



The Service Side of Sears.™

# Motorola University Assists...

*The Motorola Consulting and Training organization provides solution sets drawn from SIX SIGMA® methodologies and programs which result in sustainable business performance improvement.*

## Sears Works Out Many Service Issues in Accelerated Timeframes

With quality improvement methods, it may be easy to figure out a problem, but a lot tougher to implement a solution. An alliance partnership between Motorola University and Leap Technologies helped Sears Home Services achieve quick, impressive results to numerous in-home repair issues.

A part of the venerable retail giant, Sears Home Services oversees five business units, including home improvements, heating and cooling, pest control, carpet cleaning and appliance repair. The division amassed lots of data from various surveys and a cost of quality analysis. Basically, customer satisfaction was not meeting expectations.

"There was no shortage of issues to address. Based on our analysis, we decided to channel our efforts into eliminating re-work in the laundry appliance section," said John Biedry, Vice President, Quality and Compliance, Sears Home Services.

Repeat trips by repair technicians to a customer's home to make washer or dryer repairs were a chronic and costly problem, which added costs, frustrated technicians and dissatisfied customers.

Biedry was familiar with Leap Technologies, a think-tank consultant group focused on developing fast-cycle improvement methods, and its *Action Workout* tool set. *Action Workout* reduces the time and cost of getting into action steps leading to resolutions on complex, cross-functional problems and projects. This methodology is designed for small teams, requires minimal training to get started and is intended to go from start to finish in 60 days or less.

According to Leap executive Michael Pecoraro, *Action Workout* takes the output of improvement tools such as cross functional process mapping and leverages employee know-how to create and execute implementation plans. The recommendations of a study team or the results of a management analysis are leveraged across many action teams that focus on implementing the recommendations or results at a local level with the employees closest to the action in the fastest possible timeframe.

(In 1988, Jack Welch, CEO of General Electric Co., coined the term "work out" to describe his company's approach to accelerating

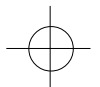
*Action Workout™ System reduces the time and cost of getting to action steps and results on complex, cross-functional problems and projects.*

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"One in a Series"





organizational change. A few years later, Leap Technologies benchmarked the GE process as part of its ongoing search for best practices and applied the principles of fast-cycle change to improvement teams.)

“As with anything new, it was challenging to introduce,” said Biedry. “But *Action Workout* was easy to sell because it is quick and uses a few simple tools. Its very deliberate methodology of weekly meetings, working in a group and following a disciplined plan are great.”

Added Pecoraro, “Long-time employees at Sears have seen lots of initiatives, but didn’t have the opportunity to participate in many, so when *Action Workout* was introduced, it was met with skepticism. But when they were told, ‘Here’s the problem; you tell us how to fix it,’ they embraced it. We even had team members coming in on their days off for a meeting because they didn’t want to miss anything.”

Five to seven people were on each team, including laundry technicians, parts specialists, schedulers, customer service representatives, repair technicians and unit managers or supervisors. Four operating units around the Chicago area started the *Action Workout* effort in March 1999. Within 60 days, they decreased recalls (defined as a repeat call within 30 days of the original visit) and materials costs, for a yearly savings over \$119,000.

“We knew we often had more than one trip per repair, but we did not know the

specific impact it was having on customer satisfaction and on the bottomline,” said Mike Howell, Quality Manager for Sears Home Services.

Based on the success of the initial *Action Workout* effort, eleven managers were assigned to expand the “trips per repair” effort. In May, 20 more teams were launched, followed by 24 in September.

This second and third wave of *Workout* teams zeroed in on improving truck stock. Technicians frequently had to make return trips because the parts needed were not on their trucks or not in the proper quantity, explained Howell. One team built a database that allows for quick and easy analysis of on-site parts usage reports.

Other improvements put into place included increasing truck stock inventory for the top 25 high usage parts, reconfiguring truck inventory (sometimes changing truck inventories based upon regional usage) and rerouting the same technician back for multiple attempt service orders. Feedback was provided via courtesy calls to customers by technicians after a recall or multiple attempt and via a feedback loop to give technicians information on misdiagnosed repairs.

Individual teams also reported local successes: One district dropped its trips per repair by 26 percent; another district decreased the number of times a tech returns within 30 days of

completing a repair by 23 percent; and another realized a six percent improvement in first-time completed calls and a 36 percent decrease in repeat calls due to lack of parts. These numbers are significant, given that Sears has hundreds of thousands of service calls annually.

The 50 regional teams, involving 349 people around the country, saved approximately \$2.5 million in 1999.

“These are conservative estimates,” Biedry noted. “One problem with the teams is members did not have much experience or expertise in measuring. There was difficulty in translating action into actual numbers.”

After its initial results with *Action Workout*, Sears is undertaking the SIX SIGMA<sup>®</sup> quality methodology, to further develop and improve on this progress.

“Sears has tried various quality improvement methods over the years,” said Howell. “We’re moving to a more structured approach, managing business differently. *Action Workout* gave us the jump-start we needed. As we move into SIX SIGMA<sup>®</sup>, it will continue to be a useful tool for implementation and for engaging associates.”

<sup>®</sup> SIX SIGMA is a registered trademark and service mark of Motorola, Inc.

<sup>™</sup> Action Workout System is a registered trademark product of Leap Technologies, Inc.

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