Working at the Edges

The opportunities and challenges of using field service to generate new sources of revenue

May 2022
EXECUTIVE SUMMARY

Field service organizations are increasingly recognizing their strategic value. Through our 2022 Deloitte Field Service Survey, we’ve identified four trends that industry leaders are adopting to increase profit margins and improve customer experience: distributing sales to the edges of the company, maximizing the potential of service organization sales, increasing flexibility through third-party service providers, and meeting the challenges of using third-party providers through forecasting and training.
It’s a point of fact that’s becoming more widely recognized in industries across the board: selling to existing customers is not only more profitable than trying to acquire new customers - it’s also easier.

After all, the success rate of selling to existing customers (who already know and trust your product or service) is a healthy 60-70%, compared to the 5-20% success rate of selling to a new customer.¹

Field service organizations are uniquely poised to capture their existing customer base through upselling and cross-selling. From selling extended warranties to anticipating customer’s needs for new products or services, field service organizations have the potential to be an incremental, just-in-time sales force.

Often, field service technicians or engineers are the first face-to-face contact customers have with a company when they purchase a product or service. These team members know the organization’s products and services inside and out, and they also understand customer’s unique issues better than others in the company. As such, they’re naturally poised to sell more to customers by recommending new products, additional parts, new services, and upgrades to existing services.

While the bulk of sales remains within traditional inside and outside sales organizations in most companies, many have already recognized the potential for turning their field service organizations into profit centers. But it’s not quite as easy as giving field technicians a bit of sales training and literature and turning them loose. As more field operations team members take on sales roles in the field, companies must consider multiple factors, including the need for new technologies, increased training, internal reorganization to maximize sales capacities, and ways to address the staffing gaps inevitably created by shifts in traditional roles.
As service revenue grows in priority, most companies now outsource a significant amount of their field service work to third-party service providers. Companies must learn how to seize the potential for sales through their field service organizations while also accounting for the fact that many of the people in front-line customer service aren't employees.

In 2022, Deloitte surveyed companies with field service operations across a wide range of industries, from technology and healthcare to financial services. The survey addressed the latest trends in field service operations, including the use of field operations team members to sell services outside of traditional sales channels, the management of third-party service providers, and top metrics for success in field service operations.

This paper discusses four key trends that characterize field services this year. These trends tell us about how field service organizations are keeping nimble in the face of industry-shaking changes.

**Trend 1:**
**Distributing sales to the edges of the company**
While traditionally most sales are owned by the “official” internal and external sales teams, the growing importance of customer experience as a differentiating factor for companies means that customer-facing field service technicians have an often-overlooked opportunity for sales.

**Trend 2:**
**Maximizing the potential of field service organization sales**
The performance of field service organizations is most often judged by key performance indicators (KPIs) like productivity and first-time fix rates. To maximize the potential for sales, organizations might need to add sales-related KPIs or offer incentive programs for field technicians engaged in cross-selling and upselling.

**Trend 3:**
**Increasing flexibility through third-party service providers**
Many companies have moved away from a traditional staffing model to a hybrid one that relies sometimes heavily on third-party service providers to address fluctuations in demand. This means that the people on the front lines of customer service may be contractors, not employees.

**Trend 4:**
**Challenges of using third-party service providers:**
**Training and tracking**
To maximize the potential for field service organizations to become profit generators for companies, field service technicians, especially third-party service providers who have less connection to the organization, will need to be armed with appropriate knowledge and training to serve customers effectively while keeping an eye on opportunities to pass leads back to the primary organization.
Demographics and Methodology

Deloitte surveyed executives of global organizations with significant field organizations in January 2022 regarding the current state of their businesses and what they perceive their business will be doing in upcoming years.

Respondents represent industries in technology, healthcare, manufacturing, energy resources, services & outsources, real estate, consumer products, construction, telecommunications, financial services, medical devices, and the public sector.

Figure 1: Industry Breakdown

- Public Sector: 1%
- Medical Device: 1%
- Financial Services: 1%
- Telecommunications: 1%
- Construction: 4%
- Other: 4%
- Consumer Products: 4%
- Real Estate: 7%
- Services & Outsources: 10.5%
- Energy Resources: 10.5%
- Manufacturing: 13%
- Healthcare: 18%
- Technology: 25%
The field operations team size of the organizations surveyed were fairly evenly distributed, with a third having a team size of 300 or fewer; a third with a team size of 301-1000; and nearly a third with a team size of 1001-5000. Almost two-thirds of respondents said that their field operations team members work in a hybrid onsite/remote model, a percentage that grew bigger with the field operation team size.

This year, we are publishing responses from 100 executives globally. This is the third publication of the Deloitte Field Service Survey, which has been published annually since 2019.

**Figure 2: Field Operation Team Size Breakdown**

<table>
<thead>
<tr>
<th>Team Size</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Greater than 5,000</td>
<td>8%</td>
</tr>
<tr>
<td>2,501 - 5,000</td>
<td>12%</td>
</tr>
<tr>
<td>1,001 - 2,500</td>
<td>16%</td>
</tr>
<tr>
<td>301 - 1,000</td>
<td>32%</td>
</tr>
<tr>
<td>101 - 300</td>
<td>18%</td>
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<tr>
<td>Less than 100</td>
<td>14%</td>
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**Figure 3: Title/Level Breakdown**

<table>
<thead>
<tr>
<th>Title/Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>C-Suite</td>
<td>18%</td>
</tr>
<tr>
<td>Senior VP / VP</td>
<td>26%</td>
</tr>
<tr>
<td>Director</td>
<td>31%</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>18%</td>
</tr>
<tr>
<td>Manager</td>
<td>7%</td>
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Trend 1: Distributing sales to the edges of the company

Traditionally, sales in companies have been owned by internal and field sales representatives. While the survey indicates that 76% of the selling opportunities are done by sales organizations within companies, field service organizations are being increasingly tasked with identifying sales opportunities. 22% of survey respondents already use field service organizations to cross-sell and upsell to existing customers.

Within field service organizations is the potential for multiple types of sales.

Service Organizations: Warranties and Contracts

Part of what drives revenue for field service organizations as a whole is the sale of extended warranties and contracts for services. Service divisions can sell warranties and re-up contracts for existing customers whose contracts have expired or are incomplete. 59% of survey respondents say that up to 50% of their organization’s service work performed is covered by warranties. Service organizations have the opportunity to increase sales of extended warranties and contracts that cover more field service work.

Figure 4: Percent of Field Service Work Performed Covered by Warranty

<table>
<thead>
<tr>
<th>Work Covered by Warranty</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>5%</td>
</tr>
<tr>
<td>76%+</td>
<td>11%</td>
</tr>
<tr>
<td>51% - 75%</td>
<td>15%</td>
</tr>
<tr>
<td>26% - 50%</td>
<td>28%</td>
</tr>
<tr>
<td>1% - 25%</td>
<td>31%</td>
</tr>
<tr>
<td>0%</td>
<td>7%</td>
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Field Technicians: Parts and Services

On the front lines of customer contact, field technicians and engineers currently upsell and cross-sell to customers through the following means (in descending order of importance):

- Automatically recommending parts and/or billable services
- Generating quotes for parts and/or services
- Ordering billable parts and inventory

Currently, 70% of survey respondents are either equipping or planning to equip their field service technicians with these capabilities.

In addition, the increased use of technologies like augmented reality (AR) and artificial intelligence (AI) has led to innovations in field service operations that can potentially generate revenue. Just over half (52%) of the organizations surveyed are automating product recommendations to support cross-selling and upselling opportunities by field technicians. The use of these technologies not only improves customer experience but also boosts sales.

70% of field service organizations enable their technicians, or plan to enable them soon, with capabilities to upsell/cross-sell to customers.
Trend 2: Maximizing the potential of field service organization sales

Customer experience has overtaken price and even product as the primary means by which companies distinguish themselves from the competition. This means that as people who work directly with customers, field technicians and other field operations team members are more valuable than ever.

Of course, interpersonal skills are a must for anyone on the front lines of customer service; however, in general, field operations team members are hired more for their technical knowledge and practical skills than their sales acumen. So not only will they need adequate training in their core job functions, they’ll also need training in how to recognize potential sales opportunities.

The more common key performance indicators (KPIs) for field service most often focus on customer satisfaction, service efficiency, and business performance. With this year’s field service survey, we revalidated the top KPIs, listed here in descending order of importance:

1. Productivity
   Productivity measures the number of jobs completed per day by a field technician. This is a sign of efficiency; and the bottom line is that the more customers can be served, the more happy customers the company will have.

2. Mean Time to Install/Repair
   Strongly linked to productivity, this is a measure of how quickly a field service technician can get the job done.

3. Customer Satisfaction
   If customers are satisfied with their service, they’re more likely to return with repeat business.

4. Cost per Job/Job Type
   Cost per job is ultimately a measure of profitability. Jobs are more likely to be profitable if issues are fixed correctly the first time, the job doesn’t require emergency parts, or technicians fail to bill for billable work.

5. First-Time Fix Rates (FTFR)
   FTFR measures the percentage of time that a field technician can fix the issue right the first time, without additional information, expertise, or parts. This metric is critical because it relates directly to customer satisfaction. Low FTFR means more time that customers have to spend waiting for field technicians to show up and less time that their product or service is in working order. High FTFR means happy customers, which improves retention and, ultimately, profit.
46% of survey respondents already have a KPI-driven field technician incentive program. The most used performance metrics for such incentive programs include productivity, revenue from service, first-time fix rates, NPS/customer service, and mean time to install/repair. Following this model, organizations can offer incentive options for field technicians who can identify potential sales opportunities. Some commonly used incentive options include bonuses for a certain number of closed opportunities, extra paid time off, and career opportunities. Other ways to help build “sales-mindedness” for service team members include public recognition for good sales work and sharing growth metrics that showcase the impact of the field service organization on the company’s overall growth.
Trend 3: Increasing flexibility through third-party service providers

In many industries, field service organizations have historically been staffed 100% by full-time employees with specific skill sets. However, this traditional model has been on the decline for some time now across all industries, hastened in the last two years by the volatile fluctuations in demand and other disruptions created by the COVID-19 pandemic.

It’s not surprising, then, that most companies continue to rely on a hybrid work model - a mix of full-time employees and field technicians/engineers contracted through third-party service providers. 86% of survey respondents say that they outsource at least some of their field service work to third-party service providers. 73% of respondents use third-party field services for up to 50% of their total field service work, and 13% outsource more than half of their field service work to third-party providers.

Figure 5: Percent of Field Service Work Outsourced to Third-party Service Providers

<table>
<thead>
<tr>
<th>Work Outsourced</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%+</td>
<td>5%</td>
</tr>
<tr>
<td>51% - 75%</td>
<td>8%</td>
</tr>
<tr>
<td>26% - 50%</td>
<td>19%</td>
</tr>
<tr>
<td>1% - 25%</td>
<td>54%</td>
</tr>
<tr>
<td>0%</td>
<td>14%</td>
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Our survey indicated that companies use third-party service providers for a number of reasons, listed here in descending order:

1. For the flexibility in managing increased or decreased demand for field services
2. When they need special technician skills
3. To support growth in new markets (i.e., scaling operations)
4. To improve customer satisfaction by reducing wait times
5. To improve service margins
6. To respond to increased competition for resources

As service continues to be a key component of growth for companies, they are more likely to leverage third-party services to support the increased workload.

Once companies determine the need to partner with a third-party service provider, they prioritize the following company characteristics when selecting their service providers (in descending order):

1. Technician/company experience
2. Cost of service
3. Availability to take on new business
4. Geography
5. Time of operations
6. Professional relationships
7. Customer feedback

The fact that organizations rank technician/company experience above all other company characteristics when choosing their service provider reveals the importance of a technician’s skill and specialty when working on customer issues.
Trend 4: Challenges of third-party service providers: training and tracking

The use of third-party service providers also has its challenges. After all, customers don't know or care who is providing the product or service associated with the company. They expect great service regardless, and if they’re dissatisfied with the work of a field technician (whether third-party or in-house), they’ll blame the company they purchased from. Thus, training and tracking KPIs are important aspects of field service organizations that rely on third-party service providers.

Training

While companies likely have a training process for in-house field technicians, they also need to have systems in place for training third-party service providers. Being able to anticipate how to train third-party field technicians can make a big difference in most efficiently using resources.

Most of the companies surveyed provide a work forecast to third-party service providers so they can plan for demand, and the majority (72%) forecast by specific work order type. This ensures that third-party service providers have the appropriate content for trainers and ability to deliver during peaks in demand.

The field service divisions surveyed use the following techniques roughly equally (and often in combination) to train third-party service providers:

- Self-learning/online training programs
- Virtual instructor-led training
- In-person/classroom training
- On-the-job training via onsite assistance
- On-the-job training via remote assistance
Tracking

Even with a forecast by work type, using third-party service providers can be quite complex and rife with potential vulnerabilities. For instance, third-party service providers may be tracking their work using different technologies and systems than in-house service providers do. This can create snarls in reporting and follow-through.

38% of respondents say that their third-party service providers complete their work using the same system as the in-house service team members. The rest of the survey respondents use other tools to track work completion and KPIs: whether it’s within the third-party service organization’s own system, offline tracking (including email communication) for sending work details, or a combination of offline tracking and a third-party organization service application.

Our survey showed that, at a minimum, most third-party service providers provide the following information to companies to improve operations:

- Work order status
- Open date/time
- Completion/time
- Work performed/resolution details
- Labor hours
From realizing the potential of field technicians and engineers as sales lead generators to the ever-increasing incorporation of third-party service providers, field service organizations continue to evolve. 2022 trends reveal that the majority of field service organizations are poised to enable their field operations team members with sales capabilities, even as they negotiate the challenges of training and tracking a growing number of third-party service providers.

What incentives in addition to KPI-based incentives can we use to encourage our field technicians and engineers to take on upselling and cross-selling roles?

How might our field service organization leverage technologies to better automate recommendations for products and services?

How can we continue to improve forecasting and training techniques to enhance the service of third-party service providers?

How do we currently gather data from our third-party service providers? How can we make the process more streamlined through system integration so BI tools can more easily generate KPIs?
GET IN TOUCH

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SOURCES

2. Bruce Breeden, *Field Service Compensation That Works*, Field Technologies Online, May 22, 2018