

THIRD-PARTY FIELD SERVICE: WORK TOGETHER TO DELIVER HIGH LEVELS OF QUALITY

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→ **Aly Pinder Jr.**, Senior Research Analyst,
Service Management



Report Highlights

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The top reason for a repeat service visit is that the technician does not have the right part.

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The top goal for field service organizations which leverage a third-party team is to increase service revenues.

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The top areas for investment in the next 12 months for organizations with a third-party field service team are knowledge management and service technology infrastructure.

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Fifty-eight percent of service teams with a third-party workforce use a centralized scheduling methodology.

This research report will explore the key trends facing 89 service and manufacturing organizations that leverage third-party field service technicians to help resolve customer issues and meet service demand.

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In order to meet fluctuations in demand, the service organization must leverage a flexible workforce to efficiently resolve customer needs.

Research Insight

Primary Reason for the Occurrence of a Repeat Field Visit (Percentage of Third-Party Workforce Respondents):

- Part unavailability — 55%
- Technician doesn't have necessary expertise or knowledge — 24%
- Technician doesn't have sufficient time to complete task — 10%
- Technician unable to access product for repair (customer not at home, security system) — 8%

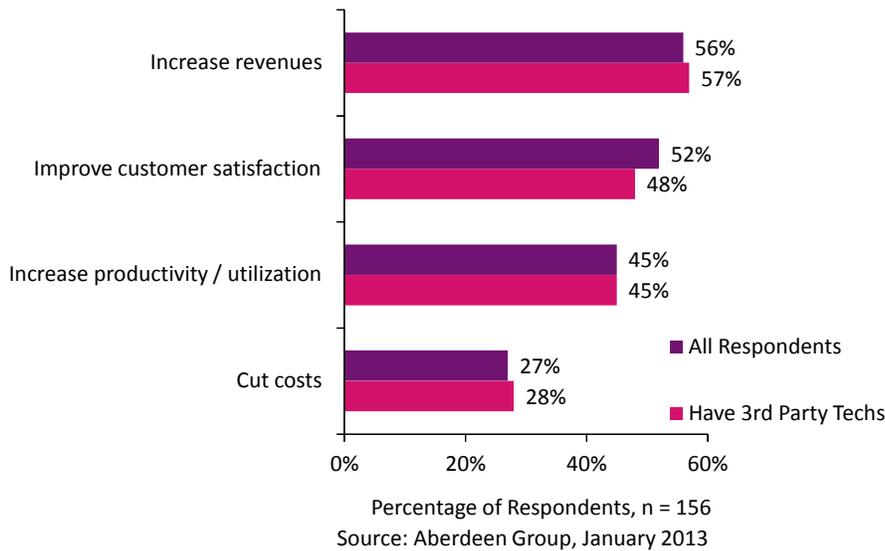
Changes in demand have heightened the stakes for the service organization; delivering exceptional service every time is now the minimum standard. One way organizations have looked to ensure they can meet and exceed customer needs in regard to field service resolution has been through leveraging third-party workers to help supplement resources. The use of outsourced workers is not a new idea for many businesses. In Aberdeen's February 2013 *Field Service 2013: Workforce Management Guide* report, 21% of the Best-in-Class stated outsourcing services to a third-party workforce as a top strategy. Beyond this strategic initiative, 64% of the respondents sampled used third-party technicians to at least complete some percentage of daily field service tasks. An outsourced partner in field service no longer has a stigma in many organizations, and thus to remain competitive, it is time to use all resources available to deliver the highest level of service to customers.

We're All on the Same Team for the Customer

The use of a third party workforce for field service support is no longer an admission of a fault or inadequacy. In order to meet fluctuations in demand, the service organization must leverage a flexible workforce to efficiently resolve customer needs. The goals of organizations which utilize outsourced technicians are quite similar to the aggregate sample (Figure 1).

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Figure 1: Top Goals of Field Service Teams



The need to drive revenues, over-deliver on customers’ expectations, and maximize productivity defines field service organizations of all workforce mixes. The value driven from a blended workforce who incorporates third-party technicians isn’t solely a cost-cutting exercise. Field service, like other aspects of the service operation, must never be viewed as merely the cost of doing business; technicians, whether internal or outsourced, must be able to deliver value and resolution to customers.

What it takes to Excel at Field Service with a Third Party

A diverse workforce has the opportunity to provide an organization with the flexibility to meet fluctuating service needs, which mirror customer expectations for better, faster, and improved quality of service. One of the major fears for organizations as they leverage third-party field-service technicians is a loss of visibility into the service process. In order to mitigate this challenge, organizations must invest in technologies which enable visibility into field assets, service

Research Insight

Top pressures driving your organization to improve the management of its field workforce (Percentage of Respondents):

- Have third-party technicians
 - Increasing competition in service — 47%
 - Lower service margins — 38%
 - Lower customer spending — 37%
 - Increasing product-based competition — 33%
- No third-party technicians
 - Increasing competition in service — 43%
 - Lower service margins — 27%
 - Lower customer spending — 45%
 - Increasing product-based competition — 24%

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performance, and data captured throughout the network (Table 1).

Table 1: Strategies to Support a Third-Party Field Workforce

Strategic Actions	Percentage of Third-Party Workforce Respondents, n = 89
Invest in mobile tools to provide technicians with better access to information in the field	55%
Develop standardized scheduling process	49%
Improve forecasting of, and planning for, future service demand	44%
Make captured service information available across the enterprise	38%
Develop real-time visibility into field assets	35%

Source: Aberdeen Group, January 2013

Beyond the mobile investment, which enables better visibility into all field resources (both internal and outsourced), organizations with a hybrid workforce should also focus on shoring up the following aspects of service:

➔ **Create standard process for service execution.**

Consistency in processes provides the service team with clear guidelines for how to complete their tasks. Standard processes also provide the customer with the confidence to anticipate a level of quality regardless of who actually shows up on site to resolve a problem. This consistency, both for the customer and the employee, cements a service promise which can be expected every time.

➔ **Plan for future demand.** Better forecasts of future needs help service organizations prepare and allocate the resources needed to deliver service outcomes. Timely

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and efficient resolution has become table stakes for customers, and thus organizations need to rely on both internal and outsourced field resources to not only show up, but also resolve issues the first time.

- ➔ Capture and make data accessible across the organization. Extending the service chain to a third party should not result in a loss of visibility into either the customer or the technician. The entire workforce must be equipped to be able to capture customer, product, equipment, and technician information and seamlessly transfer that insight to necessary stakeholders (i.e., other service team members, engineering, operations). The exchange of information allows multiple groups to make real-time decisions and work faster to solve customer problems or improve products.

Manage the External with the Same Diligence as the Internal

Another prevailing thought in regard to outsourcing a function of the organization is that it removes the burden of ownership. As seen in Aberdeen's 2011 [*Leveraging Third-Parties to Drive Field Service Results*](#) research, the top challenges to a third-party strategy was the real or perceived loss of service quality and visibility in performance. If this is the case, using a third party to deliver field support will not be the right path for sustainable excellence; as discussed earlier, goals around revenue, customer satisfaction, and productivity outweigh the short-term goal of cost cutting and thus quality cannot suffer.

In order to deliver performance on par with the Best-in-Class, organizations that look to have a portion of their workforce sourced from a third-party must continue to keep a few things in mind (Figure 2) and avoid an “out of sight, out of mind” mentality:

Analyst Insight

Top Prioritized Areas for Improvement in Next 12 Months (Percentage of Third-Party Workforce Respondents):

- Knowledge management — 43%
- Service technology infrastructure — 43%
- Workforce allocation (scheduling / planning) — 40%
- Leadership (having the right leader(s) in place) — 39%
- Performance management — 36%

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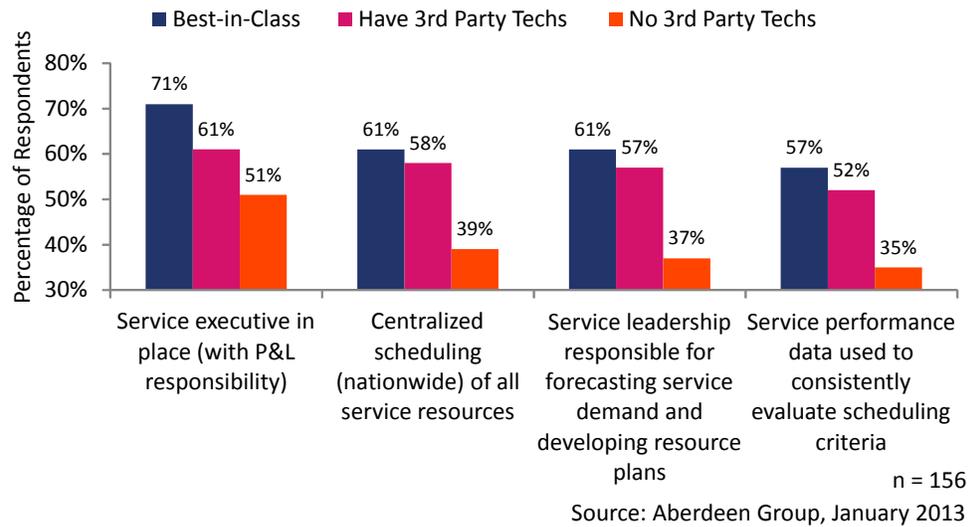
Best-in-Class Criteria

The following metrics were used to determine the Best-in-Class for *Field Service 2014: Access to the Right Information Empowers a Results-Driven Workforce*.

- 88% first time fix rate for Best-in-Class, vs. 80% among Industry Average and 63% for Laggard firms
- 81% performance in workforce utilization for Best-in-Class, vs. 66% among Industry Average and 49% for Laggard firms
- 13.1% year-over-year improvement (increase) in worker productivity for Best-in-Class, vs. 5.4% among Industry Average and - 0.2% for Laggard firms

Best-in-Class: top 20% of aggregate performance scorers
 Industry Average: middle 50% of aggregate performance scorers
 Laggards: bottom 30% of aggregate performance scorers

Figure 2: Service Excellence Begins with Strong Leadership



➔ **Service leadership must have a strategy for the whole team.** A third-party team must act as an extension of the organization and not a disparate unit. Customers should not be aware of any drops in service based on whether issues are resolved by a full-time or contracted technician. For this reason, the organization should implement service leadership with responsibility and oversight into the entire field workforce, both internal and third party. A leader in place to not only oversee the operation, but also drive the overall strategic vision of the field service team, is integral to maintaining efficiency and the service brand. Without strategic leadership, the service operation can oftentimes be relegated to a cost function with little accountability for the impact on quality, the customer partnership, or profitability.

➔ **Schedule all resources with the intent to exceed delivery timelines.** As shown in previous *Field Service research*, organizations have historically scheduled technicians based on internal operational efficiency and

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not on customer needs or availability. This predisposition has begun to change as seen in Aberdeen's [2014 Field Service research](#), and organizations that leverage a third-party workforce must be strategic in the manner in which they schedule technicians. As organizations become more customer-centric in their scheduling, the service team must be able to understand which technicians are where, have insight into their skillsets, and what skillset the customer wants for the issue at hand. This complex model makes it more imperative to schedule centrally across the network so the organization can pull from a common resource base and not be constrained by a particular subset or region.

➔ **Use performance data to adjust to service demand.**

Measuring performance of the service team should not be a punitive “stick” to poke poor performers. Top performing organizations leverage performance data to not only benchmark the workforce, but also to schedule for future needs. Based on this data, the organization can customize its schedules to ensure a technician with the right technical and/or soft skills shows up to the appropriate customer to resolve the right issue.

Alignment of the technician and the customer must be paramount in this new customer-centric service model.

Still Room for Improvement

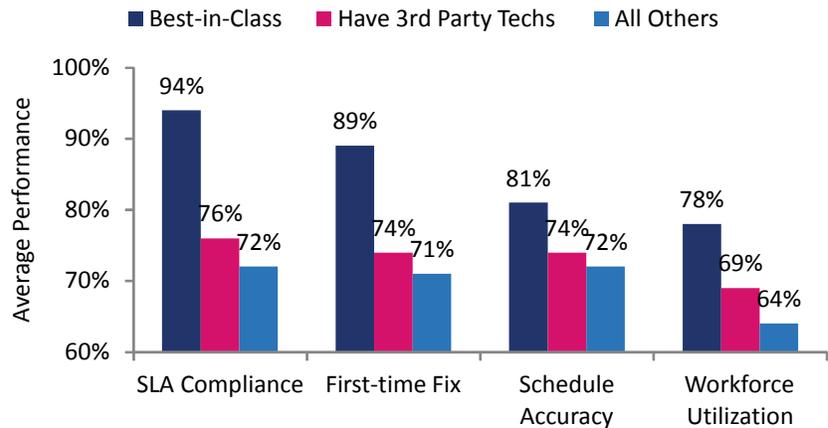
The service journey is not easy; organizations struggle to find the right mix to service and support an ever changing set of customer needs. Top performing organizations have been and continue to excel at meeting customer needs efficiently (Figure 3).

Analyst Insight

Top Areas for Field Service Improvement (Percentage of Third-Party Workforce Respondents):

- Workforce planning (allocation levels to meet service demand) — 44%
- Training — 43%
- Task scheduling — 42%
- Demand forecasting — 33%
- Engagement — 22%

Figure 3: Third-Party Field Service Teams Performance



n = 156

Source: Aberdeen Group, January 2013

Organizations that leverage a third-party workforce to supplement service needs, though performing slightly above All Others, must continue to strive to reach the Best-in-Class level when it comes to compliance, first-time fix rates, schedule accuracy, and workforce utilization. The benefits of a hybrid workforce model (i.e., revenue attainment, cost containment, efficiency gains) will rapidly dissipate without achievement of these metrics as customers will begin to find a new service provider.

Summary Thoughts

Field service is no longer viewed as an afterthought in many organizations, the result of a product being sold and eventually broken. The Best-in-Class have advanced to a model of predictive and preventive service which adds value to the customer relationship. This new model relies on service organizations to be nimble and capable of quick adjustments based on market fluctuations. A workforce which leans either wholly or partially on third-party technicians may not be for

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every organization, but organizations that can align goals, technology, processes, and the service mindset will be able to maximize the value of the new service model to deliver the results customer expect.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[*Field Service Impact on Europe: The Revenue Approach to Service Excellence*](#); December 2013

[*Secrets to Optimize Field Service for Better Customer Experiences*](#); September 2013

[*The Executive's View of Service: No Longer Just a Sprint to the Bottom Line*](#); July 2013

[*Mobile Field Service 2013: Online and On the Move*](#); June 2013

[*Fixing First-Time Fix: Repairing Field Service Efficiency to Enhance Customer Returns*](#); March 2013

[*Field Service 2013: Workforce Management Guide*](#); February 2013

[*Mobility and the Consumerization of Field Service*](#); January 2013

Author: Aly Pinder Jr, Senior Research Analyst, Service Management (aly.pinder@aberdeen.com)

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