

A Jolt Consulting Group Whitepaper

Effective Subcontractor Management for Field Service Delivery

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1.1 Background

There is an increasing trend for service organizations to utilize third party subcontractors as either a supplement or extension of their field service workforce. A recent survey conducted by the Service Council reported greater than 75% of responding organizations use third party networks for field service support.¹

Companies may consider leveraging third party contractors for many reasons. Some of those reasons include:

- Provide additional bandwidth beyond their own internal field service organization, particularly during peak service times.
- Provide a specialized service or skill set not readily available within their existing service organization, or provide base level service to allow internal resources to focus on more complex support needs.
- Shift the overhead cost of recruitment, training and retaining skilled technicians to a more cost effective external workforce.
- Provide service coverage to a geographic area that is not cost effective to support from existing internal operations.

A 2015 Aberdeen study found that firms with third party field service technicians achieved 50% higher results in asset uptime than their peers.² By leveraging third party field service technicians, service organizations can expand their resource pool and more readily respond to service requests and shorten the restoration time for emergency break-fix service events.

1.2 Key Challenges

One of the key challenges service organizations face with utilizing third party subcontractors is the need to maintain a consistent quality of service delivery that aligns with both customer and their internal service company expectations. From a customer perspective, they do not care if the service technician is a direct employee or third party contractor as long as their expectations are met. The customer has expectations for their service to be completed in a timely, efficient and courteous manner. The quality of the service delivered will reflect solely on the service organization; especially if the customer has a negative experience.

As a result, service organizations must tackle several critical questions. First, how can service organizations ensure the service provided by the subcontractor meets their own expectations as well as those of the customer? Second, how do service organizations ensure that the customer interaction with the subcontractor only enhances their image with the customer and does not detract?

1.3 Addressing Key Challenges

Building a good third party subcontractor or third party network starts with the vetting process and ensuring that any third party has the necessary skills and commitment to service they would seek in

any internal field service hire. Too often service organizations place more rigor on the internal hire than they do in qualifying third party partners. A well constructed, documented vetting process is critical to ensuring success. That process should include an identification of the subcontractor's willingness to use mobile software solutions provided (or recommended) by the service organization. By leveraging mobile technology provided by the service organization, another layer of protection is added to ensure a common customer experience.

The second key strategy for ensuring the success of third party contractors is to develop standardized processes leveraged across the field service technicians, both internal and external. By establishing standardized processes, service organizations ensure that customers are receiving a uniform service experience. It sets clear guidelines on how tasks are to be completed and provides the customer with a level of confidence that they are receiving service based on the service organization's standards. By leveraging field service software, the service organization can also ensure compliance with company standards through use of tools such as knowledge management and checklists, as well as providing access to up-to-date work instructions and other documentation. This includes providing access to a knowledge base as well as access to remote expertise. By providing the third-party subcontractor the same knowledge and access to resources as internal technicians, they increase their ability to achieve first-time fix rate goals, as well as a consistent delivery experience for the customer.

Third, the service organization must seek ways to ensure consistent brand identity. Customers, when contracting with a service organization, expect service organization personnel to show up when an onsite visit is required. Service organizations that do not proactively seek means of protecting their brand jeopardize future service revenue opportunities if the customer perceives they can simply "go direct" to the subcontractor. Whether through business cards, uniforms, vehicle signage, or mobile technology, service organizations need to consider the physical presence of the subcontractor when onsite at the customer.

Finally, and perhaps most important, the service organization needs the ability to quantify and effectively measure the actions and service provided by the subcontractor. This includes transparency and visibility into the operations of the subcontractor and ability to measure and quantify their service delivery. Best-in-Class service organizations receive the necessary visibility into the subcontractor network by extending field service software and mobility tools to the third party providers. By leveraging field service software, specifically subcontractor management functions that include quoting, work order management, scheduling and real time status updates and mobility, service organizations will gain real-time visibility into the performance and activities of the third-party technicians and their associated customer satisfaction. The data captured and measured is really no different than that measured for internal technicians, namely:

- Customer satisfaction ratings
- Compliance to standards
- Adherence to schedules

By sharing this data, service organizations can create an environment of open communication and shared interest in the overall quality and customer satisfaction, which is crucial to the long-term success of relationship. Embracing and embedding the third party to make them feel like a valued partner and contributor to the overall customer experience is key and an area service organizations should focus.

1.4 Conclusions

Organizations utilizing third party subcontractors have seen the benefits. Based on a 2013 Aberdeen study³, organizations utilizing third party technicians reported the following results:

- 5% higher technician utilization
- 4% higher SLA Compliance
- 3% higher first time fix rate

Service organizations that have embraced and effectively managed the use of third party contractors are reaping the benefits of higher utilization, higher SLA compliance and higher first-time fix rates. However, this is only accomplished through a strong vetting process, extending internal technology tools, proactively protecting the brand and effectively measuring the results. Service organizations are encouraged to invest in their subcontractor network with a goal of making it a competitive differentiator that yields service excellence.

References:

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Aberdeen Group “Third-Party Field Service: Work Together to Deliver High Levels of Quality”, February 2014