

Operations Practice

Industrial services' overlooked sales force: Their technicians

With sales teams less able to visit their clients, aftermarket services have become harder to sell. With a careful strategy and suitable training, service staff can help fill the gap.

by Markus Forsgren, Sören Jautelat, Arno Montenbruck, and Maximilian Titze



© Getty Images

In times of tightening profit margins and slowing growth of equipment sales, industrial original-equipment manufacturers (OEMs) have recognized that aftermarket services are a profitable source of value. Such services are able to generate a predictable income stream with margins up to four times higher than those of original equipment.

To accelerate their efforts to ramp up sales of services and capture this value, leading industrial-service players are thinking about how to integrate the service staff into the sales ecosystem. They understand that today the service staff is the main point of in-person, on-premises contact with customers. This makes technicians ideally suited to support the sales force in identifying up- and cross-sales opportunities and confirming leads. Yet many companies are struggling to set up the right environment to apply service technicians' insights and develop the necessary capabilities to trigger the right conversations with their customers.

Below, we explore the imperative to leverage technicians in industrial-services sales. To shed light on the challenges and opportunities, we examine why service technicians are underutilized as sales specialists and discuss four levers that companies can apply to utilize their untapped potential.

Remote sales aren't the best fit for selling services

For many industrial OEMs, capturing the value of aftermarket services has been an elusive goal. The problem lies with how they sell services to equipment customers. The sales approach largely remains traditional, relying on sporadic "on demand" personal interactions between the customer and sales staff, often when selling new equipment or renewing warranties. In such situations, customer insights are typically quite limited.

The digitization of customer contacts has made this approach even more challenging, as sales

teams have seen a steep decline in on-site access to customers—a trend that accelerated in the pandemic, as many customers limited sales teams' physical access to premises. In some cases, customers entirely barred sales teams from entering, leaving the OEM's service staff as the only physical interface with customer personnel.

The impact of these developments on how the sales staff operates has been profound. For example, a recent McKinsey survey conducted in the telecommunication industry showed that 41 percent of respondents have fully transitioned their field sales teams' work to videoconferencing or phone. And another 38 percent at least partially moved their sales force to a remote operating model.

The shift to remote interactions has made it difficult for providers of industrial services to recognize the specific service needs of customers. This, in turn, impedes their ability to build a viable life-cycle view of the customer, and provide the right service at the right time. Sales of hardware and consumables are facing the same challenges, as reduced time on premises often causes sales teams to lose sight of customers' needs.

Furthermore, sales teams' loss of on-site visibility means that the remaining customer touchpoints, particularly during service visits, have increasingly become "moments of truth." Yet many service providers still perceive their technicians as cost centers instead of revenue drivers.

What keeps technicians from taking on sales?

Leveraging service staff to address these challenges would seem like a good solution. But four main obstacles get in the way.

Siloed sales organizations. Few companies have integrated service technicians into the organizational setup for selling services or hardware—despite the fact that service technicians are the trusted (and often first) contact for many customers to discuss potential

service offerings or hardware sales. A global medical technology player illustrates the problem: it excluded service technicians from formal sales processes, including those for selling services. The sales teams and service teams also had different reporting lines, which made collaborations for service sales difficult.

Limited technician bandwidth. Well-trained service technicians are a scarce resource and often fully utilized for solving pressing issues with the customer's equipment. A common contributing factor is lack of standardization for maintenance activities, which then consume more of technicians' time. Because technicians already have their hands full, companies are often reluctant to burden them further with heavy sales duties. They also fear that involving technicians in sales may interfere with their distinctive value proposition of fixing technical problems and undermine their overall credibility with the customer.

Persistent mind-set and capability barriers. Service technicians often lack the training to understand how a customer's service- or equipment-related problems translate into tangible sales opportunities. Many technicians also fear that pursuing sales opportunities can impede their ability to provide good service.

Misaligned performance indicators. Incentive systems for equipment and consumables tend not to be aligned with service KPIs, and are often in conflict. Because middle managers in sales and services are working against different KPIs, their activities are difficult to coordinate.

Tapping into the service-to-sales opportunity

To be sure, the predominant focus of services staff will likely be on their core responsibility of ensuring that equipment is up and running. But companies can also pursue ways to equip their technicians more effectively to take advantage of sales opportunities. Four levers, which integrate easy-

to-use sales elements and digital frontline-service tools, have shown to provide effective support.

Use analytics to give technicians a story to tell

Technicians need guidance in how to investigate possible customer issues or inconveniences that may not be obvious at first sight. Companies can systematically provide service staff with highly focused lead insights, generated by advanced customer analytics. Examples include repair analytics, tendency to buy, and service behavior. By equipping service technicians with a limited number of small leads, companies can give them a story to tell the customer that is worth investigating jointly (exhibit).

Using advanced analytics to examine customers' service behavior is highly valuable not only to determine possible issues, but also to uncover customers' general preferences and potential interests with respect to buying services or hardware. To tap into the value of service technicians' direct connections to customers, companies can support them in efficiently investigating and confirming such leads. Companies gain the ability to target customers more effectively by identifying their needs and developing tailored service offerings at the right time. They also avoid the trap of launching oversimplified, one-size-fits-all campaigns that have little appeal either to business customers or to service technicians.

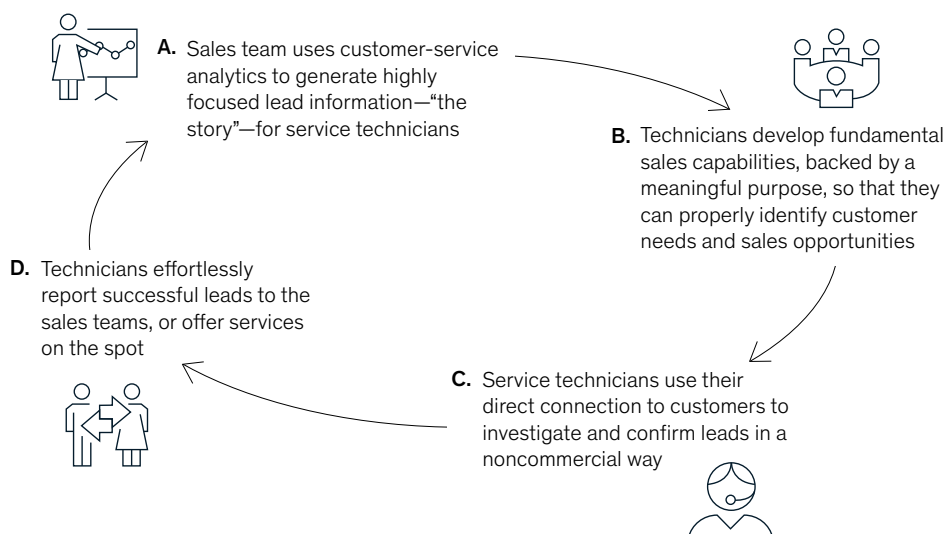
Providing customers with services and product bundles that best fit their needs can generate profound results. By applying advanced analytics and reprioritizing leads, a large manufacturer was able to increase its service revenues by 10 percent in less than three months.

To capture such value, service technicians will need to be equipped with offerings that are easy to sell, well-structured, useful, and have well-balanced sales potential. This combination allows technicians to tailor discussions around actively improving the overall services provided, as opposed to simply up-selling. An effective approach also promotes strong buy-in from the service technicians.

Exhibit

Applying analytics to craft a story is the starting point for technicians to sell services.

Analytics helps form a loop between technicians, sales teams, and customers.



Ideally, to facilitate the sales process, the proposals and leads handled by technicians should remain under a certain financial threshold of commitment for the customer, while opportunities involving higher cost (and often greater complexity) are managed by the sales teams. Especially in industrial sectors, service and sales staff typically are more effective in selling services when the process is analogous to selling a physical product. That means packaging services thoughtfully to include clear marketing materials on the value proposition, predefined price models, and standard contract templates.

Equip service technicians with the right tools

The ultimate goal is for service technicians to be able to easily report leads for services and hardware sales to the sales teams—or to sell services on the spot. Either option involves helping technicians build new capabilities. Three solutions can help.

Create a "sign-up sheet" that lists a predefined set of service activities, lightly adapted to the customer's actual service behavior (as reflected in

analytics-derived insights). Once created, the list is simple to use, requiring no prior alignment with sales teams. The technician simply gives the list to the customer's representatives, who sign up for whichever services they want.

Only a subset of service activities will fit within the quick-and-easy parameters of a sign-up sheet. To qualify, an activity will need to be of limited scope, allowing for standardized pricing and ready integration into the workflow of standard jobs such as regular maintenance. This approach provides service technicians with much-needed structure in selling successfully, without jeopardizing the primary task of fixing and maintaining equipment. For a provider of technical services, this easy-to-implement tool grew service revenue by 20 percent.

Provide a light-touch digital tool to report identified leads to the sales force, along with background information to support communication between sales representatives and customers. The cost of equipping the field force with such tools has fallen significantly, and can work well provided that

standardized reporting structures have been established to ensure proper data quality. Many off-the-shelf solutions today even allow for speech recognition to record potential leads and sales in a format that can be used by the sales team and augment existing customer-service data. One heavy-equipment manufacturer invests in digital post-sales support tools to create additional revenue streams, strengthening its ability to stay close to customers and their needs.

Improve coordination between the field force and sales force to shorten the turn-around time required to address technicians' sales leads. One company often took days or weeks to close the loop between a field technician's suggestion and an actual proposal. In some cases, a lead was lost completely if it was more complex and the technician could not process it on his or her own. By improving the coordination between these two departments, the company has enabled effective collaboration to ensure the timely processing of these valuable leads.

Build sales mind-sets

Fundamentally, service technicians and their managers are not salespeople and don't identify as such. Besides providing technicians with basic sales capabilities, it is equally important to help them find a meaningful purpose to support taking an active role in sales. For some, it can help to view sales of additional services as another way to advise customers on how to make their operations more efficient.

It is critically important to avoid undermining the relationship between technicians and the customers they serve. To preserve trust, technicians can learn how to address identified leads in a noncommercial way, actively listening for undiscovered opportunities while building on familiarity with the customer's needs and its on-the-ground operations. It's often a matter of asking the right questions at the right time.

The right capabilities and mind-sets are therefore essential. Over time, technicians can become more confident in carefully scanning for and

pursuing sales opportunities, coming to view these tasks as simply part of their job in improving the overall customer experience. Rather than focus solely on fixing the problem they were called to address, technicians can step back to see the bigger picture, identifying additional issues that the company could help the customer solve—such as by providing training to improve instrument usage. Technicians who develop these skills more quickly and successfully become role models whose best practices can be codified and shared as part of broader sales initiatives.

Balance incentive schemes and management systems

The final prerequisite in helping technicians support sales is to ensure that incentives and management structures encourage the right behaviors, both for the technicians and for the sales staff.

Incentive schemes may need restructuring. The objective is for technicians to create viable leads for their sales colleagues in a collaborative manner with minimal additional effort—not to turn them into a competing sales force. One approach that has proven to be successful in creating the right incentives is to weave a combination of gamification and recognition into the culture. A company can reward service technicians with prizes for winning small contests (such as selling the most additional services that improved the customer experience) and give them appropriate recognition. We have found that this approach works equally well as traditional incentive structures, without the unintended effects that can result from overemphasizing financial rewards.

At the same time, optimizing management and dispatch systems will likely be needed in order to free up time for reinvestment into additional customer activities. For example, these systems should allow technicians to sell ad-hoc services on the spot, and quickly change their planned activities to perform the required work more efficiently. A system that is not dynamic enough won't leave technicians the time needed to provide the additional services they sold, or solve additional problems that could lead to further sales.

For industrial-services companies, service staff represent an untapped opportunity in boosting sales. Integrating service and sales staff into a multichannel customer interface can improve

customer experience, giving the company a better view of the installed base by getting closer to the customer. In building technicians' capabilities, companies can better turn sales opportunities into lasting impact—cementing deeper, more profitable relationships well into the future.

Markus Forsgren is a partner in the Stockholm office, **Sören Jautelat** is a partner in the Munich office, **Arno Montenbruck** is a senior expert in the Munich office, and **Maximilian Titze** is a consultant in the Hamburg office.

The authors wish to thank Thierry Chesnais, Eric Egleston, Jürgen Geiger, Roderick Lamb, Hugues Lavandier, Senthil Muthiah, and Vincent Van Lierde for their contributions to this article.

Copyright © 2021 McKinsey & Company. All rights reserved.