



PSA News

The Association for Service Professionals

Why do Businesses Fail?

By Ralph Wolff MCAP, CSM

As Warren Buffet once said, "When the tide goes out, you see who's not wearing a bathing suit." Do you feel the tide going out on your business? Why do some shops prosper and others fail?

And just as the tide goes out slowly, our customer's expectations are slowly changing. It is our job as owners and managers to recognize these slow changes and not be lulled into believing that "because we have always done it that way" is the way it should be today.

When you look closely one thing is clear, business failures share common characteristics, and the companies that fail are the ones who don't believe that the rules apply to them. So let's take a look at one of the most common reasons that companies fail.

The battle for repeat business is critical to the long term success of any company in today's hyper-competitive marketplace. Customer service is not just a competitive edge. In the appliance industry it is THE competitive edge. Customer Service is the new standard by which customers judge the performance of your company. Your customer's decision to return to your business in the future will depend on the customer service you offer them today.

One of the biggest problems in maintaining great customer service is the reluctance of owners and managers to look at customer service in real time. Too many owners and managers have a status quo attitude about customer service. They allow themselves and their staff the freedom to approach customer service without written guidelines and the benefit of updated training.

Owners and managers also fail to realize that recent studies prove that excellent customer service adds more to the bottom line by increasing volume and profit than any other form of marketing. Once management loses the passion for developing and maintaining superior customer service in the workplace, trouble lies ahead.

Electrical Contractor magazine says, "In our service oriented society, the quality of customer service has become more significant to a company's success than the quality of the product. And, those companies that lead the way in customer service excellence will have a powerful competitive advantage over those who lag behind."

In order for a company to excel at customer service and gain a competitive edge over their competition, management must not only believe in great customer service but must make the commitment to it. This commitment is vital to the success of an excellent customer service program. Top management must believe in up to date personal, helpful customer service as strongly as it believes in family values and patriotism.

Management must also dedicate adequate funding to the program. Funding is needed to support employee training to update their skills in handling customer service issues, especially front line employees. All employees must know and believe that their attitude affects the customer's perception of the quality of the service offered and that management considers their customer's perception top priority.

Funding is also needed to upgrade and maintain the company's phone systems, computers and data base programs, which together enables employees to offer great customer service. Last but not least, funding is needed for dues and subscriptions to industry associations and periodicals. The aforementioned are wonderful tools to help keep management and employees abreast of current trends.

Setting your company apart by becoming a Certified Service Center is telling your customer and your employees that you, the ownership and management, have made the commitment to excellence through customer service. Because this type of marketing strategy is the most effective means to increasing your bottom line, you can also be sure that it will give your company a long term competitive advantage over your competition and will keep you from feeling naked when the tide goes out.

So what is customer service? Well to sum it up, great customer service is not a department. Great customer service is an attitude.



SkillsUSA Holds Annual Competitions in Kansas City

By Ron Kostreba, MCap

I recently had the privilege to be part of SkillsUSA, www.skillsusa.com, which was held June 23 thru 27 in Kansas City. I was one of the judges in the Major Appliance and Refrigeration Technology. There were about 16,000 contestants in all 110 categories. What a show it was! The best of the best from all 50 states competed in all categories.

I have been a judge in Florida's Skills competitions, but seeing the quality of young people that made it through from the state level and made it to Nationals was eye opening. Almost every one that I judged I gave a score of 95% and above. You would be proud to have any of these contestants be a part of your company.

The top three winners in the Secondary competition were, Alec Brown of Miami, FL (866 points), Jessica Martins, New Bedford, MA (810.5 points), and Wyatt Hardy, Newark, MD (746.5 points).



The three top winners in the Post-Secondary competition were, Aaron Fihle, Kansas City, MO (843.5 points), Robert Hopt, Renton, WA (839.5 points), and Daniel Brunette, Chattanooga, TN (829 points).

In addition to PSA's involvement, several others supported Skills. Included were Electrolux, Fisher&Paykel, Sub Zero/ Viking, Whirlpool, Mr. Appliance, Appliance Parts Depot, Marcone Parts, Wolf, Brand Source, Bosch and many others.

There were many prizes that were given away by the above supporters, including a 48" TV, lots of tool kits, lots of meters, refrigeration charging scales, and so many others that I can't mention them all. There were thousands of dollars of items that was given to the contestants.

PSA gave away 20 computer bags with the PSA logo on them. These were some of the nicest computer bags I have ever seen. There was a spot for a water bottle and places for a lot of other items. They were well received by the contestants and even some of the instructors got one in a drawing.

We all want to thank Scott Ehlert from Sub Zero/Viking for buying a BBQ lunch on the Skills floor for everyone involved with the Appliance industry, and lunch at a restaurant one day. Also want to thank Randy Renfro from BSHG (Bosch) for taking everyone out for dinner one evening.

If you have a Technical School in your state, get involved and help the school out to become parts of Skills. If your state's Technical School does not have an appliance course, help them get one started. It will be a benefit to you and your service company. Just let anyone know at PSA, and we will get you in contact with someone at Skills to tell the school about the Skills program.

There are lot of people involved with Skills in the Appliance division, but the two people that are most involved in keeping Skills going are Greg Doster and Mark Politz. Mark Politz has been with several appliance manufacturers, and is now with Flamingo Appliance in Florida. Mark is very dedicated to keeping the Skills appliance competition growing. Greg Doster is with Whirlpool, and if not for Whirlpool and the dedication that Greg has for SkillsUSA, I believe we would not see the results to continue the program.

I also want to thank all the schools from the different states that are teaching appliances in their classrooms. These are some dedicated individuals that keep these classes open, even though there might not be enough students to fill their classes. PSA and Skills have money available to give to students that need help getting to the SkillsUSA national competition for their transportation and or hotel room. **All you instructors please take note of this for next year.**

We as an appliance industry need to get more young people trained so we will have people to take our place when we retire. I hope that more people will get involved with the technical schools and with Skills so we can fulfill the needs for more technicians.



Thoughts from the Executive Director

Randy Carney, PSA Executive Director

Well, here we are- heading into the dog days. Long, hot days, busy weekends, vacations, and the Cubs are eliminated (wait... that happened in April). Anyway, whatever happened to the "hazy, lazy days of summer"?

But not to worry- the year is rushing buy and soon, you'll be Christmas shopping. Now, excuse me while I duck and run, and chew on these thoughts as you bake in your truck!

There continues to be a lot of chatter on PSANet regarding call brokering... this time Angie's List goes front and center. It seems they want to pass along calls for a fee, but only to those that advertise on their site. The costs appear to be fairly substantial, and Angie's List seems to be working to leverage their perception as a discriminating and customer-supportive entity to drive members to use their service.



I'm not going to get into their business model, but it dovetails with what has recently been seen from some manufacturers and TPA's. And it ultimately goes back to what we said in these hallowed pages last month- this may or may not be for you. You are the one that is going to have to look at your business, more specifically your cost of doing business, and see if you can make this work. If so, go for it. This is going to happen more and more in all service related industries. If not, you need to develop a plan to capture those customers before they call someone else for help. Use your opportunities to get into the home as a warranty service provider to promote your capabilities and your business. Leave magnets, follow up with the customer for maintenance specials and the like, or perhaps use local advertising. These brokering programs can be taken on, but you and your ENTIRE organization need to be on the same page when going after the out of warranty business.

Speaking of PSANet, our Hans Nansen wants to make sure that everyone knows that we have several parts distributors that monitor the exchanges on a regular basis, so if you have questions or need information on an out of stock part, or even something that you are having trouble identifying, get the details out on PSANet- there is a pretty good chance that one of our partners in the parts business can assist you. There is always, of course, the chance that one of your peers somewhere may have the answer for you, also. Use the tool for all its worth!

I am working on an initiative to develop a "core" group of PSA members that will be willing to weigh in on key issues via surveys, and also develop members for committee and board participation. Such participation is critical for an organization such as PSA- we want to have a very interactive relationship with our members, and we want to know what we can do in order to serve you and the industry in the best way possible. You are PSA- and we want and need your input. If you'd like to take part in this core group, please call us at 888-777-8851, or drop me a note at rcarney@psaworld.com. Take part in PSA and make sure your voice is heard.

Bloomberg Reports GE Seeks Buyers for Appliance Unit

General Electric Co. has stepped up efforts to find a buyer for its century-old appliance business, one of GE's final ties to American consumers, according to people familiar with the matter.

GE tried in 2008 to sell the operation which makes refrigerators, air conditioners and washing machines and has since invested heavily in reviving the business.

The business is still profitable, but its low margins and significant labor costs are out of step with GE's other industrial businesses which sell heavy equipment like jet engines and gas turbines that then generate years of lucrative service revenue.

The company has recently renewed efforts to sell the appliance operation, the people said. "They are out there talking to people trying to get something done," the person said.

GE Chief Executive Jeff Immelt has promised investors to grow his industrial businesses and sell ones that aren't seen as core, setting a target of raising \$4 billion from the sales of such businesses this year. Last month, GE agreed to buy the energy assets of Alstom SA for \$17 billion, in what would be the company's biggest-ever acquisition.

The Louisville-based appliance operation isn't a large contributor to GE's bottom line. The appliance and lighting businesses earned \$381 million, just over 2% of GE's operating profit last year, and it generated \$8.3 billion of revenue, less than 6% of GE's total revenue.

Bloomberg News earlier reported GE's renewed efforts to sell the business.

GE's board of directors is expected to discuss the sale at a meeting next week, according to one of the people.

GE tried to jettison appliances before. In 2008, the company hired Goldman Sachs Group Inc. to run the sale but ultimately had to pull back on that decision when it couldn't find any potential buyers and plans for a spinoff stalled because of the recession.

After the sale stalled, GE plowed more than \$1 billion into the businesses to refresh its entire line of appliances and has added 3,000 jobs at its Kentucky appliance factory since 2010. In 2012 it brought over a senior executive from its aviation division, Chip Blankenship, to get the business back in shape.

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BAT's All Over the Country!

PSA's Basic Appliance Training (BAT) initiative is continuing to sweep the country!

The BAT program focuses on basic principles and repair functions related to electricity, gas and refrigeration, the core basis of a successful appliance service technician. The BAT training provides a solid foundation for new technicians, along with a strong refresher course for more experienced techs that will make the product specific training offered by manufacturers more understandable and also help to make your technicians more efficient and effective.

The following is the ongoing plan for BAT sessions in 2014- please keep your eye on PSA News and our web site www.psaworld.com, for the latest BAT information.

- **August- Appliance Parts Depot- Houston, TX - August 19-21**
- **September- Dey Distributing- Kansas City, MO - September 16-18**
- **October- First Source Servall- New Orleans, LA - October 21-23
Fox Appliance Parts- Ft. Myers, FL - October 28-30**
- **November- Tribles Appliance Parts- Upper Marlboro, MD - November 11-13
First Source Servall- San Antonio, TX - November 18-20**
- **December- Salt Lake City, UT- sponsor and dates pending**

Whirlpool to Pay \$1 Billion for Indesit of Italy

Whirlpool Corp., already the world's largest maker of major appliances, will acquire a majority interest in Indesit Company, based in Fabriano, Italy, for an expected purchase price of EUR 758 million/USD \$1.038 billion

Whirlpool's share purchase agreements will give it a 66.8% voting stake in Indesit. Whirlpool expects the acquisition to close by the end of 2014.

The acquisition relies on three share purchase agreements made with Fineldo S.p.A., for a 42.7% stake in Indesit; with certain members of the Merloni family for a 13.2% stake in Indesit; and with Ms. Claudia Merloni, for a 4.4% stake in Indesit. This total of 60.4% of Indesit stock capital, in light of the treasury shares held by Indesit, represents a 66.8% voting stake.

Whirlpool Corp. is the world's biggest producer of major appliances and has 2013 sales of \$19 billion.

Indesit operates worldwide and has leading market positions in much of Western Europe and Eastern Europe, including Russia. It had 2013 revenues of EUR 2.671 billion — approximately USD \$3.6 billion.

"We believe this will ideally position us for sustainable growth in the highly competitive and increasingly global home appliance market in Europe," said Jeff M. Fettig, chairman and CEO of Whirlpool Corporation.

"We expect this transaction will enable us to create a more efficient appliance company in Europe, with increased value through improved asset utilization and complementary country positions, products, brands and distribution," said Marc Bitzer, president of North America and Europe, Middle East and Africa (EMEA) for Whirlpool.

FBI Issues Warning about Air Conditioner Coolant

By PAMELA SAMPSON— Jul. 19, 2014 9:18 AM EDT

ATLANTA (AP) — As the U.S. tries to phase out a polluting refrigerant that is used in millions of air conditioners across the country, unapproved coolant is popping up on the market — with potentially dangerous consequences.

The FBI is warning people to be on alert for refrigerant substitutes that have not been approved by the Environmental Protection Agency. Some contain propane, which is flammable and can explode or catch fire if, for example, a technician servicing an air conditioner gets too close to the coolant while soldering. So far, the explosions have been rare.

The problem has cropped up as the U.S. phases out R-22, a chemical used for decades as a refrigerant in air conditioners and refrigerators. Because R-22 destroys the ozone layer, it is being banned globally under an international treaty. The EPA is guiding the switch over to ozone-friendlier refrigerants, and has listed approved ones on its website.

The phaseout caused prices of R-22 to skyrocket, increasing the demand for cheaper, unapproved replacements, many of which are made in China and sold on the black market. Products like "Super Freeze 22a" have been selling mostly online or over the telephone to home owners and "do-it-yourselfers," circumventing stores and regulators, the FBI said on its website. The FBI has launched an investigation into the sale of unapproved refrigerants but declined to answer questions from The Associated Press.

It is unclear how many people may have fallen victim to a refrigerant scam. Reports of fires or explosions seem rare. The EPA, without citing specific examples, said it knows of cases in the U.S. and abroad where people have been injured after using unapproved refrigerants in air conditioners. Additionally, the agency took action against at least one U.S. company in 2013 for selling an unapproved refrigerant that had the potential to explode.

There have been scattered reports of deaths overseas. A New Zealand firefighter was killed and seven others were seriously injured in a 2008 explosion blamed on a propane-based gas being used to cool a refrigeration warehouse, according to local media reports at the time. More recently, dock workers in Vietnam and Brazil were killed after giant shipping containers exploded when suspected counterfeit refrigerant was placed in their cooling units, according to shipping reports obtained by the U.N. Environment Program.

The Air-Conditioning, Heating and Refrigeration Institute, an Arlington, Virginia-based trade association, has yet to hear about an accident occurring domestically, said Karim Amrane, vice president of regulatory policy and research with the group.

Allison Bailes, founder of Energy Vanguard, an energy efficiency consulting and design firm in Decatur, Georgia, said consumers should choose only contractors who are licensed, preferably those who have North American Technical Excellence certification.

"Tell them you want the type of refrigerant ... that it is manufactured for. If it's supposed to be R-22, then put R-22 in it," Bailes said. Companies that skirt the law are "creating the potential for greater cost to their customers and causing injury or death to techs who work on those systems later."

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