

# EVOLUTION OF THE FIELD SERVICE BUSINESS: OPTIMIZING THE FIELD SERVICE CHAIN

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This Knowledge Brief highlights the benefits of automating the service chain and details how top performing organizations excel at delivering service value. This report also identifies the technology capability needed to empower the service team with real-time intelligence to resolve service issues the first time and retain customers for life.

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**Providing exceptional customer value requires partnering with customers and delivering valuable insights approaching the role of customer advocate.**

The era of the empowered customer has transformed the relationship between customers and service companies.

Organizations must adapt or face losing customers to the competition. Implementing a service culture and focusing on optimizing the service chain will have a significant impact on the company's bottom and top lines. Changing customer dynamics and the amplified influence of empowered customers has led two-thirds of organizations to focus on the field.

## **Field Service in the Midst of a Changing Landscape**

The role of the field service worker is changing as a result of increased competition emboldened by empowered customers. Service workers not only complete day-to-day tasks; they represent the company brand and are the face of the business. One of the top challenges facing service organizations in 2015 is meeting ever-evolving customer needs with a shrinking workforce of good candidates.

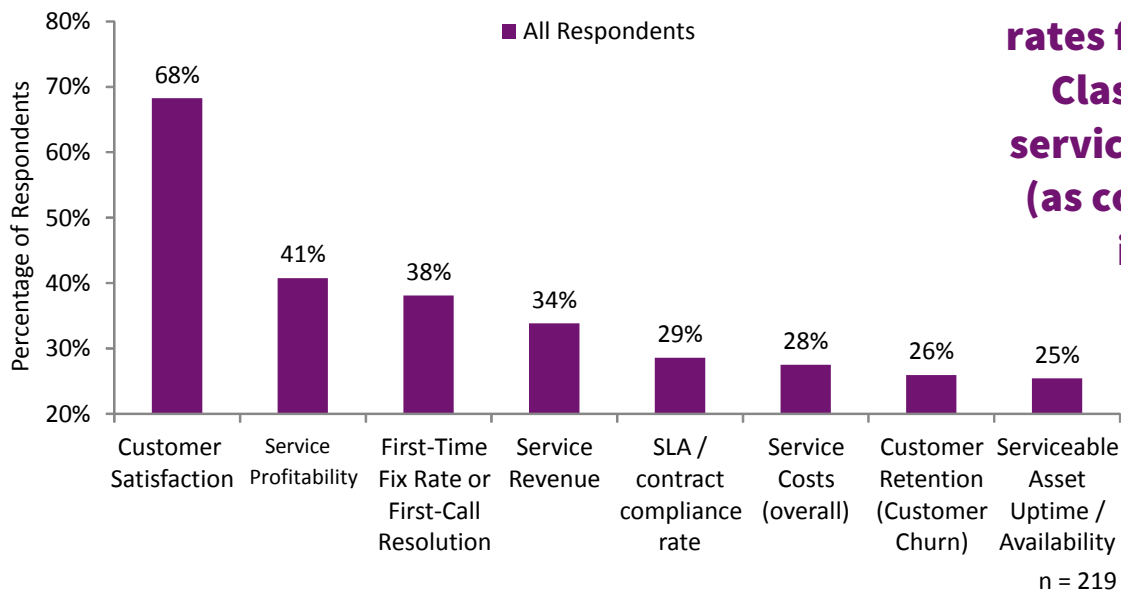
Companies with a service component must focus on evolving their people, processes, and technology in order to remain competitive and differentiate their business. Field service workers must become customer advocates, partnering with customers to deliver valuable insights. They are also the first to identify additional revenue opportunities while taking service calls. But poor visibility into service resources and the field leads to inefficiencies affecting profitability, employee satisfaction/retention, and customer satisfaction. In the past, many service organizations were managed on clipboards and through spreadsheets. These tools have limitations that restrict executive insight. Top performing organizations have migrated from paper-based processes to ensure errors are not being made or redundant work isn't being scheduled. This increased efficiency helps drive worker productivity while increasing service profitability.

The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performances; metrics used to determine performance were first-time fix rate, worker utilization, and worker productivity:

- Best-in-Class: Top 20% of performers
- Industry Average: Middle 50% of performers
- Laggards: Bottom 30% of performers

**7%**

**Figure 1: Top 5 Most Critical Metrics that Define Service Success**



Source: Aberdeen Group, July 2015

**increase in service contract renewals rates for the Best-in-Class as a result of service optimization (as compared to 2% increase for All Others)**

# 48%

**service margin for Best-in-Class firms as a result of a focus on service optimization**

But these revenue opportunities do not arise out of thin air. In order to reap the rewards of revenue and increased profitability, the Best-in-Class have had to excel at satisfying customer needs (Figure 1). Not too long ago, service organizations solely looked at their internal processes to define a successful operation. In 2015, this model can't exist.

The customer has to be first in the minds of senior executives and the service team. Organizations that focus on the customer are much more likely than their peers to achieve the revenue goals of the C-suite (see sidebar data point).

### Steps to Automating and Optimizing the Service Chain

Transforming the service chain requires changes that impact the entire organization. Historically, service has been focused on operational efficiency with lesser focus on the customer-facing impact. As seen earlier, this is no longer the measure of success. In order to evolve the business and optimize the service chain, top performing organizations have enacted the following best practices:

- ➔ **Implementation of technology:** Due to the adoption and advancements of mobility, the first step to optimization requires the implementation of technology tools. Many organizations still find technology to be a challenge as a result of insufficient infrastructure to support the changing needs of the team. However, the Best-in-Class have prioritized technology. These organizations have stated that their top strategy for growth is to invest in mobile tools to provide service workers with better access to information (44% of Best-in-Class respondents). Access to information in real-time via mobile tools empowers the service team with the right answers at the time of service, ultimately providing

greater levels of quality customer service and resolution on a first visit.

→ **Focused alignment of the service team, processes, and technology:**

Service is not only important to the customer; it is integral to the sustainability of the organization as a whole. Service, on average, drives 10% higher margins than products for organizations. But in order to gain this level of profitability, the service team, the automated tools supporting them, and the processes that drive efficiency must all be on the same page. For example, if the service team doesn't adopt the technology tools rolled out, the value of the latest mobile devices will be lost. Also, if there are no processes in place to connect the data captured in the field with the back end systems, valuable customer data will be lost.

→ **Focus on the development and incentives for the field workers to provide a Best-in-Class customer experience and identify up-sell/cross-sell opportunities.**

The top three goals for service are to improve customer satisfaction/loyalty, drive service productivity, and drive revenues. All three of these goals are intertwined, but without the right incentives or development initiatives it will be tough to achieve any. Service workers are on site with customers much more often than sales people, and the service team also has the trust and confidence of the customer which is immeasurable. Top performing organizations ensure that the service team has the tools and the incentives to drive business through their daily interactions with customers. The Best-in-Class are twice as likely as peers to incent service workers to identify cross- and up-sell opportunities (i.e., either direct sell or lead generation for sales team). This identification of opportunities is a value-

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## Warranty and Contract Management 2015 Leaders Defined:

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In January and February 2015, Aberdeen surveyed 95 end-user service and manufacturing organizations to understand the key trends in the service market. The performance metrics used to define the Leaders (top 35%) and Followers (bottom 65%) among these organizations are:

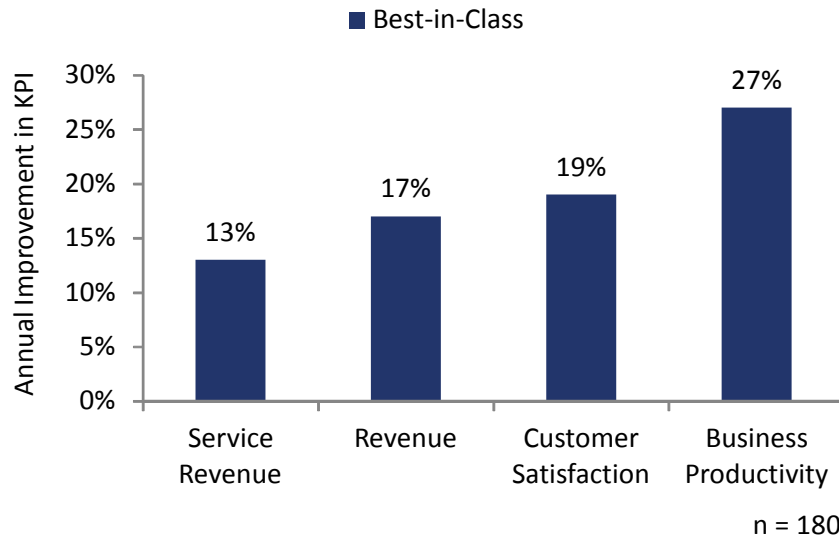
- 82% Customer Satisfaction rate, vs. 54% among Followers
- 5.1 days for warranty claims processing time, vs. 9.1 days for Followers
- 5.5% average year-over-year improvement in warranty-related repair/return costs, vs. 1.9% worsening among Followers

add for customers as service workers can recommend services that the customer may not have been aware of such as training, reporting, and installation services. This level of interaction turns a service worker into a true partner and customer advocate.

- ➔ **Improve visibility into the service chain.** Customers expect service to be delivered on their timetable. Waiting for resolution is no longer acceptable. In order to meet the fluctuating needs of customers, service has to be able to adapt and adjust in real-time. The migration to automated processes and tools provides a visibility into service. Automated tools have enabled a real-time view into service resources and mobile assets, providing managers and the front line with information into when service can be completed and how it can be managed more efficiently. These automated tools also connect the field with the back office, providing an information flow which allows the entire team the ability to support issue resolution. Access to the right information allows the entire team the ability to forecast future service needs, adapt to current resource levels, and ultimately, all work together to solve issues efficiently.

Incorporating the above steps to increase automation and optimization of the service chain has value, but the true importance is in the impact on business this transformation has on KPIs. The Best-in-Class, through a focus on optimizing the service chain, have been able to achieve a 17% increase in revenue amongst other improvements in key metrics (Figure 2).

**Figure 2: Business Gains from Focus on Service Optimization for the Best-in-Class**



Source: Aberdeen Group, July 2015

Customer satisfaction remains the bell-weather of service leadership. But without efficient, productive, and profitable service teams, the organization will no longer be sustainable. Automation and optimization of the service chain enables success across all the key metrics that the service team is measured on.

### Enhanced Value Delivers the Level of Service Customers Demand

The relationship between customers and the service organization has changed. Social media has empowered the customer voice, and has also broadened access to options for whom they do business with. No longer can service organizations deliver just the minimum level of support to meet SLAs and assume customers will continue to be impressed. Service in 2015, and into the future, demands that organizations

focus on the technology that supports the service team, the processes which make the operation efficient, and the people who actually deliver resolution. Top performing organizations have invested in automation tools and focused on optimizing the service chain in order to not only deliver quality service but also drive profitability.

### **About Aberdeen Group**

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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