Where Global Service Executives Sharpen Strategy

Reviewing Field Service Strategy: Aligning Focus and Execution

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Reviewing Field Service Strategy

Summary

The goal of field service organizations has traditionally been focused on cost containment and productivity enhancement. As such, these organizations have always looked to optimize their operations to enhance productivity metrics while keeping a strict eye on cost.

However, as service organizations are now increasingly focused on customer satisfaction and revenue, these objectives are filtering down to the field force. Therefore field organizations need to begin to identify how they can support better resolution rates and improve revenue opportunities with current resources. The first step is to review current field processes and identify areas of improvement when it comes to key performance areas across the board.

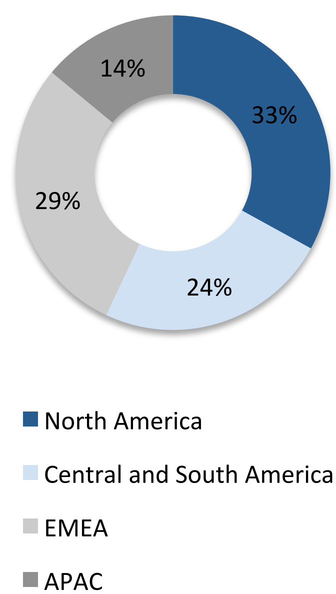
While 65% of organizations indicate that they are fairly diligent about conducting process reviews of their field service operations, only 27% indicate that they are doing so while keeping an eye on revenue objectives. What's more surprising is that investments in mobile tools and technology are made solely with productivity enhancements in mind without much consideration for resolution and revenue enhancements that can be made with the aid of automation.

The Service Council (TSC) sees a maturity path for field service organizations wherein their goals evolve from paper replacement to productivity enhancements to resolution and revenue growth. As such, investments made in people, technology and process change will also be evaluated with these newer goals in mind.

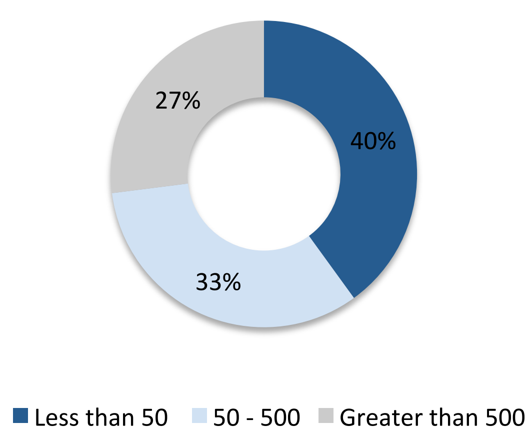
Research Participants

*In March 2014, The Service Council polled **260 organizations globally** about their field service processes to gauge potential areas of improvement and enhancement for these organizations. This data was supplemented with field service research conducted by TSC in October 2013 (232 organizations).*

Participants by Geography



Participants by Field Force Size



Source: The Service Council Data, 2014

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Field Service Review

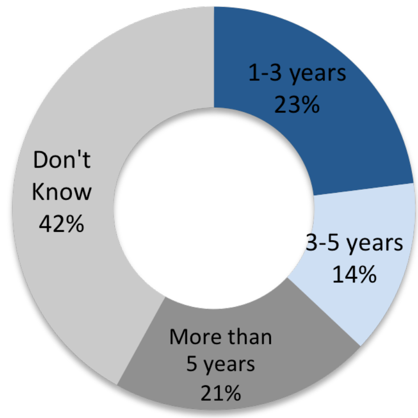
Sixty-five percent (65%) of organizations polled by The Service Council (TSC) have conducted a field service process review in the previous 12 months in order to identify opportunities for improvement when it comes to efficiency. When considering various geographic regions, 7 out of 10 participants or more in North America, Latin America and Asia-Pacific have recently conducted a performance review. In EMEA, only 56% of respondents have recently conducted a review of their field service processes and operations.

Also worth noting is that while nearly two-thirds of all organizations have recently reviewed field service processes, less than 30% have evaluated field service operations with the aim of identifying and driving revenue enhancements. As seen in TSC's 2013 field service research, revenue objectives are at the top of the list for service and field service organizations in 2014. Therefore the general lack of focus is surprising, indicating a disconnect between set organizational goals and operational initiatives. We expect that the proportion of organizations reviewing field service processes for revenue goals will rise in the coming 12 months.

Twenty-five percent (25%) of organizations have not conducted a field service review in the previous 12 months and 63% of organizations in that group either have no clue when the previous review was done or haven't done a review for more than 5 years. Given how field service objectives have changed over the course of the previous 12-24 months, there is a dire need for these organizations to get together and identify opportunities for field service improvement.

Those that are more prompt with their reviews have done so primarily on account of internal continuous improvement programs (Figure 2).

Figure 1: A Long Time Coming

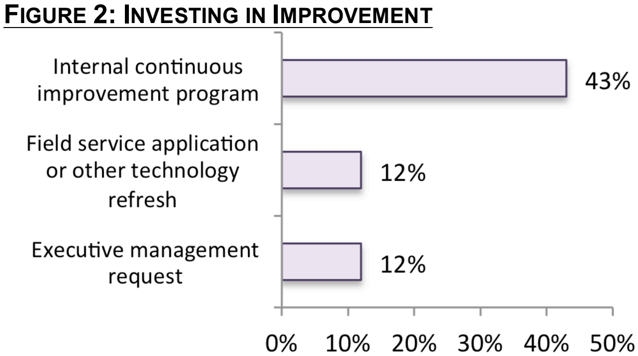


Last Review of FS Operations, Percentage of Respondents who Haven't Conducted Review

Source: The Service Council Data, 2014

These improvements initiatives were also cited as the top factor that would prompt those who haven't conducted a review to do so in the near future. Several organizations initiate reviews to coincide with a new technology project in order to effectively scope and execute on the project. This is quite prevalent in Latin America where there has been increased activity in field service automation projects over the previous 12-24 months.

Figure 2: Investing in Improvement



What Prompted a Review. Percentage of Respondents Who Have

Source: The Service Council Data, 2014

Reviewing Field Service Strategy

Review Results

At the strategic level organizations understand that they need to increase their focus on forecasting and planning. This touches upon:

- Understanding and forecasting demand for service needs in the short-term and long-term
- Analyzing the cyclicality of the service business to unearth trends
- Build resource plans to meet forecasted service demand
- Evaluate the types of resources needed to meet future service objectives
    - Full-time labor
        - Numbers
        - Skill sets
        - Regional allocation
    - Part-time labor
    - Outsourced labor
    - Parts and Service Supply Chain Points
- Determine training needs for established service workforce

Our research continues to show that there is a growing focus being placed by service organizations on the talent that comprises their service workforce. A map of current talent needs overlaid against current resources can provide insight into hiring, training and workforce development needs that need to be met in order to support a customer-focused and revenue-generating service business. As will be seen later, workforce management is the top area of focus for organizations when considering overall field service organization improvements in 2014.

Once the strategic pieces are in place with the aid of forecasting a planning, organizations then want to take a stab at enhancing their scheduling, dispatch and call management processes. Most geographies in TSC's research have similar priorities when it come to field service improvement. In Asia-Pacific 'call and appointment management' is identified as the top area of potential improvement primarily tied to an increased focus on resolution and first-time fix.

Table 1: Action Items

Workflow Areas of Improvement (in Review)	Rank
Planning and Forecasting	1
Scheduling	2
Call and Appointment Management	3
Daily Schedule Management and Communication	4
Dispatch	5
Transit and Travel	6
Part Handling/Tracking/Management	7
Information Look up at the Point of Service	8
Recording Time, Expense and Work Completed	9

Source: The Service Council Data, 2014

Reviewing Field Service Strategy

While it might be tempting to state that investments in technology are needed to enable the processes highlighted in Table 1, the central area of improvement to boost field service performance revolves around access to data and information at all levels of the organization. TSC's 2013 field service and mobility research reveals that while field dispatchers and field technicians need better information to improve day-to-day scheduling and delivery processes, it is field service leadership that has the most dire need for better data and information to support planning and forecasting initiatives. While these field leaders tend to have visibility into operational performance, the need better access to data around:

1. Performance benchmarks in comparison with competitors and other industries
2. Service demand forecasts
3. Resource capacity and allocation numbers
4. Impact of investments on customer-facing and financial metrics

This continues to support the finding that planning and forecasting presents the greatest opportunity for improvement when it comes to field service operating efficiency.

Outside of field service leadership, customer call handlers, dispatchers and field agents need access to better data. At the time of initial customer call the receiving agent needs to be able to better diagnose customer issues in order to allocate the right resolution path. Accurate diagnosis at the point of initial call can go a long way in improving resolution, controlling costs and supporting customer satisfaction. This may lead to identification of self-service or remote resolution opportunities that remove the need for a field dispatch. If dispatch is needed, accurate diagnosis can go a long way in assisting the selection of the right technician with the right parts in order to ensure effective resolution of customer needs.

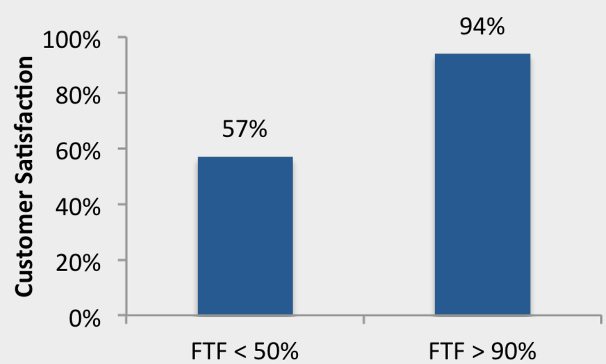
First-Time Fix and the Perfect Service Visit

When defining a perfect field service visit from the customer's point-of-view organizations indicate that first-time fix is a top component along with on-time arrival. In North America, it is the most essential piece of a perfect service visit.

84% of organizations indicate better diagnosis and triage at the point of initial call is the primary means by which they can improve first-time fix. Other areas include improved training programs for technicians and better access to information at the point-of-service

The focus on first-time fix is very appropriate as it is a vital pre-cursor to customer satisfaction. Those organizations with a less than 50% first-time fix really struggle in driving customer satisfaction results when compared to those with a greater than 90% level of first-time fix. Without resolution and satisfaction, organizations cannot begin to ask for customer commitment and future revenue.

Figure 3: Fixing Customer Satisfaction



Source: The Service Council Data, 2013

Reviewing Field Service Strategy

At The Field Level

TSC's 2013 field service and mobility research revealed that more than 8 out of 10 field service organizations have equipped their technicians with mobile devices. In most instances, this is done to improve productivity and to reduce errors and inefficiencies tied to paperwork. Not all of the organizations with mobile devices are leveraging mobile applications that enable the automation of basic activities like check in and check or expense recording with more complex areas of product schematic access, product configuration lookup, or the identification of parts needed for particular service visits. Our research shows the adoption of mobile applications, both home grown and purchased, is at about 55% with varying levels of capabilities built into the application.

Even though 55% seems like a high level of adoption, a large percentage of organizations are still struggling with really driving necessary enhancements from the perspective of productivity growth, cost management, and revenue improvement. As seen in Table 2, organizations are still seeing a vast opportunity for improvement when it comes to reducing the time spent by technicians in managing basic parts of their day. Organizations still find that technicians spend too much time in back-and-forth communication with dispatch or scheduling about their daily service tasks or visits. Time spent getting details on the next visit as well as that spent on debrief after a service visit is taking up a significant portion of technician time.

Table 2: Improving the Technician's Day

Area the Presents the Greatest Opportunity for Improvement (Technician's Workday)	Rank
Daily Schedule Management and Communication	1
Clock in and Clock out	2
Parts Lookup	3
Resolution Information / Knowledge Lookup	4
Parts Pickup	5
Transit and Travel	6
Vehicle Pick up and Drop off	7
Recording Time, Expense and Work Completed	8
Parts/Equipment Drop Off	9

Source: The Service Council Data, 2014

In addition to schedule communication, the process of daily check in and check is an area where a significant time is wasted. This process usually involves a visit to the regional office by the technician at the start of they day followed by schedule pick up, vehicle assignment and the stocking of parts. At the end of the day, vehicles are returned and in some cases parts, expenses, and other travel are recorded prior to check out. It would seem like some of these processes around schedule communication or check in can easily be reworked in order to save a significant amount of time and money.

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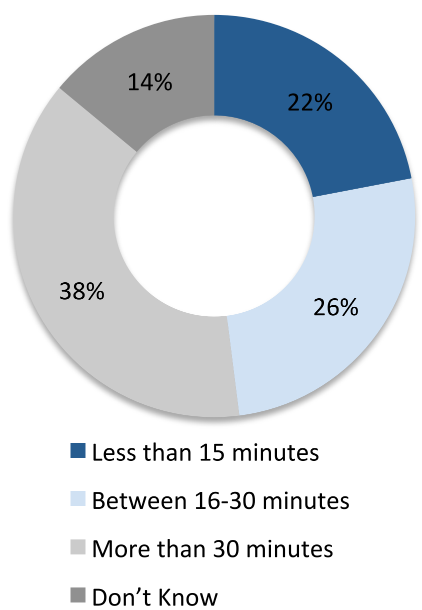
Figure 4: Saving Time



Time Savings Per Techician Per Day With Process Change, Percentage of Respondents

Source: The Service Council Data, 2014

Time is Money

Thirty-eight percent (38%) of organizations indicate that they can save **30 or more minutes per day per technician** with a basic change in process around communication and administrative tasks (Figure 4).

For these organizations, saving 30 minutes per day per technician can lead to average annual cost savings of:

$857,000

Mobile Maturity

As Table 2 indicates, there is also a great need to reduce the time that technicians spend looking for parts, schematics and resolution procedures. As indicated earlier these are capabilities that need to be accounted for when reviewing field service processes or developing automation plans to improve field service performance.

Yet, a large percentage of organizations only focus on the productivity benefits of process change or an automation investment and have yet to focus on resolution and revenue outcomes. Our 2013 field service research indicates that field agents do not currently have access to the following areas while on the job:

1. Knowledgebase (63% of organizations)
2. Customer/product history (51% of organizations)
3. Resolution information (schematics, procedures) (40% of organizations)
4. Work order information (37% of organizations)
5. Part information (36% of organizations)

While some of the areas highlighted above are necessary to enhance productivity, additional areas will really drive at improving first-time fix and enabling the identification of opportunities that might lead to additional revenue. For instance, customer history information can help a technician identify a persistent customer issue for which he or she can recommend an additional solution to the customer.

For some organizations, there is little or no thought of revenue or improved resolution when considering a process change or an investment in people or technology to improve field service performance.

REVIEWING FIELD SERVICE STRATEGY

MOBILE MATURITY - INVESTING FOR GROWTH

TSC's mobile maturity model in field service traces a change in organizational focus around the results desired for investments in mobility. These investments can come in the form of technology, changed processes, or in the focus on different skill sets in the field service workforce.

To start, most investments in solutions are made to replace inefficient paper processes, therefore leading to a decrease in paperwork, reduction in errors in record keeping, and an overall improvement in billing cycles. The focus here is to deliver back office efficiencies with little attention to empowerment at the field level. This is the first level of mobile maturity.

With initial benefits attained, organizations begin to realize that they can boost productivity via reduction of time spent on non value-adding tasks. Therefore investments are made to optimize areas such as schedule management, navigation, time and expense management and more. None of these involve direct contact with the customer but take away a significant amount of time in the technicians' and the overall organization's day. Empowerment in the field in minimal but an investment is made in understanding where value can be added to customers and which areas of administration can be optimized. This is the second level of mobile maturity.

As productivity benefits are gained, organizations now turn an eye to leveraging the field workforce as a key element of differentiation when shaping and improving the overall customer experience. Therefore the focus is on enabling the field workforce to resolve specific issues but also to offer broader solutions to the customer. It's the realization that 'customers build a relationship not to buy air compressors, but to have uninterrupted access to compressed air', as put by the Vice President of Service for a Global Industrial Manufacturer.

TABLE 3: THE IMPACT OF MOBILITY

Impact of Mobility Would be Greatest On:	Average (1-Least Important, 5 – Most Important
Increased Workforce Performance	4.02
Better Integration of field systems with Enterprise systems	3.91
Improved Scheduling and Dispatch	3.91
Improved Technician Training	3.52
Better Parts Management	3.47
Improved Labor Cost Management	3.45
Increased New Revenue Capture	3.41
Improved Vehicle Cost Management	2.73

Source: The Service Council Data, 2014

MOBILE MATURITY MODEL

TSC's mobile maturity model highlights the various stages of enablement that organizations focus on when making investments in mobilizing their field workforces.

LEVEL 1 – REPLACEMENT STAGE
Value: Time to Cash and Error Reduction
Empowerment: **None**

LEVEL 2 – PRODUCTIVITY STAGE
Value: Task Completion and Productivity
Empowerment: **Low**

LEVEL 3 – ENABLEMENT STAGE
Value: Resolution and Revenue
Empowerment: **High**

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Conclusion – Field Service Growth

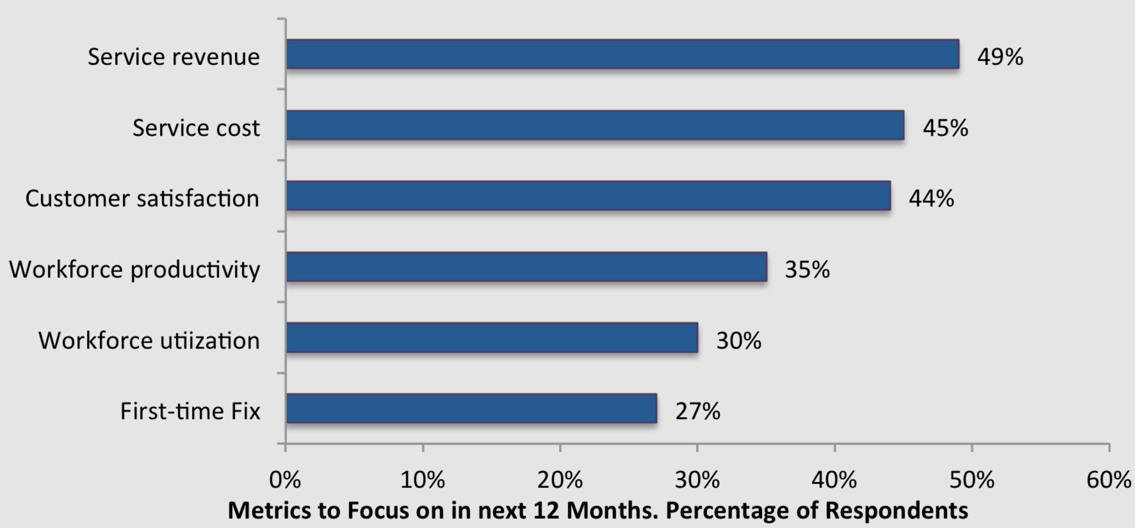
In TSC's recent field service research, organizations reported that the following were key focus areas for the following 12-18 months:

1. Workforce Management – 42%
2. Performance Management – 38%
3. Technology Infrastructure – 37%
4. Knowledge Management – 26%

These investments are being made in order to support improved field service performance results along the metrics that are highlighted in Figure 5. The business case being made for field service improvement can no longer just focus on planned productivity gains but also has to highlight the anticipated improvements in service-driven revenue and profitability balanced with an improvement in customer satisfaction.

The identity of the field service group is changing to match the changing focus of service organizations globally. Field service teams are no longer being viewed as 'issue fixers', hopefully being able to do so at the lowest cost. These teams are now viewed as 'customer ambassadors' or 'solution providers' wherein the relationships that these teams establish with customers offer a means of differentiation and value. As a result, field service process reviews and business plans will receive much more strategic attention. More so, the focus of these reviews will be tied to maintaining operational excellence while driving customer value. This will be attained via an increased focus on business planning and resource forecasting at the strategic level along with an investment in the provision better information at the front-lines.

Figure 5: Measuring Field Service Growth



Source: The Service Council Data, 2013

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The Service Council™ presents its annual *Smarter Services*™ Executive Symposium in April – May. The Symposium provides an invaluable opportunity to meet and network with Services, Customer Experience and Customer Management Executives in an environment conducive to advancing Executive relationships.

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