

7 Simple Strategies to Increase Service Profitability

Chris Dunn

Introduction

Delivering high quality service is often a complex and costly business.

No matter how successful and profitable your service operations become, it is always worth regularly reviewing how you can:

- Reduce cost
- Increase revenues
- Whilst maintaining or improving customer satisfaction

Increased profitability enables future investment in service.

Read on to learn simple **7 strategies** which could have an immediate impact on your bottom line.



1. Stop Giving Money Away

In the name of customer service, employee ownership, goodwill or relationship building your business may unwittingly and sometimes unnecessarily be adding costs or foregoing revenue opportunities by:

- Carrying out repair work outside of the guarantee period free charge or at reduced rates
- Fitting additional parts or providing them free of charge as spares “just in case”
- Giving away extended warranty cover or discounting maintenance contracts

Now may be the ideal time to review your operating policies to locate these leaks and plug them.

2. Provide Remote Service First

Don't send an engineer until you've exhausted all other ways of helping.

The chances are that your customers aren't experts on your equipment, but your support agents need to be. Resolving the issue over the phone, through Live Chat or online FAQs should offer the quickest and lowest cost solution.

Even if you are absolutely sure that your customer support teams are doing a great job, please do consider the following before sending an engineer:

- Remote diagnostics through your technical team
- A telephone call from an experienced field technician (perhaps utilising those engineers who are temporarily off the road and therefore non-productive)



3. Make Sure You Fix First Time

Admittedly, no organisation will be able to resolve every issue right first time on every visit. That said, the difference in efficiency between a business with a 75% or an 80% first time fix rate is enormous and it doesn't have to cost a fortune to achieve.

- Ensure that the job is allocated to the engineer with the most appropriate skills
- Have the field technician call the customer to double check the diagnosis and the correct ordering of parts
- Make sure that the engineer will actually be able to gain access to make the repair



4. Use Your Engineers to Sell

Or use them to generate leads. After all, face to face time with your customers is precious. In consumer facing businesses, it is rare to have the opportunity to speak with customers directly in their own homes. In industry, service technicians get to spend more time in the field than sales teams. And what is more, they are seen as product experts and trusted advisors.

Contrary to popular belief, service engineers really can generate substantial revenues without driving costs up or customer satisfaction down. How?

- Create a simple process for engineers to pass on leads
- Provide a compact range of products and services that the engineer is best placed to introduce naturally as part of his work routine
- Offer generous rewards for sales made

For more details please see <https://bit.ly/32jn9TO>



5. Follow Up on Engineer Visits

Your automated systems are probably already providing valuable feedback on metrics such as parts fitted, time on the job and NPS.

But are you actually talking to the customer and exploring new revenue generating opportunities? If not, it might pay you to make that call:

- Customers who have had a repair under warranty are more likely to opt to take out extended warranty
- Customers who have a good service experience under contract tend to renew or even upgrade those contracts
- Customers who receive recommendations from an engineer for add-on parts and services are more willing to talk about these optional extras immediately following a successful service visit



6. Manage the Product Lifecycle

Many service businesses are highly skilled at controlling early life costs such as returns and warranty interventions. As the equipment in their installed base ages, they lose interest as cost liability fades. It is just at this point in the product life cycle that substantial revenues begin to be generated and now is the time to ensure that this money comes to you and not to third parties.

Are you making the most of?

- Service contracts to optimise product use and reduce downtime
- Extended warranties to provide peace of mind and guarantee ongoing service provision
- Consumables, spare parts and accessories to maintain and enhance product performance and provide additional revenue streams
- End of life trade-ins against new products to reward loyalty and stimulate repeat product purchases



7. Use Technology for Growth

The digital revolution has thrown traditional service models into flux.

- For businesses serving industrial markets systems integration, remote diagnostics and preventative maintenance all present opportunities to create constant revenue streams through pay per use.
- For organisations serving the consumer, this is an ideal time to make aftermarket products and services available online and more accessible and responsive through mobile apps.
- For all businesses there are opportunities to disintermediate. For example, manufacturers can sell parts directly to engineers and consumers using their own e-commerce platforms.



Further Information

The strategies in this presentation have been deployed successfully by a growing number of services businesses in white goods and HVAC



About the Author

Chris Dunn is passionate about the power of digital transformation and customer experience to create brand value, customer loyalty and competitive advantage.

His career stretches back 35 years during which time he has developed fast growing, profitable businesses serving B2B and B2C markets in the UK and internationally.

His company Chris Dunn Consulting Services Limited provides business coaching and management consultancy to companies to help them drive change management and business development.

Chris is a long-standing mentor on the Cambridge Venture Project run by the Cambridge Judge Business School.

He writes a regular blog to pass on business advice as well as posting handy hints and tips through regular posts on LinkedIn and Facebook.

