

REMOVE CUSTOMER RISK WITH PERFORMANCE GUARANTEES

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For just a moment, put yourself in the shoes of your prospects. They're being asked to make increasingly complex decisions relating to their copiers and printers. Not too long ago, the decision was relatively easy. Replace copier "A" with copier "B". There was little risk. The biggest concern was the reliability of the system in actual use. Consequently, once the required feature set was determined, prospects went with existing service providers or low price. Ideally, these were one and the same.

Those simple days are gone. Now, you're asking your prospects to develop an "imaging strategy." Products are connected to the LAN so that they can be shared by not just a few people, but by everyone in the enterprise. Moreover, IP printing allows access to everyone in the company, regardless of location. A mistake here impacts more than the department in which the system might be installed. It could impact movement of information through the entire organization.

This increased risk, driven in part by increased complexity, has had an effect on sales for vendors and dealers alike. Prospects who are risk-adverse might well postpone the decision so as to postpone the perceived risk.

Vendors have responded by offering performance guarantees of varying types in an attempt to minimize the perceived risk of making the imaging system decision. Most of these carry severe limitations before the guarantee can be exercised. Most significantly:

- In most cases, the decision to implement the terms of the guarantee lies with the

manufacturer, not the customer. Often, customers find themselves in a seemingly endless loop of requests, site visits and other techniques that result in unnecessary delay.

- The guarantees generally state that the equipment will be replaced with the same model – new or refurbished at the vendor's discretion. This may correct a reliability problem. But, it does nothing to address the issue of suitability.

Xerox Corporation has long offered one of the better guarantees – their Customer Satisfaction Guarantee. Under this program, the customer, not the vendor, decides if and when the equipment will be replaced. The guarantee lasts for three years, or the length of the equipment lease, whichever is greater. Potentially, then, the guarantee could last for five years, rather than three. While this is better than most, it still does not address the issue of suitability. That is, does the equipment fit the needs of the enterprise?

One of the best satisfaction guarantees I've come across is offered not by a vendor, but by an independent dealer – United Business Technologies (UBT) in Washington, D.C. Their Money Back Guarantee simply states that, if the customer is not satisfied for any reason, UBT will buy it back. The guarantee is unconditional! Upon notification, they will write a check for the full purchase price of the system. That's obviously different than a replacement policy that could trade one problem for the same one. The guarantee lasts for one year. Further, the amount is not amortized over that period.

I spoke with Armen Manoogian, CEO of UBT about this plan. He feels that

it was instrumental in fueling the rapid growth of his dealership. When first offered, the length of the guarantee was 90 days. Initial success with the program prompted Manoogian to extend it to a full year.

Is there risk? Certainly. But the return rate is far lower than one might suspect – roughly 2%. Manoogian states that, to implement and support a program such as this, a dealership has to have:

- A solid product offering
- Superior service
- Strong financials, since the vendor doesn't offer financial backing for the program

To attempt a program such as this without all three of these components in place would be tantamount to financial suicide.

However you choose to approach a satisfaction guarantee, you should look to this plan as a benchmark. Let the customer make the decision as to when the guarantee is implemented. Don't hassle them. If they're not happy, delaying action won't reverse that. If you can't get support from your vendor, be prepared to go it alone.

However you make it happen, it's imperative that you present solutions to your customers and prospects that are free of risk. Failure to do so will delay sales or, even worse, send them to another dealer or branch. At that point, you can kiss the account goodbye.

By Lou Slawetsky