

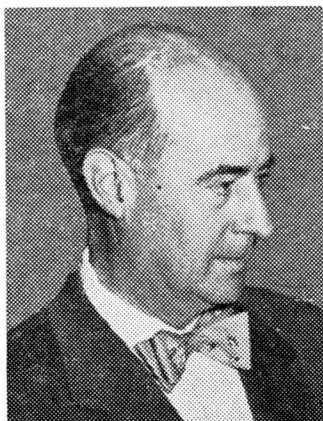


ELECTRIC APPLIANCE SERVICE NEWS



ONLY PUBLICATION SERVING THE ENTIRE APPLIANCE REPAIR FIELD

Reprinted From the May and June, 1958, Issues



Henry Paiste



John Bennett



C. H. Tomlin



Frank Whitten

THE PHILCO SERVICE STORY

(This is another of the series on the Service Story at appliance manufacturing plants in the country.)

PHILADELPHIA—What is an independent serviceman? Ah, there is a timely question.

To some appliance manufacturing giants, he is a little guy that really doesn't count—the "forgotten man" abandoned to fend for himself in the darkness of industry technology.

To smart-alec Time magazine, he is a cross between the "village idiot and the river boat card shark."

But, to Philco Corp., the independent serviceman is a VIP—a very important ally in the company's effort to provide the kind of service which will keep distributors, dealers and the buying public happy over Philco products.

While some companies are still struggling with the problem of short-sighted distributors and parts and repair service, Philco believes it has found the "perfect answer" to the service problem.

Methodically and with little or no fanfare over the years, Philco service experts have developed a program which clarifies many complex phases of merchandising and service—a program which in effect defines a manufacturer's responsibility, a distributor's obligation and a serviceman's functions in the vast operations of the company.

It makes of the independent a kind of partner in Philco's service setup—from coast to coast.

It gives the independent wide opportunities to upgrade his service education and skill; in short, to make a bigger buck in repair work on appliances, big and small. Even the so-called "shade tree" mechanic, under the Philco service education program, has acquired a technique which enables him to specialize on

certain repairs quickly, intelligently and profitably.

Of course, Philco's service program—or series of programs—did not grow up "like Topsy." It represents the distilled thought of close to 200 service experts employed at the home office as organizers, administrators, writers, etc., over the years.

Heading up the service department is a veteran administrator known by many in the industry as "Mr. Service," Henry T. Paiste, vice president in charge of service.

Others on Philco's hard-hitting service team include Howard Tomlin, service manager of Philco's appliance division; and Frank Whitten, service manager of the TV and radio division, both of whom have a rich background in

the engineering and administrative phases of service.

It is no secret that technical men for the most part live in a world of abstract theory and find it difficult to translate their rarefied thinking into down-to-earth words and phrases which the average serviceman can understand.

Recognizing this "blind side" of the technical man, Philco management converted advertising-minded John Bennett into a service expert under the tutelage of veteran Henry Paiste.

Bennett, who now holds the title of Manager of Philco Factory Supervised Service, has become a dedicated man in the work. (What is there about the service field that makes its followers take up the service challenge with such a dedicated zeal?)

Working together, Paiste and Bennett have given articulation to the Philco philosophy on service. Bennett told EASN:

"We try to make the independent service shop and servicemen a partner in our operations, giving them a feeling of belonging. We believe it is the obligation of the manufacturer to build a perfect product. We have taken extraordinary steps to see that this goal

is achieved insofar as it can be done with the human element. We do not believe it is the responsibility of the manufacturer to provide free labor. Somebody has to give some labor to make replacement possible. We believe that the program we have worked out over the years is the perfect answer to the complex problem."

Time Magazine, in its famous or infamous cover story, implied that some manufacturers were turning out defective products, thus compounding the service problems of repairmen and dealers. This would not seem to be the case at Philco, for under its highly organized inspection system, a "bug" doesn't have a chance to get by unnoticed, or at least to spread into the proportions of an epidemic in the field.

At factories here, at Connersville, Ind., and at Nashville, Tenn., powerful units function under the name of Product Performance Groups. They are powerful because they have the authority, backed up by top management, to stop shipment on defective merchandise.

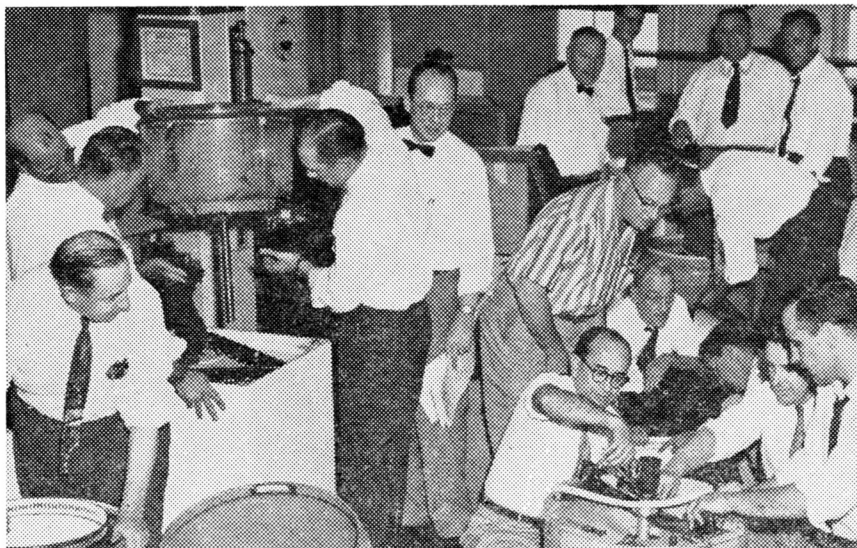
Each day, members of this group select 40 appliances at random from the shipping dock, where the merchandise stands crated and ready for delivery to distributors and dealers. These 40 appliances, ranging from air conditioners to combination washer-dryers, are given rigid tests by the experts.

In a sense, the PPG men function as consumers. In their testing, they give the TV set or the washer the same rough treatment which a careless or ignorant user might give it. They inspect the crating, the paint, the mechanical workings, compare the finished product with factory specifications. They evaluate the Philco appliance against a similar item turned out by a competitor.

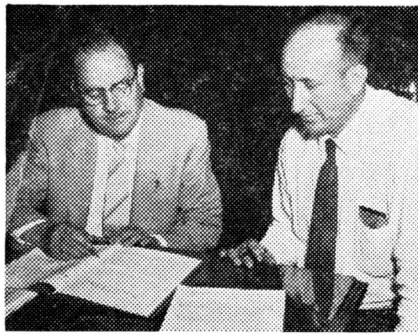
Their report of the tests carry great weight with top management. Harried production bosses may scream and tear out their hair as they feel the pressure from sales department heads and dealers awaiting a shipment. But, if the PPG blocks shipment, production stops—until the defect is corrected.

Bennett told EASN:

"It is a cost-saving operation in the long run. The PPG finds and



INDEPENDENTS LEARN—Philco's service programs open up profit opportunities for the independent serviceman who learns the Philco service techniques. Here, independent servicemen are receiving service training by Philadelphia distributor.



SOMETHING NEW—Philco recently initiated a Philco Free Radio Service Guarantee Plan. Here, Distributor Service Manager Mike Stupalsky, Dixie Appliance Co., Bluefield, W. Va., signs up service independent Bill Bostic as a Philco Service Agent under the plan.



TRAIN SERVICEMEN—Thousands of servicemen are trained by Philco distributors every year in their territories. On shoulders of distributors falls the responsibility for making service education available to all who seek it. This group was photographed at Medaris, Inc., a distributor of Dallas, Tex.

Philco Opens Doors of Service Education



WASHER TRAINING—Philco Appliance Service Representatives and other factory service personnel take part in washer training program at factory headquarters.



A PLEASED HOUSEWIFE—The results of Philco's intensified Motor Compressor Change Program shows up at the consumer level when only the motor compressor is changed instead of the complete system.

corrects a problem before it becomes an epidemic in the field."

Expounding on the Philco service philosophy, Bennett said:

"We believe we have fulfilled our obligation as a manufacturer when we have turned out a product as perfect as the human element can make it. We set money aside for parts under our warranty plan. We will make good on any part that fails.

"We believe that a manufacturer should make his warranties clear to the housewife, although we all know that many do not really read the warranty. However, we have cleaned up our warranties, so that their meaning is clear and unmistakable.

"We place responsibility fully on our distributors. We cannot and do not try to dictate to our distributors. However, the most of them have been with us for years and have absorbed thoroughly the company philosophy on service. They, as we do, recognize the affinity between sales and service in modern merchandising today."

Philco has some 100 distributors strategically scattered through all parts of the nation. All but four are privately operated. The franchise agreement with the distributor is an all-embracing document, running four pages in length.

One of the most important clauses in the franchise deals with service. The distributor, under the contract, assumes responsibility for making service available to all its dealers. He is required to hold service clinics periodically, staffed with capable instructors. He is expected to give technical assistance to any service technician who asks for it.

If a dealer fails to carry out responsibility on service after a sale is made, the distributor is required to take over the obligation. Distributors also are expected to select "good" dealers, dealers who will make their service facilities available for repairs of Philco products.

The distributor also performs an important territorial function as the "key" to Philco Factory Supervised Service in his area.

PFSS is an organization made up of some 30,000 professional men and service dealers in the United States and its possessions, and some 3,000 men in foreign countries.

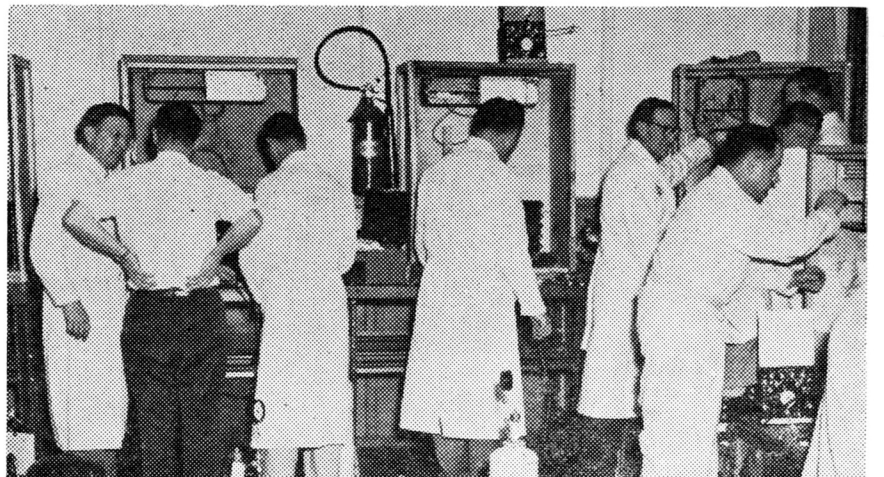
The distributor, under the franchise agreement, agrees to pay a part of the enormous cost of keeping this organization in operation. The purpose of the group is (1) to provide an adequate number of men to service Philco products in all sections of the nation, and (2) to provide these technicians with a wealth of information about Philco products so that they may quickly and intelligently make repairs at a minimum of cost to the consumer.

Three basic memberships are available in PFSS. One membership is for servicemen in electronics, covering TV, radio, tape recorders, auto radio, etc. A second membership is for servicemen repairing major appliances, and a third covers men working specifically on home laundry equipment.

For each basic membership there is a \$4.50 yearly charge. For this, a member receives a pocket identification card. This card authorizes him to buy parts at discount, and psychologically it helps to reassure new customers of his competence on repair jobs.

He also receives from Philco a package of identification material, including a wall certificate for his shop or store with his name inscribed thereon.

In addition, a PFSS member receives 12 mailings a year, at the rate of one a month. These include not only basic service manuals, but also specification sheets, schematics, bulletins and home study service reference books which give the serviceman the basic theory of his work.



MOTOR COMPRESSOR PROGRAM—In phase one of a Philco service education program, distributors get factory training in the technique of replacing a motor compressor without ripping out the whole system.

Philco also publishes two magazines, the Philco Supervisor and the Philco Service Technician, which are sent periodically to PFSS members.

Membership in the PFSS is considered a badge of distinction. Such a membership stamps a serviceman-member as a skilled professional with a reputation for integrity in his community.

Philco also has opened the doors of service education to the part-time mechanic, the student and others who wish to improve their techniques.

This is a kind of "subscriber" program. Anybody may sign up for it, simply by paying on the average of \$7 a year. For this subscription, the independent serviceman, the part-time mechanic, or the student receives the same service literature mailing which the PFSS member gets. He also receives issues of the Philco Service Supervisor, which carries many "success stories" of service

shops, and articles which help the service dealer in the conduct and promotion of his business.

Philco launched this program after reasoning that if this "amateurish" or "semi-professional" type of mechanic ever repaired a Philco product, he would at least have accessible to him "know-how" literature to help him do the job right.

As an example of the enormous cost of this and other phases of service education, Philco mailed out 450,000 pieces of service literature in 1957.

The \$4.50 is all the PFSS member pays for informative material which costs considerably more to produce. The distributor helps foot the bill, but the largest share of the cost is borne by the Philco divisions of the company.

Each distributor also is required to stock up on all service manuals. He is further asked to keep such information available at his counter.

"Gold plated" independent servicemen is Philco's answer to the discount house problem. And Philco training upgrades their skills.

PHILADELPHIA—One of the merchandising phenomena of the post-war years in the appliance industry was—and still is—the much discussed discount house.

To the manufacturer searching for a big and fast market for his record-breaking automated production line, the discount house—and its kissing cousins, the catalog house and the stamp premium house—was the answer to bigger sales and profits.

At least, so it seemed to some manufacturers in the 1950s B.P.P. (before profitless prosperity.)

But, as customer complaints swelled and small and medium-sized appliance dealers screamed against the unfair price competition, manufacturers realized they had a problem on their hands.

Discount house merchandising generally took a pattern that was strong on sales, weak on service, with a few notable exceptions. Although today competition is forcing some discounters to go into service, nevertheless, there were and are many many instances of appliances sold without provision for servicing.

Such a situation obviously was not healthy for the manufacturer, for the gains he made through large volume sales were offset in the long run by losses of customer good will for brand name appliances through slow or incompetent service.

Philco Corporation apparently was among the first companies to recognize the dangers inherent in this type of merchandising. The company was aware that it is necessary to protect a quality brand name not only at the moment of sale, but throughout the entire life of the product—through good servicing.

Accordingly, Philco service experts under Henry T. Paiste, vice president in charge of service, embarked on a program designed to fill the service gap.

Today, Philco is moving ahead rapidly with this program of service

facilities located strategically through the country to back up sales not only of discount houses, but of the mobile trailer manufacturer as well—an ever-growing market because the mobile trailer men are selling built-in appliances with their products in increasing numbers.

This new program is called the Philco Service Agency Program. While it has not yet been fully developed, it has gone a long way already toward utilizing the talents of the independent service shops and servicemen, giving many of them opportunities to make extra profits in their areas servicing Philco products in warranty.

Servicemen cooperating under the PSAP program are referred to by Philco men as "gold-plated" servicemen. Any who have signed up—or who will be signed up in the future—are considered among the best servicemen in the country.

Much thought and effort are going into the search for such "gold-plated" servicemen.

Before the program was initiated, Philco service officials talked with dealers. When the dealers were assured that the servicemen sought under the PSAP program would deal only with service in their shops, and not sales, the program won their hearty support.

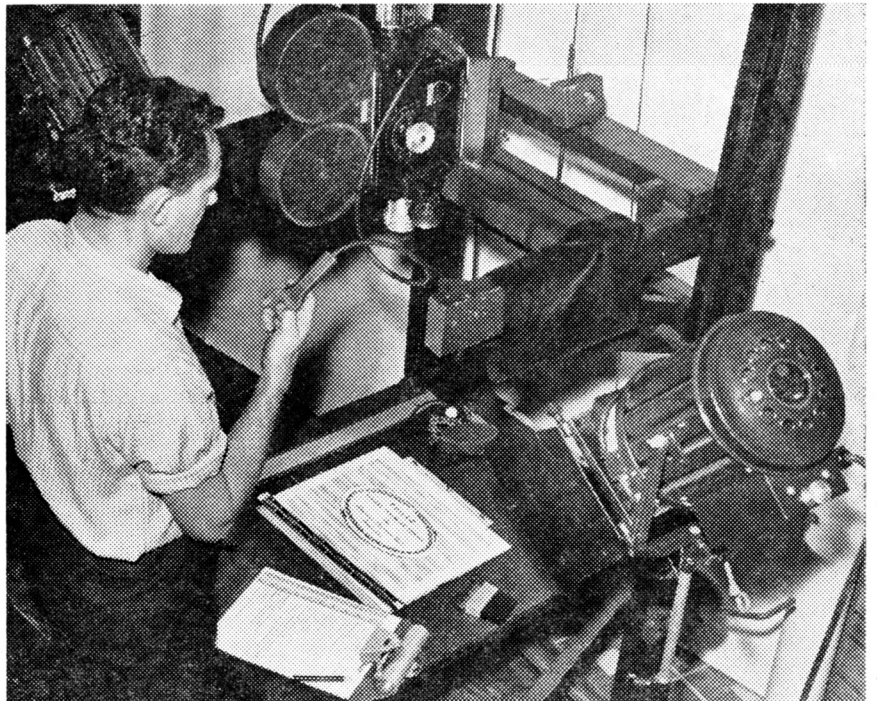
From the distributors and from other sources, Philco obtained thousands of names of "candidates" for this profitable Philco Service Agency Program. With these names, the company started a survey which is still going on, as new markets and other conditions develop a need for more service.

What Philco seeks in the final analysis is servicemen willing to perform certain repair functions under certain rules. Will they be willing to stick to fair and reasonable fees for repair work for Philco customers?

Questions in the survey are so pointed as to enable the company to



FIRST STEP IN CREATING visual training aids is planning. Shown here is the factory advisory group planning literature and films and discussing other means of disseminating product service information.



THE VISUAL STORY must be photographed with special equipment shown here in the Philco Photographic and Recording Unit. Hundreds of pictures are required for each film, thousands in the course of a year.



THE SOUND IS PUT on records which are played along with the film. Here at a recording session in the Photographing and Recording Unit, the "voices" read their lines directly from the previously prepared scripts.

determine whether the servicemen are a credit to their community. Other questions in the survey seek to find out: How much territory does a service shop cover in a given area? How many men employed in the shop? Type of service rendered? What kind of parts inventory does the shop carry? What kind of equipment? How long in the service business?

Through this comprehensive survey, Philco and its distributors have already acquired an impressive list of top servicemen in America. And by the same token, the company has added another chapter to its long history of cooperation with independent service shops and servicemen in the country.

Out of the effort has evolved a unique, 90-day, free service plan for Philco home radios and phonographs. Under this plan, customers get a certificate of service packed in with the merchandise. They may take these items for any repairs to the service agency which has been recommended by the distributor in the area.

The service agencies that sign up for this program agree to take seven procedural steps listed in the contract. They agree to the rules set up by the company and to accept certain fixed fees for repair work.

For such repairs they are paid by check from the company office.

Philco executives are quick to point out that such a free 90-day service is not to be construed or misconstrued as a "trend." The company simply is exploring in that area of service, and although the program was only started last year, Philco already has some 4,000 independent servicemen signed up.

"This is another example of how Philco works with their independent servicemen," said John Bennett, manager of Philco Factory Supervised Service.

Philco, it is estimated, pays out well over a million dollars a year to independent servicemen who do repair work on Philco products in cooperation with distributors.

As pointed out in the first article of this series, Philco puts the responsibility for service squarely on the shoulders of distributors, at the same time providing them with a wealth of service literature, visual aids and other tools of instruction.

The distributors are asked to hire a general service manager, an appliance service manager and an electronics service manager. Also, the distributor is represented by "service travelers," on whom it counts to supervise the quality and proficiency of the service being rendered in an area.

Philco executives know realistically that some distributors are more promotion-minded than others on service education. Some utilize the strip film, visual aids and other learning devices to the fullest, thus generating high interest in service education in their areas.

Where distributors lack the full know-how on promotion, the company steps in to give them all the possible assistance in order to get the most out of the material placed at their disposal.

In addition to distributors' "service travelers," the company has some 40 Philco Service District Representatives, all carefully selected men.

When it enters a new model year, Philco calls these district representatives and distributor service managers into the home plant where they are trained in the new changes.

They are told in advance to come in their old clothes, for there is hard work ahead in the Philco Factory Training Center, which contains classrooms and fully-equipped shops.

The service representatives and managers are trained hard on new products in a series of consecutive classes. When the training period has been completed, each man returns to his territory to relay the service information to dealers and servicemen in his area.

Philco, with a full appliance line, has found it helpful to use films in classes on some of its products. And it also finds it practical to keep service classes down to a dozen or less.

One of the courses developed by the Philco service department has made it possible for the ordinary so-called screw driver mechanic to upgrade his skill in Philco refrigerating system repairs.

The service experts have developed a quick technique for replacing a motor compressor. When a Philco serviceman goes into a home, he doesn't have to rip out the whole system to replace the unit. He has learned, too, how to silver solder or silver braze right in the home.

About 90 per cent of all Philco refrigerating system repairs were done through this plan last year. Bennett said:

"We can take an apprentice mechanic and upgrade his skill through such a course.

"We have trained 10,000 men, who are out in the field today making the extra money that this new skill brings.

"If we can train a serviceman to make 6 to 8 calls a day, instead of four, we are doing our share in teaching him. In the last six months of 1957, we held in our distributor clinics 177 independent and service dealer meetings in electronics, and trained 6,322 men.

"On the appliance side, we held 240 meetings and trained 9,000 servicemen. This makes a total of 15,000 servicemen trained by Philco and its distributors during 1957.

"We feel that the independent serviceman has not received enough recognition in the industry as a whole. His is a very important profession. We should do more to give this skilled technician a better sense of belonging."

Philco, in that direction, has created a symbol of distinction—the Philco Service Achievement Award, the serviceman's equivalent of Hollywood's "Oscar." This award has been kept unsullied, away from the enterprising sales department.

The "Oscar" goes only to the serviceman who has attained a high degree of efficiency and integrity in his community.

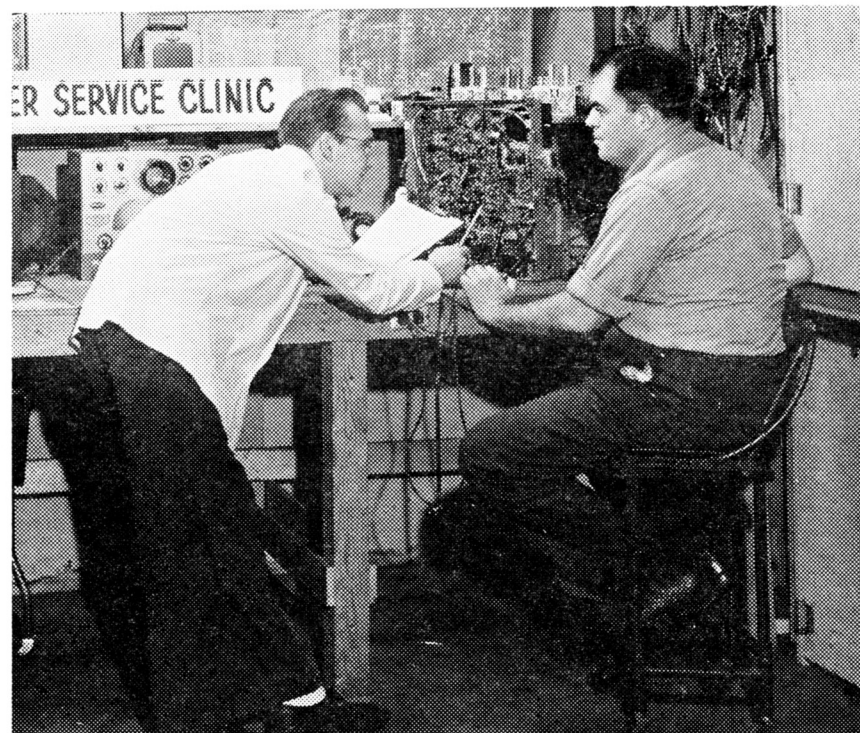
Servicemen, as a whole, do not fall into the sentimental category, but when one of them receives the "Oscar," he often chokes up or his eyes moisten. To an old-timer with integrity, the plaque has a profound meaning.

Many servicemen so honored put their "Oscars" proudly on display in their shop window or on the wall. The public relations department of Philco, following through, provides the "Oscar" winner with idea material to help him promote his business in the area on the basis of his distinctive service citation.

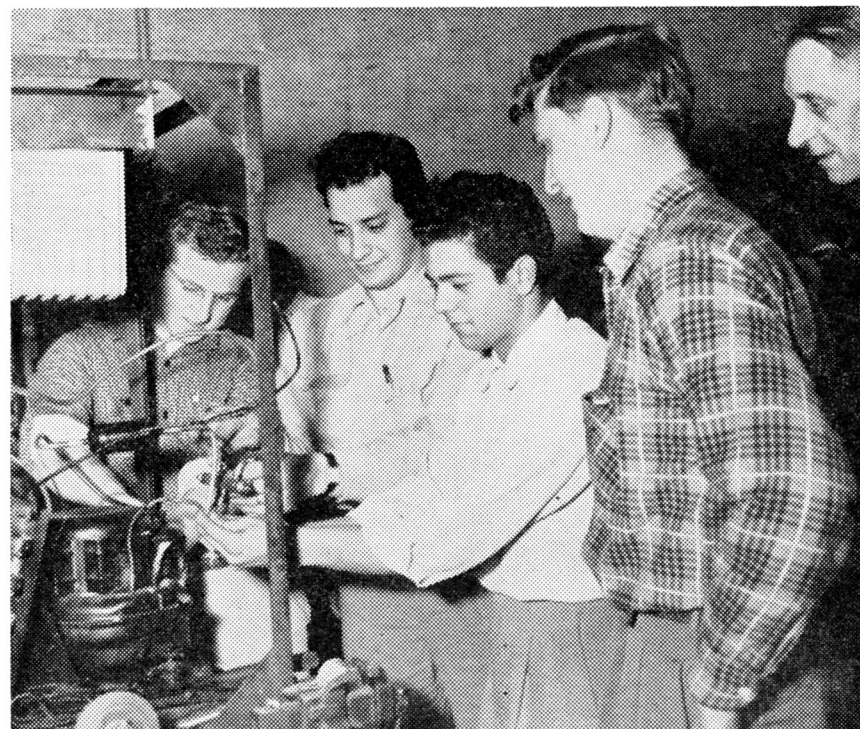
Indeed, service would seem to be one of the most important products at Philco.



DISTRIBUTOR SERVICE managers from all over the country are brought into the factory periodically for specialized product training. First hand information is obtained directly from the factory personnel.



DISTRIBUTORS IN TURN go back to their own areas with the information gleaned at the factory. They give individual assistance to servicemen by holding Dealer Service Clinics such as this one at South Bend.



INDEPENDENT SERVICEMEN have the opportunity to acquire service and product information by attending specialized schools such as this Motor Compression School being held at Providence, Rhode Island.