

Unlocking the Field Service Supply Chain

Connecting the customer experience with business operations

A 2017 Field Service Fall Benchmark Report

Featuring commentary from

Tom Voirin VP Customer Service, ISCO International





Introduction

Over the past 12 years, service has emerged as a huge driver of productivity and customer satisfaction. On average, 25% of overall field service companies' revenue now comes from service. In many cases, customers choose a piece of equipment based not on specific product attributes, but on the quality of the service that companies can provide.

In 2017, service has become the most important competitive differentiator. Service organizations are adopting technology advancements like remote connectivity in order to increase the lifespan of equipment, minimize downtime, and limit onsite visits, all of which have increased customer satisfaction. The relationship between sales, marketing, and service is more connected than ever, and successful manufacturers are now treating their customers as true partners.

These companies have realized that their technicians are now the public face of the company, as they have the most interactions with customers and the most frequent opportunities to influence their buying habits and overall satisfaction.

But as competition tightens, service organizations are also looking internally, optimizing and integrating back-end systems and processes in order to improve

all lines of business. They are focusing on knowledge management within the organization, effectively and timely onboarding, and creating efficiencies that drive the responsiveness loyal customers now expect.

This paper is an analysis of survey data from the Field Service Fall 2016 event. It highlights the connection between operations technology that provides visibility and efficiency with customer satisfaction, loyalty, and performance metrics such as Net Promoter Score. In this report, you will discover:

- ⚙️ How field service companies are overcoming legacy systems and integrating supply chain functions and processes.
- ⚙️ How companies are taking advantage of both domain experience and functional expertise when managing supply chains.
- ⚙️ How field service organizations are centralizing data for a complete view of customers and business units.
- ⚙️ How companies are finding connections between internal and back-end systems to improve the customer experience.



The Field Service Landscape



“If you have a service organization that has been developed with a common framework to drive exceptional performance, then you have the foundation to easily communicate to a new employee the responsibilities, expectations and deliverables that they are accountable for. A common services framework is essential to align everyone to the company’s expectations to provide exceptional service, and will identify training opportunities by individual to meet that expectation.”

Tom Voirin

Competition across the field service landscape is evolving. The once highly quantitative practices of delivering higher performance and service quality are giving way to more qualitative, more effective methods for improving customer satisfaction and increasing loyalty.

Field service companies across verticals are not only acknowledging the importance of customer satisfaction to their bottom lines, they are identifying correlations between their operations, supply chain, and the ways in which technicians improve the customer experience. With no more than a few hundred technicians in the field, smaller organizations will increasingly rely on those technicians and the technology supporting them to differentiate themselves from competitors.

Thirty-two percent of field service companies surveyed—the largest group—claim imaging, medical, or scientific devices best describe the products that they serve.

Sixteen percent of companies claim they predominantly service construction or industrial products.

Ten percent of companies primarily service enterprise network support services—including electrical, security, telecom, cable, and internet—and another 10% of companies primarily service residential appliance and electronics.

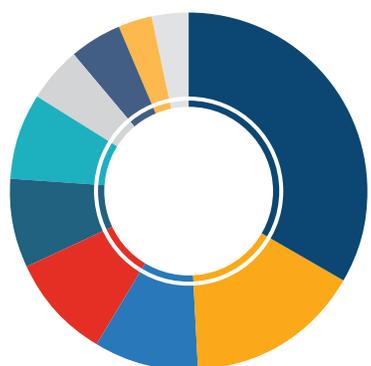
Smaller groups of field service companies service transportation, including rail, aerospace, automotive, and marine (8%); semiconductors (5%); commercial appliances and electronics (5%); utilities (3%); and commercial computers (3%).

The majority of field service companies (72%) have 500 or fewer field service technicians in the United States. Among them, a plurality of field service companies has 50 or fewer field service technicians in the U.S. Twenty percent of field service companies have 51 to 150 field service technicians in the U.S., and 25% of field service companies have 151 to 500.

Smaller groups of field service companies have greater numbers of field service technicians operating in the U.S. Six percent of companies have 501 to 1,000 U.S. field service technicians; 8% of companies have 1,001 to 2,000 U.S. field service technicians; 4% of companies have 2,001 to 3,000 U.S. field service technicians; and 10% of field service companies have 3,000 technicians or more in the U.S.

The classic metric for field service performance, and subsequently customer satisfaction, is first-time fix rate (FTF). But as over half (53%) of field service companies have a first-time fix rate of 85% or higher—and as 90% of companies have a first-time fix rate of at least 50%—FTF is no longer the strongest differentiator in the industry, nor it is the most important contributor to the customer experience.

What best describes the products you serve?



- 32% Imaging, medical device, scientific
- 16% Construction/industrial products
- 10% Enterprise network support services (electrical, security, telecom, cable, internet)
- 10% Residential appliances and electronics
- 8% Transportation (rail, aerospace, automotive, marine)

- 8% Residential services
- 5% Commercial appliances and electronics
- 5% Semiconductor
- 3% Commercial computers
- 3% Utilities
- 0% Domestic computers

The Field Service Landscape

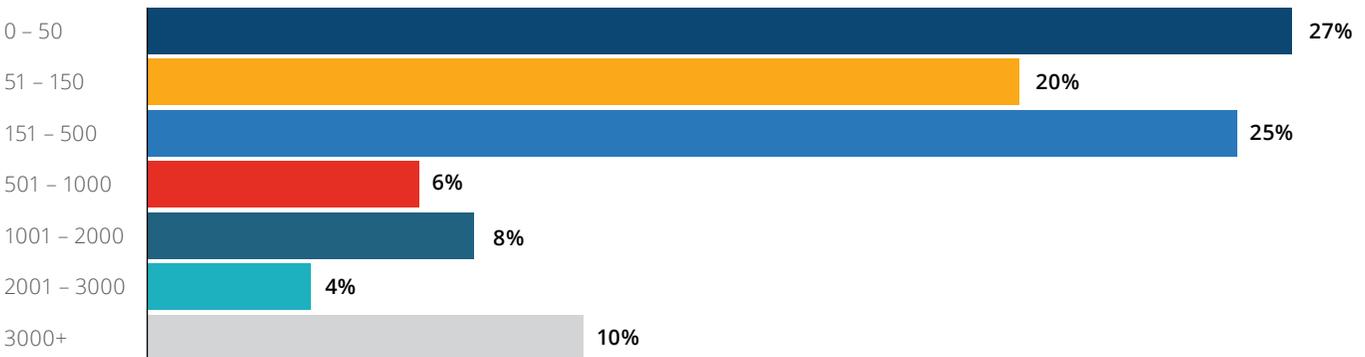
Consequently, organizations are increasingly dependent on their customer-facing technicians to provide those experiences for customers. Data suggests there are several dimensions to developing such a service-driven workforce, including aligning technicians with key lines of business, integrating practical technologies, knowledge management, and rapid onboarding of young talent.

The majority of field service companies (68%) have an average technician onboarding time of zero to six months. Among them, 36% of all field service companies average a technician onboarding time of four to six months, and 32% of companies average zero to three months.

Among the smaller groups, 8% of companies average seven to nine months; 8% of companies average 10 to 12 months; 4% of companies average 13 to 15 months; 4% of companies average 16 to 18 months; and 8% of field service companies average 19 months or more in terms of their technician onboarding time.

Throughout 2016, companies placed emphasis on developing customer-facing technologies like remote diagnostics, technician connectivity, mobility, and even Internet of Things. Of equal importance is the hiring, training, and knowledge management in light of an aging workforce. But a more notable trend is aligning sophisticated, integrated back-end systems with lines of business, and considering how those systems also drive exceptional customer experiences.

How many field service technicians do you have in the United States?



The Metrics Of Customer Satisfaction



“Alignment is not only for the salesperson or service person involved in the account; it requires that every person in the organization knows what the customer’s expectations are so they can consistently execute to those expectations.”

Tom Voirin

In a qualitative response, companies feel their customers are very satisfied with their performance. A plurality (39%) of field service companies claim customers have given them a satisfaction level of greater than nine on a 10-point scale. Twenty-three percent of companies have a rating on the range of 8.6 to nine, while 13% of field service companies receive a customer rating on the range of 8.1 and 8.5.

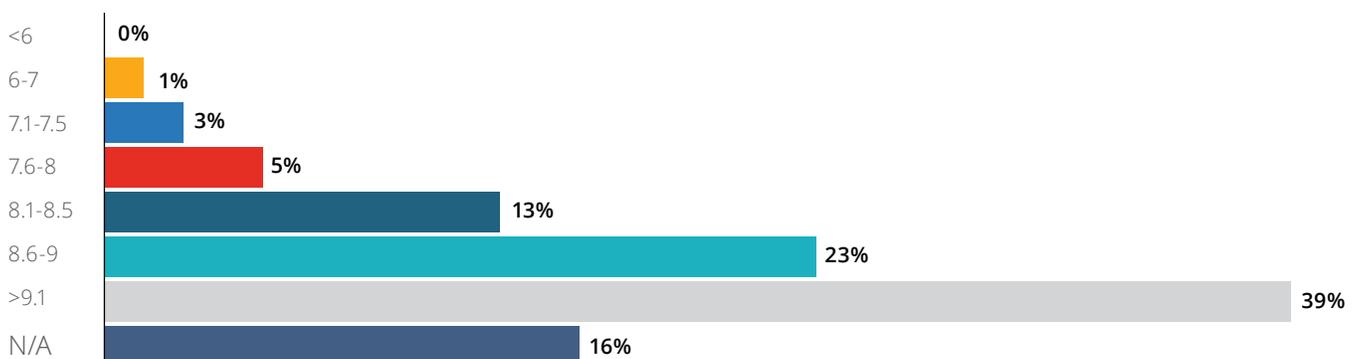
Meanwhile, smaller groups of field service companies receive from 7.6 to 8 (5%), 7.1 to 7.5 (3%), and 6 to 7 (1%) as their customer satisfaction levels on a scale of 1 to 10.

But while customer satisfaction levels remain qualitative—even in compiling the qualitative responses of the companies’ own customer surveys—industry analysts are developing more sophisticated means of measuring customer satisfaction, often with less than perfect results.

Net Promoter Score (NPS) is a tool that gauges both customer loyalty—the likelihood customers will recommend or promote a company—and revenue growth. Despite this combined qualitative and quantitative method, many companies have not adopted it as a formal tool for measuring performance. Meanwhile, many of those who have adopted NPS have not seen exceptional results as seen by a wider distribution across the -100 to 100 scale. This contrasts with the customer satisfaction ratings below.

Field service companies’ hesitation to adopt the Net Promoter Score method—not to mention the disparate scores of those who have already adopted NPS—is indicative of a greater problem within field services—lack of visibility into actionable customer data.

Customer Satisfaction Level (on a 1-10 scale)



“When you have different islands of information that aren’t integrated, it inhibits the organization in their execution to the customers’ expectations. If you have one system that’s unified then everybody is “interconnected,” which will dramatically impact your cycle time to respond to your customers’ requirements.”

Tom Voirin

Centralizing data for a complete view of customer behavior—then utilizing that data to improve business practices and technology—is becoming a standard best practice in enterprise, technology, retail, banking, and even manufacturing. **But the vast majority of field service companies do not have a centralized customer view.**

In fact, 92% claim they need to access multiple views to see customer data, interactions, inventory, logistics, and analytics across business functions, geographies, and products, while only 8% do not.

Field service companies have a data problem. With no centralized view of customer data, they cannot identify opportunities to improve processes in ways that will improve the customer experience. As opposed to identifying improvement areas in customer-facing technologies, which can be tested directly, doing so with back-end technologies requires a holistic response, where changes can affect the whole service enterprise. **Only by identifying the connections between operations and the customer experience and honing in on practical data can field service companies get ahead of the competition in a constantly evolving industry.**





Connecting Operations And The Customer Experience

“The dynamics of improving the operational effectiveness of a company can be guided by looking at the operational structure of an organization and developing a strategy to streamline it to provide exceptional service. The end goal is to make it more efficient and effective, which I look at in terms of reducing cycle-time to provide your customers what they want, when they want it. Operationally, this translates to what your field service teams do and how they do it.”

Tom Voirin

Cutting-edge technologies within supply chain and fulfillment processes are emerging as differentiators in terms of improving the customer experience. For customers, timeliness and agile use of customer data in response to changing requirements are paramount; sophisticated supply chain technologies can deliver the trustworthiness and dependability they demand.

However, field service companies are divided in terms of whether or not their supply chain operations are connected to their customer experience management systems. Forty-seven percent of companies claim they are connected, while 53% of field service companies claim they are not. This is a prevailing problem for field service companies in terms of differentiating themselves from their competitors, as customer-facing service methods and technologies begin to equalize across the industry.

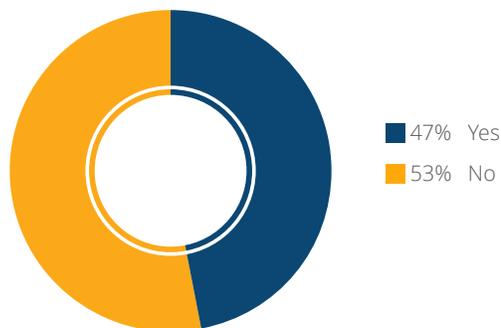
This problem occurs in part because field service companies continue to struggle with old technologies

that fail to deliver on these demands. The majority of field service companies (62%) are saddled with technologies that are legacy, complex, and CAPEX burdened, while only 38% of companies do not.

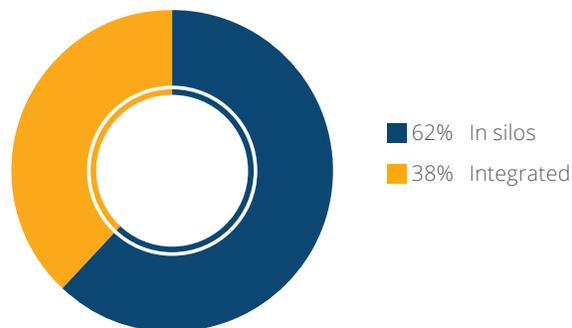
Knowing customers, providing personalized experiences, and scaling organizations become increasingly challenging when large amounts of data are contained in various legacy systems throughout the organization. Additionally, sharing customer data between business units is difficult.

The majority of field service companies (62%) claim their supply chain functions and processes are managed in silos, while 38% of companies claim they are integrated. Field service organizations that fail to centralize data for a complete view of customers and business units cannot integrate supply chain functions and processes in a way that connects the supply chain to the customer experience.

Are your supply chain operations connected to your customer experience management systems?



Are your supply chain functions and processes managed in silos or are they integrated?



“Understanding your customer requirements is universal, not just as the person who is doing the work or for whomever might be engaged with the customer. It’s for the organization as a whole—knowing your customer requirements is essential so everyone collectively can operate and manage those expectations.”

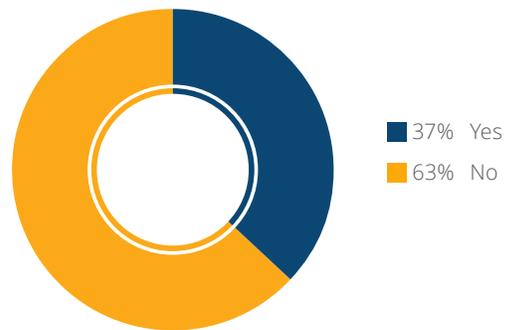
Tom Voirin

Finally, the majority of field service companies (63%) are not currently managing their supply chain operations by choosing between domain experience and functional expertise. Only 37% of field service companies claim they are managing their supply chain operations in this way.

Companies hiring senior supply chain personnel may describe their hires as having either one or the other. In fact, fulfilling management requirements depends heavily on either one or the other, and companies who are not able to incorporate those criteria into their hiring practices may be lacking transparency into their supply chain operations and the requirements of their teams.

Companies who succeed at integrating both domain experience and functional expertise in a balanced way will maintain both the insight and knowledge to make smart decisions, and the means to execute them successfully.

Are you currently managing your supply chain operations by choosing between domain experience and functional expertise?





Top 3 Suggestions For Supply Chain Management

“The dynamics of improving the operational effectiveness of a company can be guided by looking at the operational structure of an organization and developing a strategy to streamline it to provide exceptional service. The end goal is to make it more efficient and effective, which I look at in terms of reducing cycle-time to provide your customers with what they want, when they want it. Operationally this translates to what your field service teams do and how they do it.”

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Supply chain leaders must acquire a holistic view not only of the business units they manage but of the organization on the whole, taking into consideration the effect as a customer with every business decision. The following suggestions take on three essential areas of focus to begin the journey towards unifying the supply chain with the customer experience:

1 Invest in knowledge management for an aging workforce; human capital and training when onboarding new, Millennial technicians; and upholding standards for outsourced service models.

Industry research reveals that field service companies spend a lot of money on field service tools, but may lack the right people with the right skills, leading to ineffective service and back-end resources that are not used to their full advantage. Meanwhile, many experienced technicians are close to retiring and no longer can be in the field.

Service organizations need to ensure they are capturing all experienced technicians' knowledge and making it available to the next generation of technicians. With knowledge management tools, mobile or social apps, and even augmented reality, experienced technicians can ensure their knowledge and company resources are being utilized.

Augmented reality example: a young technician wears a sophisticated visual interface to a repair site and the experienced technician watches from his home or office to help him diagnose the issue.

In addition, many organizations are partnering with third-party service providers to enhance their operations. Executives need to select partners who uphold their culture and services levels, as well as have the access to customer data they need for efficient service calls.

2 Increase service revenue by evolving your supply chain for the next generation of customer service.

Remote monitoring and Internet of Things has shifted service from being reactive to a proactive, preventative maintenance model. It allows service organizations to monitor equipment and predict when service is needed to ensure better uptime. It also allows service to upsell service contracts based on when expected service will be needed.

The opportunities associated with these new approaches rest in companies' ability to analyze and manage big data, and transform service culture from reactive to proactive. Companies whose partners have both depth of knowledge and the platforms to harness the power of big data can apply analytics to identify areas of opportunity and act on them. This means utilizing customer data to prepare service technicians for engagements with customers on multiple levels, including remotely training them to best use their equipment and delivering those experiences in a systematic, effective and customer-centric way.

Top 3 Suggestions For Supply Chain Management

Use the right tools to maximize efficiency in service operations.

The right technology enables service to be done effectively, and provides visibility into the service organization in order to make it more efficient. Effectively processing customer data enables service organizations to predict how many technicians they will need, when they will need them, and where. From using reliable mobile devices, to providing all of the information about a particular machine at the

technician's fingertips, to monitoring fleet locations, to triggers that show whether a technician is taking too long to solve a problem, both operations and field technologies help field service companies thrive.

These companies will succeed with partners who have the expertise, platforms, and tools that allow for service transformation without a change to legacy systems. But none of this is possible without effective leadership, and executive buy-in for these and all innovative field service technologies to come.

"The one item that is essential and often lacking in a development plan is leadership. Executives must understand, articulate, and then be able to demonstrate the path forward to transition the company to a higher level of performance. A leader is one who can engage management, employees, and vendors to say, 'Here is our vision; here is where we want to go. It's going to be challenging and I stand with you to elevate our company to higher levels of service excellence!'"

Tom Voirin

About



As a process transformation company, **Sutherland** rethinks and rebuilds processes for the digital age by combining the speed and insight of design thinking with the scale and accuracy of data analytics. We have been helping customers, across all industries, achieve greater agility through transformed and automated customer experiences for over 30 years.

Headquartered in Rochester, N.Y., Sutherland employs over 38,000 professionals spanning 19 countries around the world. For more information on how we can help you transform your processes, visit us at www.sutherlandglobal.com, email us at sales@sutherlandglobal.com or call 1-800-388-4557 ext. 6123.



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