still did not make the steering override work . I did not have a new harness to the nav with me so I tried to make it but when I looked up that cable it has a resistor on the ground wire so I could not make it . I am sending Jim a new harness for him to try . I think he had a bad cable and sensor from the start . I tested his old flow sensor here at the office could not get it to work.</td>
<td>02:15:00</td>
<td>Matt Dugan</td>
<td>Edit</td>
</tr>
<tr>
<td>07/06/2017</td>
<td>Service call on Case IH 3310 sprayer with Autopilot . I tested for power on the harness had 5 volt . I updated the Nav II to 13 and the 750 to 7.1 . The 750 locked up when the upgrade finished installing . I was able to do a soft reset and get the 750 to come back to life . I then loaded the latest vertical profile . I then tried to return the sprayer but it would not tune because the autopilot did not see the override sensor . I loaded the old profile from my computer and was could steer the sprayer any if I unplugged the override sensor from the nav harness then plugged it back in . I replaced the nav still same issue . I then replace the main nav harness still same issue . I then called Trimble support . They told me to change tap setting el1 from 23 to 29 . this setting will change how the</td>
<td>04:15:00</td>
<td>Matt Dugan</td>
<td>Edit</td>
</tr>
</tbody>
</table>
A system like this helps with the following.

• Spread the work load.
  – Techs, sales or management can log on and see the issues that need to be addressed and can take over an issue if they are close or if they have time.
  – Track the time spent by the team on an issue.
  – Capture more billable time.
  – Document what was done.
  – Share what was done with the manufacturer.
Don’t make your team wonder who is in charge of their job.

- AIT has 25 positions even though we only have 11 team members to fill 25 positions.
- By having 25 positions, and people holding multiple positions, we always know who is responsible for which area.
- If you hold a position above, the position that is in charge of the job that you are doing it does not matter, you answer to the person that is responsible for the position of the job that you are currently performing.
This type of organizational structure does the following.

• Gives people a clear path of who they are working for when they have to perform multiple tasks.

• Provides a way to make people responsible for every area of the business.

• Allows us to bring in new people as the business grows without changing our structure each time.

• Helps eliminate micro management.
Don’t let the job consume you or your team!

• This job can be very stressful.
• Alternate who is responsible for after hour calls.
• Make sure people take a vacation.
• Don’t let the customers push the limits too often.
• Identify chronic emergency callers on nights and weekends and try to see if there are common reasons why they call.
• Offer free or discounted training to those individuals to try to eliminate some of their calls.
Life is important!!!
Live it, Don’t just work it!!!
Do’s in a Precision Ag service

• Charge a fair and profitable price for your services.
  – Do the math with your numbers and know your true cost to the business.

• Train your team members
  – Send them to manufacturers training.
  – Let them see the cost and let them know that you believe they are worth that investment.
  – Challenge them to find new ways to make your services better.
  – Take advantage of online training.
  – Take every chance you can to pass on your knowledge.
  – Their confidence will show.
Do’s in a Precision Ag service

• Provide your team with the tools that they need.
  – The proper tools will add to their efficiency and their overall confidence when on the job.
  – Add to your professionalism.

• Don’t expect everyone to be know all things.
  – Make your team members responsible for different product lines
    • Less overwhelming to team members
    • Creates a team atmosphere.
    • Creates an in-house specialist.
Do’s in a Precision Ag service

• Implement an online tool to track your service issues.
  – This allows the whole team to see what issues are going on and can provide a way to help each other.
  – Access the list from any mobile device.
  – Creates team work.

• Clearly define who is responsible for each area of the business.
  – Adds clarity to the team as to what their responsibilities are and who to report to.
Do’s in a Precision Ag service

• And finally realize that there is much more to life than your Precision Ag Business!!
  – When at work, work with all of your heart but when at home, with family be with them with all your heart.
  – Remember, even GOD rested on Sunday!!!
Thank You!

Do’s & Don’ts of Profitable Precision Service

Tim Norris-CEO
Ag Info Tech, LLC.

*Precision with a Purpose!*