



managementors

creating sustainable business advantage

White paper

Performance Improvement for Field Service Operations

Why some service organisations attain true productivity gains, while others simply 'automate' existing operational wastage



About Managementors

As a results-based consultancy we help service industry organisations generate true performance improvements that translate into tangible margin growth.

We've proved this time and time again for many leading-edge blue chip organisations including Ocè, De La Rue, Honeywell and Kingston Communications.

Our expertise has helped many UK service organisations achieve lasting change. By introducing effective performance management into their field service operations they've reaped the rewards of significant productivity improvements — over 30 percent in some cases.

In reality, the journey to increased productivity entails more than simply trying to increase the number of calls per day, per engineer.

This white paper provides a unique insight into why — in the pursuit of performance improvement — some service organisations are winners, while others become losers..

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The economic turmoil of the last two to three years has put service in the spotlight. As a result, best-in-class organisations are now striving to achieve incremental productivity gains that will deliver:

- increased profitability
- an enhanced market position
- improved customer satisfaction.

Yet for many field service management teams, performance improvement remains an elusive ambition. In this white paper we explore why.

People, processes and information

Service organisations frequently equate being 'busy' with being 'productive', and inherent management practices and financial and operational reporting across the industry are designed to confirm this opinion.

What's more, many service organisations encourage a culture of passive management behaviours and a responsive approach to operational issues. As a result, their management teams are focused primarily on administration, and the reporting of and working around issues rather than resolving them.

But by taking active control of its people, processes and information a field service organisation can:

- deliver on its performance potential
- evolve to meet new or changing market conditions.

Productivity misconceptions

The journey to increased productivity entails more than engaging in a simplistic attempt to increase the number of calls per day, per engineer. Yet, many service organisations lack the measurements required to define their true performance potential and instead resort to benchmarking against 'similar' organisations.

In this white paper we explore how some organisations successfully introduce performance improvement into their field service operations, while others invest in technology implementations that simply automate existing poor processes and further embed existing operational wastage.

“Working with Managementors meant we could go beyond the crude goal of jobs per engineer, to add real productivity and profit to the business.”

Louise Orrell
Managing Director - New Cash Systems, De La Rue.



What is productivity and performance management?

Performance management entails meeting contractual obligations in the most effective way possible, while achieving consistency in service delivery, and optimising each and every service interaction.

In the pursuit of performance management every service organisation needs to ask: 'How effective are we at dealing with this specific issue within our anticipated transaction time?'

Assessing actual performance against agreed standards for every transaction is the ultimate means to actively identifying and then resolving any issues which impede an organisation from achieving expected productivity against plan.

Most importantly, however, leveraging performance improvements from the service organisation's most expensive resource – its field workforce – is central to attaining productivity gains.

The traditional approach – additional manpower

In its simplest terms, productivity is 'doing more with the same' or 'doing the same with less' while still achieving contractual obligations.

Without an understanding of what true productivity is, and how best to go about achieving it, many service organisations fail to effectively deploy available manpower resources to resolve potential demand peaks. Instead, the consequences of operational inefficiency are routinely 'plugged' through the use of overtime or contractors, on top of unnecessary wage bills.

As well as adding significant cost (which has a direct impact on the bottom line), this approach masks the poor planning and endemic performance issues that exist within the service operation itself.

Counting the cost

Some of the UK's top performing service delivery organisations acknowledge the existence of wastage within their operations. Many believe this runs at around 20% – the reality, however, frequently runs closer to 50%.

This poor productivity may be the result of any number of issues that impede performance across the service delivery operation, including:

- weak operational forecasting or planning
- the failure of field engineers to achieve expected output
- ineffective scheduling

Thanks to historical management practices this wastage often 'sits' within the organisation. Because internal management systems aren't designed to measure true performance criteria, managers will fail to identify the inhibitors that impact on operational performance. What's more, the reporting practices of many service organisations effectively invite employees to hide endemic resource wastage.

For service management teams the challenge is to:

- re-assess what information needs to be captured to evaluate the service organisation's true productivity
- achieve a true understanding of the business and how it operates

Establishing a start point

The first critical step for service operations that seek to implement a performance improvement programme is to determine a start point – where the organisation is in terms of current performance.

Many organisations find it difficult to undertake this initial evaluation because they lack any standards or indicators with which to measure and assess current performance.

The creation of work and performance standards – especially the key central engineering work standards – is an essential first step for service organisations that seek to successfully drive productivity improvements.

"Reporting was insufficient to measure engineer availability, utilisation, effectiveness or productivity and tended to hide issues, rather than reveal them."

Neil Gower
Group Executive Director, Kingston Communications

Productivity myths and legends

I Benchmarking

There is a mistaken belief that benchmarking against industry standards is a valuable measurement of performance but using the criteria of 'x jobs per field technician per-day' is not a helpful measurement of operational productivity.

For example, you may increase your jobs-per-engineer, per-day rate, but what about the actual 'fix rates' for each job? Call mix can also greatly influence such a measure, and often results in a workforce feeling they are unfairly measured and workload imbalances are hidden.

Simply increasing engineer daily job rates rarely equates to improved productivity – especially if it takes more visits to complete and close each call, or if the number of jobs the organisation takes to achieve SLA is higher than anticipated.

Management by ratio, rather than job-per-engineer numbers, gives a truer insight into operational performance. It enables the more effective measurement of productivity against plan and provides a framework for ongoing performance management.

Organisations that achieve true performance improvement implement a simple forecast, plan, short interval control and report model based on pre-defined work and performance standards applicable to their arena of operation. This gives the management team the ability to evaluate, on a job-by-job basis, the utilisation and effectiveness of engineering resources against plan as frequently as required, and to identify where failures take place.

II Automation equates to improved productivity

To resolve the challenge of performance improvement, many service organisations resort to investing heavily in service management, AVL, automated dispatch or mobile data systems.

Without addressing people and process issues, many of these solutions fail to deliver true performance gains and simply continue to mask underlying inefficiencies.

What's more, technology in isolation is unable to deliver an accurate evaluation of performance against plan, especially if

the performance measurements utilised in the automation project are inappropriate. Furthermore, technology simply automates weak processes and does not influence or change management behaviours.

Even well performing UK service operations – those achieving an average of 45 percent productivity – have found their automation solution simply 'locks' this performance level into the organisation, making progress towards optimum productivity difficult to achieve.

Organisations often cite their automation implementation has meant they are able to reduce the number of schedulers needed to support their remote workforce, generating one-off headcount savings. However on closer analysis this cost saving is a cosmetic gain – the cost of administration staff is minimal compared to expensive remote engineering resources – and the introduction of automation fails to tackle the issue of the inherent productivity of field engineers. What's more, these service organisations have lost their most powerful tool for undertaking the proactive management of its field engineering resources – its schedulers.

Ultimately, the principles for investing in any performance management technology are straightforward. First, put in place the right management systems, processes and behaviours, and then review how technology could or may enhance these operations.

III Forecasting is an impossible task

Service organisations and their management teams are by nature largely reactive and responsive, rather than proactive. Instead of setting clear performance goals, many organisations simply aim to 'respond' to service/customer demands.

Indeed, many service directors mistakenly believe it's impossible to accurately undertake forecasting in the service environment. Invariably resource requirements are over-estimated as a result.

This failure to accurately forecast makes it difficult for management teams to create an operational plan containing the simple key ratio comparisons required to undertake true performance management.



“Managers pushed our organisation to measure productivity and effectiveness, introducing management tools that make it possible to maintain a cycle of sustained productivity improvement.”

Martin Giles
General Manager, External Network Services, telent

With no real understanding of the daily performance of the service operation, and relying on the traditional monthly rollup and review of operational data, service managers lose sight of both the daily variances in productivity and what is impeding productivity.

IV Managing field-based teams

The majority of field service organisations – regardless of their scale, scope or market speciality – find that despite investment in automation tools, communications and other performance enhancing solutions, in reality no-one is truly managing the remote workforce.

Without performance standards or an established plan in place, active management of the field is largely undertaken by the engineering workforce itself. Left to their own devices, service engineers determine what, when and how service appointments are undertaken and ultimately the productivity levels of their territories.

Team leaders and supervisors, often promoted from the field, are appointed with few set expectations and no clearly defined role or responsibilities. These player managers, who are often expected to undertake engineering jobs on a daily basis as part of their role, receive little or no training on how best to manage the operational area for which they hold responsibility. In addition, these field-based team leaders are remote from the process workflow. Without access to engineers' daily workload schedules, they are unable to undertake any meaningful or proactive productivity management.

Minimal dialogue between the call centre and engineer – exacerbated by the use of automated tools and schedules – means the old ways of doing work continue. Late starts, long journeys to collect parts, starting the day in the office – all generate wastage in the engineering day.

With little planning in place and no proactive management of the issues which impede achieving planned productivity goals, the time honoured allocation of jobs according to location or engineering specialisation prevails.

V Scheduling is just an administrative function

One of the most powerful tools in managing engineering workforce performance is often the most overlooked. Call schedulers, or dispatchers, are the people that in reality should manage the field workforce on a call-by-call, day-by-day basis.

Pivotal to the efficiency of the service operation, they are in the front-line of managing and driving productivity.

Yet schedulers are regularly set up to fail in their daily task by the service organisations that employ them. They have little status or recognition, limited training, and no authority over the field engineers they 'manage'.

Forward thinking service organisations, however, drive productivity improvements by empowering schedulers to proactively manage their field engineers.

Schedulers have the authority to act when they identify over-capacity - offering resources to other teams and eradicating the need for overtime or agency engineering resources - or requesting resources in situations of under-capacity.

In addition, by assigning engineers to schedulers and creating agreed performance goals and targets, these organisations successfully establish a dynamic for the proactive self-management of workloads against plan.

What's more, the introduction of planned, proactive management behaviours into this tier of personnel in the service delivery chain generates positive outcomes for engineers too. With the support of schedulers, engineers gain an effective route to communicate frustrations and flag operational issues to the management chain.

“With a more mature forecasting process in place we've been able to generate substantial workforce utilisation improvements, which in turn have increased our overall competitiveness in this market.”

Neil Gower

Group Executive Director, Kingston Communications

“Our call scheduling process was being undermined by field engineering teams effectively determining their own daily call plans. We needed to empower our call schedulers and develop trust and open communication between the service delivery communities.”

Alan Regan

Customer Service Director, Unisys UK

The management operating system (MOS)

Organisations that plan and prepare to introduce successful performance improvement programmes invest in developing a robust Management Operating System (MOS) for their business.

Designed around a simple forecast, plan, short interval control and report model, the MOS provides a framework for implementing continuous productivity improvement.

The individual elements that make up the MOS provide a common focus on the main operational drivers of the service organisation for the entire management team, and support improved communication across the entire service operation. Importantly, the correct management of operational indicators will drive financial and contractual performance.

I Standards

Operating standards provide the critical measurement criteria for productivity comparisons and are the basis for developing an operational forecast and plan.

Organisations that successfully introduce performance improvement initially invest in the definition and development of standards for every area of their operation – especially the critical core engineering standards. These standards include job travel times and work times for every type of call and change managers undertake regular field observations to continually validate these standards and identify best practice.

Once established and acknowledged these pre-set work-to-time standards are used for the comparison of actual performance against anticipated transaction times. Issues can then be analysed to understand what hampers a field engineer's performance (such as missing or incorrect information, parts arriving late – or not at all) and a resolution can be formulated.

II Forecasting and planning

The creation of a master schedule, based on historical volume information and incorporating information from sales and account teams on known changes, forms the basis for the all important operational forecast.

The forecast - containing the potential volume and type of calls and an analysis of job standards - is used to create a 'weighted' average call in preparation for resource gearing.

The number of engineers needed to service forecasted business is driven by the volume of work, together with the targeted level of performance (utilisation, effectiveness and productivity).

Once a master schedule has been defined, service organisations can proceed to developing an operational plan, broken down by month, week and day and incorporating other key activity inputs including holidays, sickness and training. The operational plan is the cornerstone for managers to drive performance improvement.

"Our engineering team leaders returned to the field acting as ambassadors for the new call scheduling initiative."

Alan Regan
Customer Service Director,
Unisys UK



III Performance measurement

Simplistically comparing one engineer with another is never an adequate approach to performance measurement as it fails to take into account the difficulty of the job, or to differentiate between repeat or 'return to fit' calls or 'first time fixes'.

Each day, on a job-by-job basis, actual engineering performance needs to be evaluated against planned performance, using indicators such as availability, utilisation, effectiveness and productivity to identify variances:

- availability – how many hours are available on a daily basis after excluding holidays, sickness, training and other absences; this figure needs to be planned on a daily basis and reviewed against forecast for the next day
- utilisation – a comparison of the actual hours available against those actually worked
- effectiveness – a comparison of how many hours the organisation worked against those that should have been worked, according to the standards. For example, if a job that should take 2 hours to complete actually takes 4 hours, the organisation has actually 'spent' 4 hours and 'earned' 2 hours, so its effectiveness was only 50%
- productivity – multiplying utilisation and effectiveness ratios gives the organisation its actual, or pure, productivity figure

Using this 'short interval control' approach generates meaningful operational reporting and provides the mechanism for management teams to pursue real, continuous productivity improvement.

Every level of management, from first line supervisors, team leaders, supervisors and schedulers through to senior management, is responsible for identifying how well the operation is performing against predictions of how it should perform.

The reporting and analysis process is undertaken on a daily, weekly and monthly basis and supported through regular cross functional team review meetings. Performance variances are recorded, reviewed and actioned – creating a cycle for continuous productivity improvement.

IV System and process flows

Organisations that successfully implement performance productivity improvement begin the process by undertaking an audit of all systems and process flows. Workflow processes are reviewed, critiqued and standardised. These will include:

- initial call management (incorporating information capture and dissemination)
- customer update and feedback
- supply and audit of equipment to field
- scheduling

All external and internal interfaces are included in the review process.

“The introduction of a new MOS increased everyone’s understanding of key operational drivers. The result was a greater visibility of issues, matched by a new found confidence in tackling these.”

Martin Giles
General Manager, External Network Services, telent



Managing the remote workforce

The management practices that typify most service organisations are largely responsive, with little active management of remote resources – including the critical and expensive field engineering workforce.

The introduction of new management behaviours and management tactics is essential to drive lasting operational performance improvement from the remote workforce.

The supervisor

All too often the supervisor or team leader's role is unclear and undefined. Reduced to acting as glorified administrators, team leaders are frequently given little guidance on how to be effective managers.

As a first step the supervisory role should be reviewed and clarified, and any non 'value add' activities that hamper the supervisor's ability to focus on active management should be eliminated.

Next, team leaders and supervisors need to be empowered to make operational decisions and encouraged to proactively identify and escalate issues that get in the way of operational effectiveness.

Call schedulers

The value of schedulers, in terms of intervening and micro-managing the field workforce to achieve true performance gains, should never be underestimated. Training call schedulers in how to utilise MOS tools is one of the most significant investments a service organisation can make on its journey to improved productivity.

Call schedulers manage the field workforce on a call-by-call, day-by-day basis and undertake regular dialogue with engineers. This makes schedulers a rich source of information as to the reality of the field engineer's experience – including failures in logistics, call management, data capture or scheduling processes that prevent the remote workforce from performing.

However, automation implementations frequently result in the sacrifice of some of the most knowledgeable, proactive management personnel within the service operation.

Team working

As we've seen, allocating engineers to schedulers creates a dynamic for co-operative working. Armed with the performance goals and targets outlined in the MOS and plan, schedulers and engineers can flag up impediments to achieving these.

Team working also powerfully engages the field workforce with the goals of the operation. Engineering teams often feel isolated from the service operation – a feeling that's exacerbated by technology automation tools – with no route to recognition for their 'wins' and cut off from support in overcoming the 'challenges' they encounter in the field. Team working can initiate new service focused attitudes amongst engineers and a clear identification with performance goals.

Initiating daily 15-minute review meetings between logistics, call management and field engineering teams makes the open assessment of previous and current day performance, the investigation and discussion of issues, the resolution of local issues, and the escalation of non-resolvable issues up the management chain, possible.

With regular operational review meetings embedded into the MOS, the senior management team finally achieves an understanding of actual operational performance. What's more, the obstacles and issues that impede performance are at last brought into the open.

"We have changed the culture completely. Everyone now participates in identifying what really causes the problems we encounter. Once we have unveiled it, we can solve it."

Alan Regan
Customer Service Director,
Unisys UK

Service organisations often become confused about what productivity is and how to increase it. As a result, many organisations take the decision to invest heavily in service management or mobile data systems to resolve performance issues. Yet this does nothing to address poor productivity measurement or management practices and often simply results in the automation of existing ineffective processes.

The journey to effective performance management

The first step for any service organisation is to really understand its business – the profile of work coming into the various areas by volume and type, when it arrives, and how this translates into manpower requirements.

Next, creating work and performance standards provides the all important base for driving productivity comparisons and building a forecast and operational plan.

With a management operating system (MOS) in place, performance can be evaluated against planned target levels - using indicators such as availability, utilisation, effectiveness and productivity.

Changing hearts and minds

The management culture of the service organisation is also important. By clearly defining roles, setting unambiguous performance targets, and coaching and training management teams to undertake proactive management activities, the scene is set for a virtual circle of continuous performance improvement.

Once informed of productivity goals management tiers at all levels can pursue and resolve examples of operational wastage, and by reviewing operational indicators on a daily basis off-plan scenarios can be 'fixed' quickly. What's more, these daily dialogues give everyone a more open and informed understanding of the true performance of the service organisation.

Winner or loser?

Despite investment in new systems and automation solutions, many UK service organisations have discovered that anticipated workforce performance improvements have failed to materialise.

Others, however, have successfully optimised their field workforce and generated significant operational benefits. They've achieved this by implementing people, system, process and management improvements that deliver true and measurable competitive performance.

“Many people want to put in complex IT systems, because they see it as the only way to deliver an efficient organisation. But performance improvement can be delivered through changes to behaviours and the processes to support these behaviours - it doesn't have to rely on a fancy IT system.”

Paul McKay

Customer Service Manager,
De La Rue

“Managementors pushed our organisation to measure productivity and effectiveness and introduced management tools that allow us to maintain a cycle of sustained productivity improvement.”

Martin Giles

General Manager - External Network
Services, telent

Contact us to find out what
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