



FIELD SERVICE EFFICIENCY: STRATEGIES FOR IMPROVEMENT

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SUMMARY

Efficiency in field service delivery is vital for field service organizations to achieve their goals in 2013 and beyond. These goals, tied to:

- Revenue Enhancement
- Cost Containment
- Customer Satisfaction Improvement

are all linked to improvements in field service efficiency. Without an investment in addressing efficiency, as measured via first-time fix, initiatives to attain other field service goals may be short-lived. This document will highlight the importance of the first-time fix metric and detail strategies for performance improvement in field service efficiency.

FIELD SERVICE CHALLENGES

In The Service Council's 2013 Field Service Challenges research survey (n=226), organizations reported that cost containment and revenue growth were on the top of a long list of challenges presented to their field service businesses (Table 1).

Table 1: Biggest Challenges for Field Service Organization

Area of Concern	Percentage of Respondents
Lack of revenue growth at the point of service	44%
High cost of field service resources	44%
Long travel times	30%
Low productivity and utilization rates	26%
New workforce sourcing and onboarding	25%

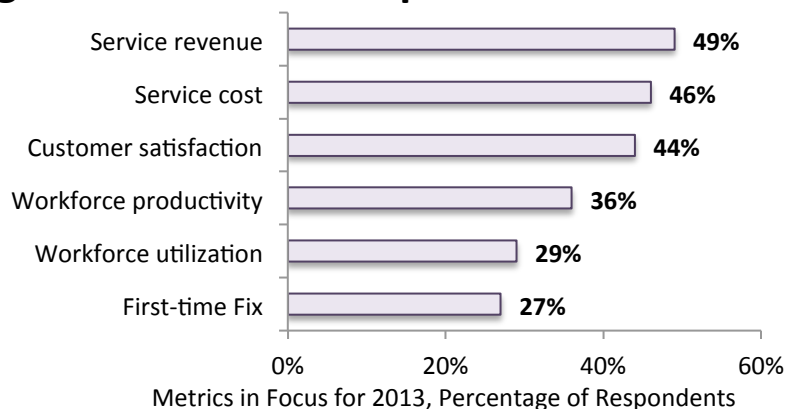
Source: The Service Council, Field Service Challenges, Q2 2013

In support of the findings highlighted in Table 1, organizations were primarily focused on enhancing revenue and cost metrics in 2013. In addition, field service organizations were also looking to inject a higher level of productivity and utilization into their business in order to improve the level of service delivered to the customer (Figure 1).

There are some surprises in Figure 1, particularly tied to the lower focus on first-time fix as an improvement priority in 2013. It is understandable that overall strategic business goals around cost and revenue are vital to supporting the profit-centric initiatives of service organizations, but the path to achieving profitability is quite often governed by efficiency.

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Figure I: Metrics to Improve in 2013



Source: The Service Council, Field Service Challenges, Q2 2013

Here's how first-time fix can significantly impact some of the key goals highlighted in Table 1.

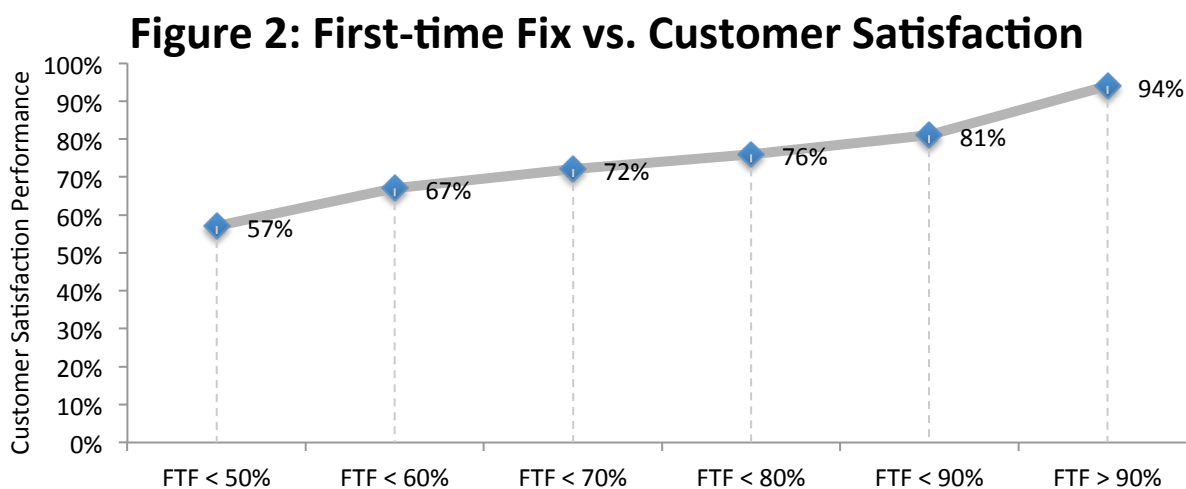
Revenue – Most revenue growth in service is tied to the sale and renewal of service contracts. Performance on these contracts is quite often tied to response times and asset availability. Low first-time fix performance can dramatically impact asset availability and therefore diminish the probability of a contract renewal. In the case where revenue growth is tied to up-sell, cross-sell or new service-based solutions, the permission to approach customers with these offers is contingent on service work being done efficiently. The scenario where the field agent fails to fix a customer's issue and then tries to follow up with a cross-sell opportunity is bound to end in failure.

Cost and Productivity – Field service visits can be extremely expensive, especially those that do not lead to resolution. Cost per dispatch estimates begin at \$150 per dispatch and extend to \$1000 and more depending on the industry and type of service work. What isn't accounted for in these numbers is the opportunity cost, the amount of service work that could have been attended to with an increased focus on first-time fix. E.g. our research shows the average first-time fix to hover at 77%. This means that 23% of service visits require some sort of field service followup, adding additional cost per extra dispatch as well as taking field agents away from service work that they could have been performing.

Customer Satisfaction – While the nature of the product or service relationship might not permit customers to easily transfer their vendor allegiance, lower first-time fix rates definitely lead to a lower level of customer satisfaction. Lack of field service efficiency increases the amount of time the customer is lumped with a non-performing asset, thereby increasing the amount of time that the customer isn't generating revenue from that asset, as well as increasing the amount of time that the customer has to appease

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his/her own customers. All of this eventually leads to lower renewal rates and ultimate customer loss. As figure 2 shows, a lower than 50% level of first-time fix can be catastrophic leading to a near 50% level of customer satisfaction. Ideally, organizations should strive to be in the 90% and greater bracket leading to a similar greater than 90% level of customer satisfaction. This performance in customer satisfaction then enables the discussion around customer loyalty, retention and revenue growth.



Source: The Service Council, Field Service Challenges, Q2 2013

Current Assessment and Strategies for Improvement

On average, first-time fix rates hover in the mid to high 70% range for most organizations as seen in Table 2. What is startling to note is that 19% of all organizations, and 24% of small to mid-sized field service businesses, do not actually even measure the metric. On the larger scale, only 10% of organizations indicate that they do not currently measure their first-time fix performance.

Table 2: First-Time Fix Rates

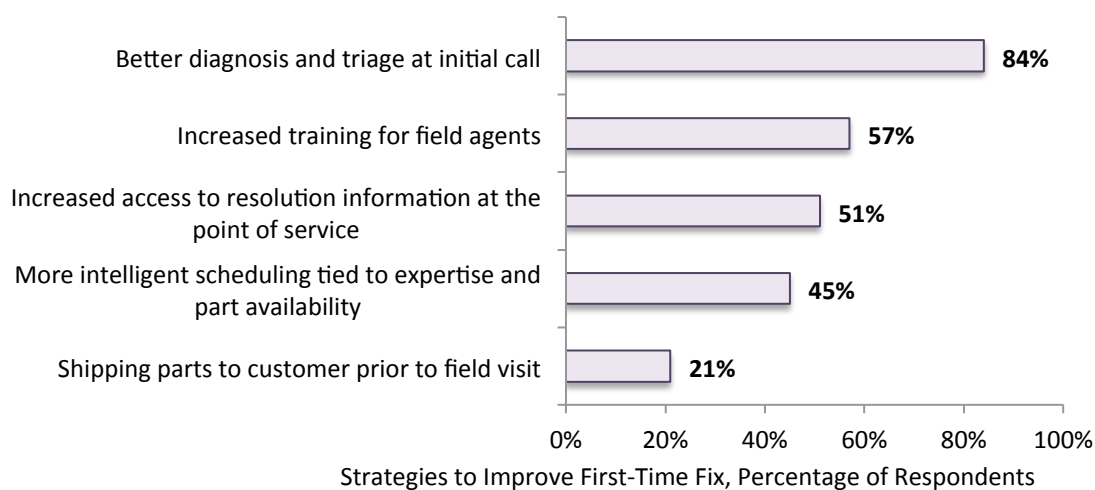
First-Time Fix	Average Result
All Respondents	77%
Small Organizations (50 or less field agents)	76%
Mid-Size (51-500 field agents)	79%
Large (More than 500 field agents)	77%

Source: The Service Council, Field Service Challenges, Q2 2013

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Measuring and evaluating current first-time fix performance is the first step every organization must take prior to investing in improvement programs. While it is often assumed that most organizations do this, the data presented earlier revealed that this is not so. More so, organizations need to develop a standard definition for what constitutes first-time fix so that they are tracking a consistent metric year-over-year. With first-time fix measurement in place, organizations can look to all corners of their field service workforce management strategy to drive improvements (Figure 3).

Figure 3: Improving First-Time Fix Results



- Execution

o Triage

In the spectrum of field service workforce management, only 13% of organizations highlight that triage is a key area of focus for the next 12 months. This is surprising as more than 8 out of 10 organizations indicate that better triage at the point of initial call is the top strategy to improve first-time fix. Improved triage and diagnosis not only impacts first-time fix but can also improve self-service rates and cut back on overall service costs. An incoming service call can have three primary resolution paths:

- Self-service by customer with agent assistance
- Self-service by customer with shipped parts and tools
- Field visit by service agent

Without proper diagnosis, options 1 and 2 are unlikely to be pursued and a field agent is dispatched without adequate knowledge of the service issue or without access to the right parts. With triage processes in place, the agent taking the call can determine which path to choose. If a field dispatch is needed, the agent handling the incoming call can identify the specific service issue and ensure that the scheduling agent or tool

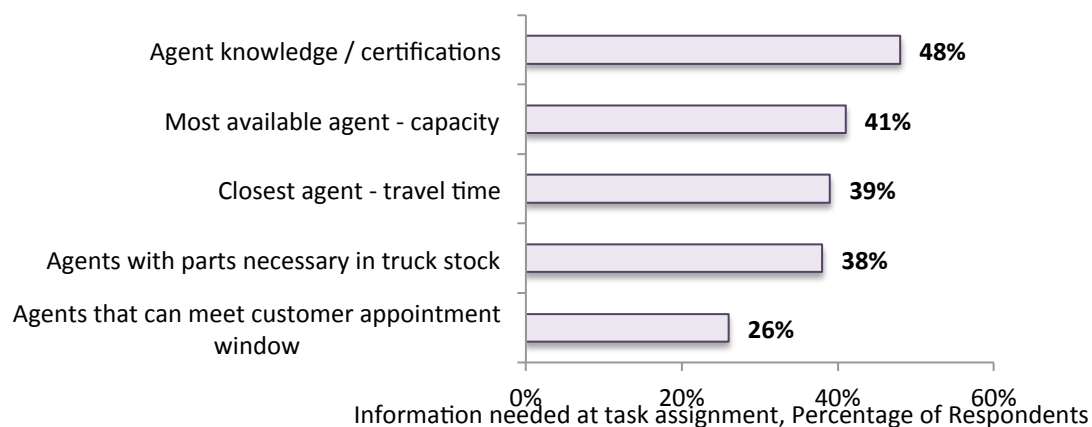
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accounts for the necessary parts or expertise needed when dispatching a field agent.

To support better diagnosis at the time of initial call, organizations need to:

- Put a triage process in place
 - Ensure that agents taking incoming calls are trained to identify and diagnose issues
 - Build appropriate escalation paths prior to dispatch
 - Provide triage agents with appropriate tools to understand customer and product issues
- Scheduling
- Most scheduling continues to be territory-specific as noted by 46% of respondents. However, more and more organizations are beginning to look to incorporate parts and expertise inputs into their scheduling parameters in order to ensure higher resolution rates (Figure 4). To ensure greater visibility into parts information there needs to be greater integration between the field and parts organizations. If the two are optimized in isolation, then the goal of improved resolution cannot be reached as the field is focused on productivity and parts organization is focused on inventory management. When both groups are linked and each understands its impact on the other, then strategies can be put in place to ensure better part fill rates, and subsequently better first-time fix rates.

Figure 4: Information Needed at Task Assignment



- Point-of-Service Information

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As Figure 3 illustrates, field agents need improved access to resolution information at the point-of-service. This doesn't just tie into the quantity of information but also addresses the quality of information available to field agents on their mobile devices. Ideally, resolution information is contextual wherein the agent is aware of the service issue before hand and is provided with detailed resolution scenarios and steps. More so, the agent should also be able to easily connect with other service experts if unable to resolve the issue on his/her own. In addition, product or service history can alert the agent to recurring issues or past resolutions and therefore assist in closing the service issue.

- Planning

Forty-three percent (43%) of service executives are looking for better visibility into real-time performance data in order to aid planning activities. Improved planning for future service demand can enable service organizations to be proactive in meeting issues by ensuring the availability of necessary tools, parts and resources. Planning is one of the core areas of strategic differentiation for service organizations moving forward especially given the vast amount of data and intelligence available to service executives around the performance and tendencies of their products, people, and customers.

- Workforce Training

In the world of remote resolutions and self-service, nearly 60% of incoming service calls still require a service dispatch. Hence the knowledge of the field agent becomes incredibly vital. Tools and technology solutions can assist in service resolution but at the end of the day, the field agent has to be able to leverage the tools and information appropriately. As such, training for field agents shouldn't only be limited to technical and service issues but should also touch upon the use of mobile applications, devices, and other technologies available to the field agent. This can ensure that the tools are actually relied upon by the field agent and aren't just carried along as part of a compliance exercise.

CONCLUSION

Field service efficiency, measured by first-time fix, can greatly address the revenue, cost, customer satisfaction and productivity goals of field service organizations. While first-time fix isn't on the top of the list of metrics that need to be improved in 2013, its importance must not be underestimated as organizations look to survive and thrive in an extremely competitive field service environment. That said, organizations must continue to address the metric's improvement in a balanced manner, looking at both customer satisfaction and cost. Raising first-time fix from 75% to 100% might not be feasible or

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necessary given the company's resources. At the same time, not making improvements solely due to cost is shortsighted and fails to take into account the true value of satisfied and loyal customers.

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