

## Product Service Considerations

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### ■ Background

Excellent product service has been one of the key elements in the long term success of Remington's firearm business. Traditionally, Remington promoted service from the factory for both parts and repairs through catalogs, owner's instruction manuals, reference manuals, field service manuals and other various marketing materials.

In the early 1990's, Arms' Service consisted of a Field Service Organization with four (4) dedicated Service Reps., a Phone Center of ten (10) CSRS', four (4) clerks, a Parts and Repair Center with twelve (12) repairmen, three (3) re-finishers (wood/metal) and twelve (12) other personnel in various functions.

Historically, Arms' Service was a stand-alone business unit (unit #12), generating approximately \$3.7 million in annual sales. Major portions of this revenue came from the sales of spare parts (\$2.8M), repairs (\$750M), and the Armorer school (\$200M). Gross profit for 1996 averaged \$965M (24.5%).

### Repair History

The average number of *annual repairs ranged between 32,000 and 35,000* units. Unfortunately, *the turn-around time-to-repair averaged 12-14 weeks. In 1994, a corporate objective of two weeks turn-around was established.*

To attain this objective, several strategies were investigated, including a detailed "re-engineering" effort to streamline internal processes. *However, senior management decided that the most efficient method was to utilize our outside warranty repair network (authorized Service Centers).* Prior to this change, the Arms' Service group had been responsible for administering the warranty repair program including maintaining updated field manuals and parts catalogs. Downsizing resulted in the elimination of the four field service representatives leaving the company without the necessary resources to continue product material updates. As a result, *field manuals*

<sup>23</sup> Data for Product Service Considerations is an excerpt from the Strategic Marketing Plan (Customer/Arms Service) by Matt Marley, Manager, 1997.