

SLUDGE

Mismanagement of warranty/policy claims, and rebates collection costs between 8¢-\$1.24/square foot/year, the mean average being 21¢/square foot/year. If your plant is 225,000 square feet, on average you stand to get soaked for \$47,250.00; at 750,000 square feet the tab is \$157,500.00

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About a year ago my car's engine seized, and had to be replaced. At the time I wasn't concerned, as I had an extended warranty on the vehicle; plus I had an oil-change history (from a shop specializing in oil changes); plus all of my other maintenance was performed at the dealership, and I had been told that my model/year's engine had had such problems, so I expected to be treated fairly. Well, I had my car towed to the dealer, anticipating treatment as a loyal customer. They called in a third-party claims company who told them that my problem wasn't to be covered by my warranty, that in fact they had inspected my engine, and found "Sludge" in it. They accused me of having failed to maintain it. When I showed my dealer the outside shop's oil-change history, I was told that manufacturers' only certified dealer work, so I was out of luck.

According to the dealer's service manager, I was now faced with a \$ 10,000.00 repair bill. I appealed to the dealer and was told that the matter was out of their hands. So I called a friend, who had a best friend who owned a shop that performed such repairs. He quoted me \$ 3,800.00 for the job, which I accepted. Next I offered to split the repair with the dealer; they refused. Then I went to a bookstore, and bought a Chilton Manual covering my make/model/year of vehicle, and a law book. Following an example set by my brother in law, I broke the engine down to 9 components, and filed 9 summonses to small claims court against the dealer; their total being \$ 3,800.00, plus court costs. I personally served them to the general manager of the dealership.

What follows is the short version of the incident. A call came into my office from the dealer's lawyer, who asked me if I was being represented by a law firm. When I said no, he proceeded to tell me that I should have never sued his client, and my business was with the manufacturer. He said that his client intends to counter sue me if I don't withdraw the small claims summonses. "Get a lawyer," he told me. I replied. "I'll get a lawyer, after I win these cases in small claims court. Then your client can seek compensation from the manufacturer." "I don't have the experience to file a follow-up class action against the manufacturer, but I spoke to one of those famous Cervical-Collar Ambulance Chasers who told me that if I win these cases, he'll file the class action for me." I told the dealer's lawyer the name of the firm, and the lawyer with whom I discussed the matter, and invited him to call them. The silence on the other end of the phone told me all I had to know. It never went to court, and I got my money. This is no business for white hats.

This is in fact, the third time in 40 years, that I have been prompted to warn the reader about gross mismanagement of warranty/policy claims, and now, advertised rebates on hardware/software. Mismanagement of warranty/policy claims, and rebate collection costs between 8¢-\$1.24/square foot/year, the mean average being 21¢/square foot/year. If your plant is 225,000 square feet, on average you stand to get soaked for \$47,250.00; at 750,000 square feet the tab is \$157,500.00 annually. Why does this happen, and what you can do about it?

Problem Definition

The major problem is one of design. A properly designed Maintenance Work Order has a costing section that is divided into three categories: 1) Customer Service Work; 2) Internal Service Work, and; 3) Warranty Service Work.

Customer Service Work speaks for itself. Upon completion of the customer repair, the Service Writer (Maintenance Foreman) takes the hours which have been recorded by the mechanic (hours which tie directly to the mechanic's time card); takes the bill of material (drawn from the parts department, recorded on both the service ticket, and the part's issue segment of the plant inventory system), and costs out, and prices it on the service ticket. In addition, any "Subcontracted Work" (work performed on the equipment in the plant by someone who is not an employee of the plant [contractor], or an organization based out-side of the plant [fabricator]) is costed out, and priced on the Maintenance Work Order. Note: The Brass Tag (Equipment Identification number) and the plant equipment stock number are also posted to the plant system for all three categories of work. That is how the maintenance department keeps track of cost per incident, and prevents a single departmental owner from taking advantage of pledges made by plant maintenance. The Maintenance Work Order is then sent to the CMMS administrator for completion posting.

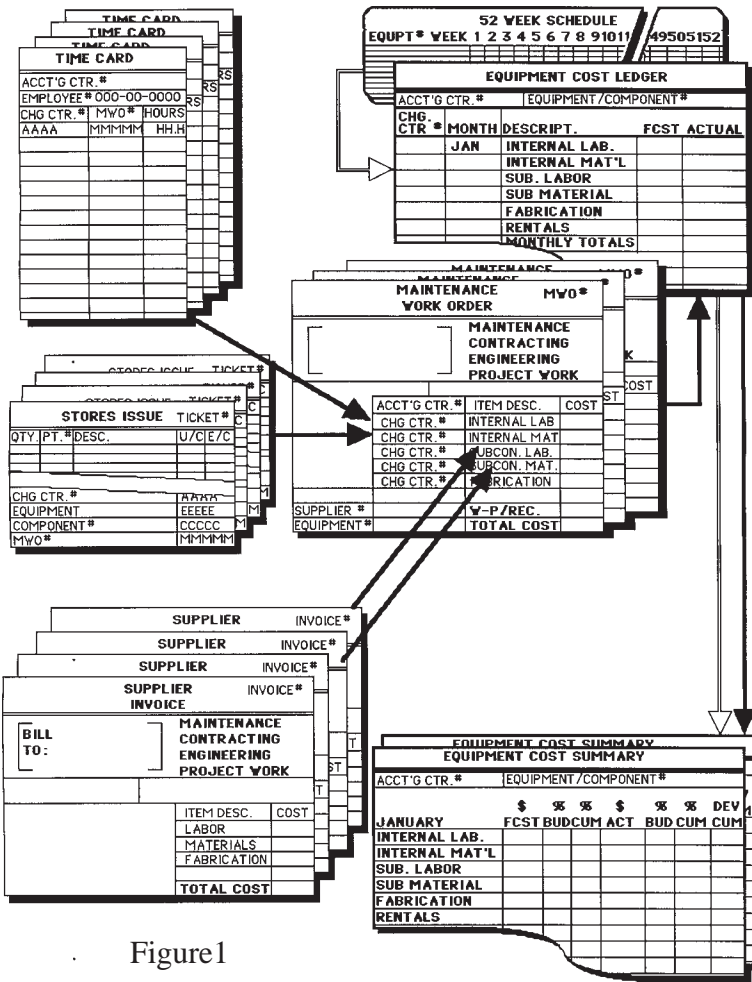


Figure 1

charge sale awaiting payment, rather than to the customer. Rationale: It could be for work performed on the equipment during its warranty period, or in response to a factory authorized recall. Unless an external work order is written by the distributor tech representative, or Original Equipment Manufacturer representative as no/charge, the work performed is posted to Warranty Claims Receivable instead of being posted to Customer or Internal work. As in the customer maintenance work order instance, the service ticket is still sent to the CMMS administrator for completion posting, but as in the case of a Policy Claim, the customer pays nothing. New purchase rebates are handled in the same fashion.

Analysis:

To quote from a previous article: "Twenty-four years after the advent of the first microcomputer-based Computerized Maintenance Management System, the average maintenance team leader or supervisor or manager of a Fortune 500 site is only costing out 38-40% of all completed maintenance. Another 20-40% of all completed maintenance at these sites appear as "One-Liners," a poorly designed hopper-based I/O (input/output) mentality administrative process; you place new work order "One-Liner" into the top slot of the CMMS hopper and draw your next assignment out of the bottom most slot. The Palm V one-line minimalist design mentality

Internal Service Work is broken down into two categories: 1) Any repair, addition, subtraction or modification of parts/features/options that alter the value of plant equipment (capital work in the plant maintenance business), and; 2) Policy Claim [labor & parts]: That translates into a Customer Good Will Demand, Customer Service Work of any kind "That the OEM should be expected to "Eat," even if the equipment is out of warranty," in order to maintain good relations with plant operations and maintenance, who is highly dissatisfied with the equipment's performance. A large percentage of Policy Work is later honored by the Original Equipment Manufacturer as an extended Warranty Claim. The same completion of the service ticket by the Service Writer occurs, only in this instance, the Maintenance Work Order is posted to Internal Service Work warranty/policy receivables whether your internal people worked on it or a dealer's technician. It is an "Internal Plant Process," that includes the equipment distributor and the Original Equipment Manufacturer.

Warranty Claims speak for themselves: A service ticket was drawn from the shop stack; placed on the shop log; work is performed on the equipment by a specific mechanic or distributor tech representative, or outsourcer, only this time, the total monies involved are charged to Original Equipment Manufacturer, Warranty Claims Receivable as a

DATE	W/O #	FORECAST	ACTUAL	VARIANCE	%VAR.	BALANCE
JAN	1105	\$ 100	\$ 100	\$ 0	0	\$ 2,700
FEB	1277	100	500	400	500+	2,600
MAR	1457	200	200	0	0	2,400
APR	1771	100	400	300	400+	2,300
MAY	2001	100				2,200
-	2002	500				1,700
-	2003	250 *				1,450
JUN						1,050

Figure 2

DATE	W/O #	FORECAST	ACTUAL	VARIANCE	%VAR.	BALANCE
JAN	1105	\$ 100	\$ 100	\$ 0	0	\$ 2,700
FEB	-1277	100	500	400	500+	2,600
MAR	1457	200	200	0	0	2,400
APR	1771	100	400	300	400+	2,300
MAY	2001	100				2,200
-	2002	500				1,700
-	2003	250 *				1,450
JUN						1,050

Figure 3

WARRANTY?

encourages brief narrative, that is the opposite of plant floor Synchronous Maintenance Repair and Operating Systems. This minimalist design literally describes what is being delivered in the way of Internet-based Resources for CMMS. Little, if any maintenance work order completion costing is done, the need for it given lip service."

What You Should Be Doing

COMPLETION INFORMATION:				TOTAL HOURS:			
<input checked="" type="checkbox"/> 01 COMPLETED	<input type="checkbox"/> 02 CLOSED IN PROCESS	<input type="checkbox"/>		G/L ACCT#	DESCRIPT.	AMT.	D/C
<input type="checkbox"/> 03 HOLD	<input type="checkbox"/> 04 RESCHEDULE	<input type="checkbox"/>		9400	LABOR		(C)
<input type="checkbox"/> 05 CONTENT MOD.	<input type="checkbox"/> 06 STD. EXCEPTION	<input type="checkbox"/>		9500	MATERIAL		(C)
<input type="checkbox"/> 07 CANCELLATION	<input type="checkbox"/> 08 EMERGENCY	<input type="checkbox"/>		9450	SUB LABOR		(C)
<input type="checkbox"/> 09 CALIBRATION	<input type="checkbox"/> 10 OTHER	<input type="checkbox"/>		9550	SUB MAT'L		(C)
COMPLETION APPROVAL SIGNATURES:				9575	RENTALS		(C)
OWNER _____ DATE / /							
SUPERVISOR _____ DATE / /							
EQUIPMENT# _____							
COMPONENT# _____				0255	TOT WARR/REC		(D)
PROCEDURE# _____				10930	TOT MAINT CHG		(D)

Figure 4

COMPLETION INFORMATION:				TOTAL HOURS:			
<input checked="" type="checkbox"/> 01 COMPLETED	<input checked="" type="checkbox"/> 02 CLOSED IN PROCESS	<input type="checkbox"/>		G/L ACCT#	DESCRIPT.	AMT.	D/C
<input type="checkbox"/> 03 HOLD	<input type="checkbox"/> 04 RESCHEDULE	<input type="checkbox"/>		9400	LABOR	100-	(C)
<input type="checkbox"/> 05 CONTENT MOD.	<input type="checkbox"/> 06 STD. EXCEPTION	<input type="checkbox"/>		9500	MATERIAL		(C)
<input type="checkbox"/> 07 CANCELLATION	<input type="checkbox"/> 08 EMERGENCY	<input type="checkbox"/>		9450	SUB LABOR		(C)
<input type="checkbox"/> 09 CALIBRATION	<input type="checkbox"/> 10 OTHER	<input type="checkbox"/>		9550	SUB MAT'L		(C)
COMPLETION APPROVAL SIGNATURES:				9575	RENTALS		(C)
OWNER _____ DATE / /							
SUPERVISOR _____ DATE 1/18/96							
EQUIPMENT# 101642							
COMPONENT# 066				0255	TOT WARR/REC		(D)
PROCEDURE# 33R				10930	TOT MAINT CHG	100-	(D)

Figure 5

Figure 6

Figure 1 illustrates proper flow of information, with labor stores and supplier information entering the system and being posted to the maintenance work order. Those postings are distributed to the property record (equipment cost ledgers) and their costs tracked by the system. In figures 2-3 a violation of year-to-date cost forecasts for this peice of equipment is detected and a decision is made. Proper work

order completion design allows the technician many completion options figure 4 as well as accounting close out conventions. Figures 5-6 show sample close out and accounting postings to the equipment cost ledger. Figures 7-8 show a closeout and attached invoice 1771 which is posted and sent to Accounts/Payable. Figures 9-10 show a warranty claim for that vendor's invoice being reversed (Claim 5894) and reposted as a warranty claim. Figure 11

COMPLETION INFORMATION:				TOTAL HOURS:			
<input checked="" type="checkbox"/> 01 COMPLETED	<input type="checkbox"/> 02 CLOSED IN PROCESS	<input type="checkbox"/>		G/L ACCT#	DESCRIPT.	AMT.	D/C
<input type="checkbox"/> 03 HOLD	<input type="checkbox"/> 04 RESCHEDULE	<input type="checkbox"/>		9400	LABOR		(C)
<input type="checkbox"/> 05 CONTENT MOD.	<input type="checkbox"/> 06 STD. EXCEPTION	<input checked="" type="checkbox"/>		9500	MATERIAL		(C)
<input type="checkbox"/> 07 CANCELLATION	<input type="checkbox"/> 08 EMERGENCY	<input type="checkbox"/>		9450	SUB LABOR	100-	(C)
<input type="checkbox"/> 09 CALIBRATION	<input type="checkbox"/> 10 OTHER	<input type="checkbox"/>		9550	SUB MAT'L	300-	(C)
COMPLETION APPROVAL SIGNATURES:				9575	RENTALS		(C)
OWNER _____ DATE / /							
SUPERVISOR _____ DATE 4/05/96							
EQUIPMENT# 101642							
COMPONENT# 066 <i>G.E. INVOICE # 1771</i>				0255	TOT WARR/REC		(D)
PROCEDURE# 99B				10930	TOT MAINT CHG	400-	(D)

Figure 7

Figure 8

COMPLETION INFORMATION:			
<input checked="" type="checkbox"/> 01 COMPLETED	<input type="checkbox"/> 02 CLOSED IN PROCESS	<input type="checkbox"/>	
<input type="checkbox"/> 03 HOLD	<input type="checkbox"/> 04 RESCHEDULE	<input type="checkbox"/>	
<input type="checkbox"/> 05 CONTENT MOD.	<input type="checkbox"/> 06 STD. EXCEPTION	<input type="checkbox"/>	
<input type="checkbox"/> 07 CANCELLATION	<input type="checkbox"/> 08 EMERGENCY	<input type="checkbox"/>	
<input type="checkbox"/> 09 CALIBRATION	<input type="checkbox"/> 10 OTHER	<input checked="" type="checkbox"/>	WARRANTY
COMPLETION APPROVAL SIGNATURES: <i>CLAIM*</i>			
OWNER _____ DATE 4/12/96			
SUPERVISOR _____ DATE / /			
EQUIPMENT# 101642			
COMPONENT# 066 <i>CLAIM # 5894*</i>			
PROCEDURE# 99B			

Figure 9

gives us an additional option. Instead of filing a warranty claim through the maintenance work order, it is filed as a Debit Memo directly through Accounts/Payable to the vendor's account.

OR

TOTAL HOURS:			
G/L ACCT#	DESCRIPT.	AMT.	D/C
9400	LABOR		(C)
9500	MATERIAL		(C)
9450	SUB LABOR		(C)
9550	SUB MAT'L		(C)
9575	RENTALS		(C)
	<i>SUB LABOR ADJ.</i>		(C)
	<i>SUB MAT'L ADJ.</i>		(C)
	<i>ACCOUNTS/PAYABLE</i>		(D)
0255	TOT WARR/REC	400-	(D)
10930	TOT MAINT CHG	400-	(C)

TOTAL HOURS:			
G/L ACCT#	DESCRIPT.	AMT.	D/C
9400	LABOR		(C)
9500	MATERIAL		(C)
9450	SUB LABOR		(C)
9550	SUB MAT'L		(C)
9575	RENTALS		(C)
	<i>SUB LABOR ADJ.</i>	100-	(C)
	<i>SUB MAT'L ADJ.</i>	300-	(C)
	<i>ACCOUNTS/PAYABLE</i>	400-	(D)
0255	TOT WARR/REC		(D)
10930	TOT MAINT CHG		(D)

Figure 10

DEBIT MEMO			
MEMO # R18341	DATE 4/09/96		
INVOICE # 1771	DATE 4/05/96		
P.O.# 002376	DATE 4/05/96		
VENDOR # 00801			
NAME: GENERAL ELECTRIC			
APPARATUS REPAIR DIV.			
ADDRESS: 108 S. MAIN STREET			
WHITE PLAINS.			
STATE: NY		ZIP 10158	
DESC: WARRANTY CLAIM			
G/L ACCT#	CONTROL #	DESCRIPT.	AMT. D/C
9508		PARTS	1 (D)
9509		MATERIAL	1 (D)
9459		SUB LABOR	1 (D)
9559		SUB MAT'L	1 (D)
9599		RENTALS	1 (D)
9599		ADJUSTMENT	1 (C)
5425		DISC. EARNED	1 (C)
9488		<i>SUB LABOR ADJ.</i>	100.00 C
9588		<i>SUB MAT'L ADJ.</i>	300.00 C
0255		TOT WARR/REC	1 (D)
0202		PETTY CASH	1 (C)
0500	00801	ACCT'S PAYABLE	400.00 (D)

Figure 11

Now for follow-up. The CMMS is supposed to generate an aged schedule of Warranty/Policy Claims Receivable (Figure 12), and dunning collection letters (figure 13).

"So imagine what a lack of "Customer Service" Work order administration in the plant accomplishes? Upon completion of the plant maintenance repair, there is little if any Service Writer (Maintenance Foreman) attention to close-out detail. The hours which have been recorded by the mechanic are posted to the mechanic's time card 100% of the time, and to the Enterprise Asset Property Ledger 38% of the time. The same is true for the bill of material, whose issue is recorded in the

SITE 01
 VENDOR# 00801
 VENDOR NAME: GENERAL ELECTRIC APPARATUS REPAIR DIV VENDOR TELEPHONE # (914)555-2000
 ADDRESS: 108 S. MAIN STREET EXTENSION: 381
 CITY: WHITE PLAINS
 STATE: NY ZIP: 10158
 ATTENTION: FRANK MILLER
 TITLE: BRANCH MANAGER

REF#	DATE	G/L	ACCT#	DESCRIPTION	DEBIT	CREDIT	BALANCE	30	60	90	OVER90
1277	02/22/03		9450	SUB LABOR		150.00					
5033*	02/26/03		9550	SUB MATERIAL		350.00					
			0255	W-P/REC	500.00		500.00				500.00
1771	04/05/03		9450	SUB LABOR		100.00					
5894*	04/12/03		9550	SUB MATERIAL		300.00					
			0255	W-P/REC	400.00		400.00				400.00
TOTAL DUE							\$ 900.00				\$ 900.00

Figure 12

part's issue segment of the maintenance inventory system 80% of the time and on the service ticket, 38% of the time. Invoices for any "Subcontracted Work" are sent directly to Accounts/Payable, where it is posted 100% of the time. It is included in the maintenance work order costing process only 22% of the time, and is posted to a specific Asset Identification number (serial number or property tag) only 16% of the time."

forecasted annualized asset care budgets, a problem exists. To the 97th percentile, today's CMMS designs for servicing data entry for cost close-out of Customer Service Work; Internal Service Work, and; Warranty Service Work are totally lacking. How can corporate and plant management control costs per operating asset to prevent nickel and dimeing in maintenance charges; if the actual costs aren't even being posted to the property ledgers let alone being compared to the forecast? Many of today's CMMS design entities called EAM (Enterprise Asset Management) doesn't begin to perform cost control in a business environment."

"Even if you establish

Warranty tracking features represented in today's CMMS advertising, tracks warranty expiration date, not Warranty Claims Receivables. Perhaps 1-2 CMMS's have an Accounts/Receivable package made part of their offering. Therefore warranty collection statistics are dismal; 9-38% of claims posted; 6-44% of work identified as warranty/-policy category tasks go uncollected. Policy claims collection amounts to an additional 35% of that uncollected figure.

ROYAL SPECIALTY CHEMICALS
 1138 12TH STREET
 PHILADELPHIA, PA 19034
 (215) 555-3800

The Basis of the Fraud

Tens of billions of dollars/year are bilked from the industrial & business equipment users by OEM's (Original Equipment Manufacturers) and intellectual property owners. During the past few years, we've seen the rise of an insidious form of outsourcer, the Settlement Agent (the third-party claims company who told me that my problem wasn't to be covered by my warranty, because the folks supposedly found "Sludge" in my engine). What differs them from classic honest claims adjusters, is that their mind-set is omnipotent, to deny your claim, and they are financially motivated to find any reason for doing so.

Their franchise is all too recognizable. Decades ago a famous executive made a call on a medical insurance company. He had a "Brilliant idea, which was to cheat a large number of policyholders out of their medical claims reimbursement. What he proposed was to take over (outsource) the claims processing for the medical insurance company. When policyholders filed claims, they would go

SEPTEMBER 08, 2003

GENERAL ELECTRIC
 APPARATUS REPAIR DIV
 108 S. MAIN STREET
 WHITE PLAINS, NY 10158
 ATTENTION: FRANK MILLER
 BRANCH MANAGER

DEAR MR. MILLER:

OUR RECORDS INDICATE THE FOLLOWING AMOUNTS OWED TO US ARE SERIOUSLY DELINQUENT:

REF#	DATE	G/L	ACCT#	DESCRIPTION	DEBIT	CREDIT	BALANCE	30	60	90	OVER90
1277	02/22/03		9450	SUB LABOR		150.00					
5033*	02/26/03		9550	SUB MATERIAL		350.00					
			0255	W-P/REC	500.00		500.00				500.00
1771	04/05/03		9450	SUB LABOR		100.00					
5894*	04/12/03		9550	SUB MATERIAL		300.00					
			0255	W-P/REC	400.00		400.00				400.00
TOTAL DUE							\$ 900.00				\$ 900.00

PLEASE CALL MY OFFICE AT YOUR EARLIEST CONVENIENCE TO DISCUSS SETTLEMENT OF THIS MATTER. I CAN BE REACHED AT (215) 555-3800 EXT 4481.

VERY TRULY YOURS,



CORPORATE ACCOUNTING PERSON

FOG/TP

Figure 13

unpaid. When follow-up calls were made to the medical insurance company they would be directed to outsourcer personnel, whose representatives would tell the claimant that perhaps their claim form had been “Misplaced.” Could they resubmit the claim.

Theory was that after 4-5 such calls, the individual policy-holder, most un-represented citizens, would abandon their claim, and the insurance company would pocket the money. Of course, for their “Good work,” the outsourcer would receive 35% of the windfall. The executive made calls on other medical insurance companies and was successful in contracting with them also; the franchise spread. It would have become pandemic, had two occurrences not come to pass.

The news of numerous consumer complaints made to state regulators, reached the desk of a famous inquiring reporter. He put “two and two” together, and paid the first insurance company a visit, late at night, where he rummaged through their office rubbish. He didn’t need to go far. What he found behind their processing center was two dumpsters filled with “Misplaced insurance claims.” It made a good story for the 6 o’clock news, what with state insurance investigators scampering about. The next occurrence was more consequential. The same outsourcing organization, bloated with success, decided to pull the same scam on physicians submitting claims for their patients. The outsourcer’s mis-take, was that unlike the individual policy-holder, physicians belong to local statewide and national organizations; they network. Their response was a mass state-wide refusal to honor the specific insurance card of the medical insurance company, when their card was presented by the individual policy-holder. The claims scam was discontinued there. But it did raise its head elsewhere. It’s the basis for this article. Now to current business.

I have a set of observations:

1. Most warranties are between the OEM’s and the customer, and specifically exclude any policymaking made by any representative, other than those employed by the OEM. That includes distributors. Technically and legally, you can tell the distributor to tell the Settlement Agent to get lost.

Read the warranty. To the 99th percentile you will find this to be true. Call your distributor, or perhaps in this case your OEM. Don’t threaten them; tell them that you are dissatisfied with the outcome, and you question the legality of their decision. Then shut up! If you speak in a reasonable tone, they’ll have an option. If you’re a large enough customer, the Distributor/OEM could be talked into a Policy Claim, even if the warranty has expired. Again, policy means good will.

2. Document all maintenance performed on your equipment. Where possible, enter into an inspection/certification program for both in-service and equipment spares with the distributor/OEM. They’re not full maintenance contracts, but they do cover your behind as proof that the dealer/OEM was involved with your equipment, and knows what condition the equipment is in.
3. All new capital purchase contracts (especially warranties) should be seen by your legal department. They should have some suggestions re: Dealing with the Settlement Agent. Be aggressive, but of most importance, be smart.
4. Don’t threaten a suit; just sue them. Consumers still have more of a judge’s ear than a crooked settlement company. Remember, the OEM is more concerned about a class-action, more to the point, they don’t want to receive a prom invitation from the Justice Department. Don’t discount the power of suggested negative networking at trade associations to which you belong.

Claims Administration

Yes, Computerized Maintenance Management Systems should track warranties in force. Few of them tell you when your contracts expire, unless you submit a query. My idea of a management information tool is a system that tracks pending expiration dates and warns you of a contract’s termination, in order to allow you to extend your warranty where possible. But more to the point it should aid you in the collection of all kinds of claims.

A CMMS worth its salt should treat Warranty & Policy Claims Receivable as just that, monies owed to your organization. The system should provide conventions for recording Warranty & Policy Claims directly from a maintenance work order to Warranty & Policy Claims Receivable, and/or generating a debit memo to Accounts Payable, to the vendor’s account. Worst case, you can purchase a commercial, off-the-shelf accounting system for this purpose. They include everything from reverse invoicing (debit memos), to aged schedules (30, 60, 90, over 90 days), ageing of Warranty & Policy Claims

receivables, through dunning (collection) letters set up according to the claim's age. A debit memo (and a phone call) will get your account credited 65% of the time; a computer generated, (perhaps certified) letter will get your account credited another 30% of the time. In 5% of the instances, you will have to go to court. 90% of the time, you will win, if you are well documented. Even before you get to that point, remember that a warranty receivable can be collected easily if it is only 30 days old. At 60 days, the ease factor decreases by 50%, and at 90+ days there's a chance that you will have to turn it over to legal resources. When a salesman promises to get the matter straightened out for you, he doesn't expect you to record it in an accounts/receivable system and remember that incident; warranty contracts forbid him from making any promises at all.

Conclusion

Maintenance is a tough business, and over the last 20 years, it has become tougher to survive in it, owing to the ingenuity of those whose business it is to cheat the consumer directly, or through agents. Existing & new generations of manager should be warned about cost hemorrhages, in this case warranty/policy claims, and rebate collection, since recovering 4¢ to \$ 1.38/square foot of plant/year, can pay for a lot of necessities, perhaps someone's job. This article has covered only 1 of 14 areas of cost control issues.

There are configuration and financial audits, and other processes for tightening your application systems and your methodology. They will, in the short and long run, improve your chances for success as a manager. It takes intelligent effort, and good old time management, but in the end, the payout will be substantial. Good luck!