WHY THE FIELD SERVICE LANDSCAPE IS CHANGING



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INTRODUCTION SUMMARY

There are three key considerations that field service organizations must take into account when building a modern workforce, including the changing demographics from Baby Boomer to Millennial, the impact of technology on field service operations, and the growth of the 'gig' economy. These three areas present significant opportunities and challenges for field workforce management today and in the future.



CONTENTS

In this white paper, we explore these changes in detail and examine why and how technology plays a central role in enabling field service organizations to adapt to the new world of field service management.

This paper contains three sections:



The changing landscape of field service



Building a modern field service workforce



Technology's critical role in blended workforce management



THE CHANGING LANDSCAPE OF FIELD SERVICE

Field service organizations are shifting the way they build and manage their mobile workforces compared to the models of the last decade. Major forces behind this shift include societal changes, significant advances in the technology that underpins field service delivery, and the structural evolution of core business strategies amongst service organizations themselves.

A new dichotomy of excellence and efficiency

Customer expectations are higher than ever, yet executives in field service organizations continue to demand their operations do more with less. For many companies, this is an untenable position to hold.

Companies like Uber and Amazon set the precedent for what is possible in terms of efficiency, while also driving customer expectations of convenience, ease of use, and simplicity even higher. As a result, the line between service expectations across Business-to-Consumer (B2C) and Business-to-Business (B2B) is blurring.

In the B2B world, companies ask questions like:

Why does it take my service provider days to ship an essential part to repair an expensive asset whose unplanned downtime is costing my organization millions in lost production revenue, when Amazon can ship items to me within a day?

The truth is that the part being shipped may be specialized, rush-ordered from another continent, or require that the engineer who can fix the asset meets stringent requirements and is thus in high demand. The organization's service standards and time frames of service delivery may well be comparable, or even preferable, to its nearest competitors.

However, as technology and business practices advance service expectations, it is no longer good enough to deliver better service than your direct competitors. In today's world, you compete with the greatest service experience your customers have ever had.

It may be an unfair expectation, but as service delivery becomes more aligned with top-line revenue, it is one that must be acknowledged and tackled headon.

Making this more challenging is a similar increase in internal expectations for service delivery. As field service organizations undergo digital transformation, technology can streamline their processes and help them achieve greater efficiency across the board.

Companies seeking to achieve more for less is nothing new. According to Field Service News research in 2018, 73% of field service directors stated that "their field service organization was being pressed to achieve a higher workload with the same size or smaller field workforce."

So how do organizations overcome such a dichotomy? With the right processes in place, it's possible. We'll explore how in the following sections.



The aging workforce crisis is pervasive

Alongside the dichotomy of excellence and efficiency in virtually every vertical segment, and in all corners of the globe, field service organizations try to balance an aging workforce with a new breed of worker.

Compared to Baby Boomers, Millennials have vastly different ways of attaining knowledge and also tend to be more transitory in terms of career progression within a company or industry vertical.

This phenomenon is not limited to any particular industry or geography. While there are some peaks and troughs when looking at the global data, the challenge is almost universal, and threatens to significantly damage some service organizations in the short-term and potentially irrevocably in the longrun, too.

Logistically, the systematic replacement of an aging workforce reaching retirement age with an incoming generation is a challenge itself. However, the transfer of

knowledge from the older generation that is systemic to the core function of service delivery poses a more significant challenge.

At the heart of this lies the disparity between how the outgoing and incoming generations both view knowledge.

The outgoing Baby Boomer generation wears their knowledge proudly on their sleeves. Baby Boomers link knowledge to experience. They believe knowledge is something gained over time, learned the hard way, and acquired the 'honest' way.

Knowledge is something they spent their lives accumulating; it is what makes them feel like experts; trusted advisors to their team and to customers. It is an essential part of their value proposition. It is at their core, and it is tribal.

For Millennials, knowledge is something very different.

Knowledge is a resource, something to tap into when required — something to access quickly and share freely.

EXPERT VIEW

TIM GALLEGOS

VICE PRESIDENT OPERATIONS, GETRONICS

The field service industry is always evolving. From our perspective, the most significant change in how we approach field service involves taking the rigidity out of our service delivery model.

We focused on two areas in particular as we worked through this strategy. The first is in our service parts supply chain. Over the last two or three years, we evolved our model from specific-technician planning to a more market-based model.

This shift allowed us to reduce the amount of captive inventory we have at the edge of our service delivery model and has created more pools of shared inventory.

Local management and inventory-control personnel manage these pools to allow for proper governance and accounting of the inventory. Having these pools in-market is a prerequisite that enables us to facilitate another shift in our model, which is to broaden the human resource pool we can use to work through any given service call.

Behind all of this is robust resource management and service call assignment logic that takes into consideration things like the assigned SLA, the equipment type that needs repair, and the location of the site where the failed device resides.

Coming from a pure site-assignment model, using these data points helps develop better routing and service call assignment methodologies and has already increased our technician utilization rates and driven better cost-delivery models.

Used in combination, we now engage field service technicians differently and have expanded our universe of available talent to work for any particular service call bundle.

For the Millennial field worker, the answer to the tricky repair they have yet to tackle lies a few taps away on the device in their pocket.

The same goes for the way the two generations view their career paths. The career ladder of the Baby Boomer was straightforward. It generally progressed rung-by-rung, often within one company.

The Millennials' career path is more meandering and likely to cross multiple industries and organizations. The Baby Boomers belief was in career longevity, in a 'job for life'. By contrast, the average Millennial expects to stay in an organization for just two years, according to a study from Deloitte in 2018.

So how does an organization seamlessly replace a retiring workforce with an incoming one that is so inherently different?

The answer is they don't.

Field Service companies have an unprecedented opportunity to re-imagine their field workforces.

Let's explore some of the benefits of embracing the contingent field workforce, which Field Service News research has shown is a growing trend year-over-year across 2016, 2017 and 2018.

The impact of technology on field service organizations

Another significant impact that affects the way field service organizations are structuring their mobile workforce is the sheer volume of innovative technology emerging in today's

digital renaissance. The last decade saw tremendous and unprecedented technological advances within the field service sector as the world became more connected.

Cloud computing, mobile computing, and the increasing availability of highspeed mobile internet paved the way for field service engineers or technicians to connect to their team the same way their colleagues connect in-office.

Big Data has also become such an integral part of enterprise technology systems that it is no longer mentioned as a technology to harness, but rather inherently understood to be at the heart of modern solutions.

The Internet of Things (IoT) will have the most profound impact of all, completely turning the traditional model of field service delivery on its head as it moves from a reactive to a proactive industry.

It is through these emerging technologies that the answers to the aforementioned challenges are found. Elements of each of these technologies play a role in how field service organizations rebuild their operational processes to not only overcome such challenges, but also improve their ability to deliver service excellence.

The field service operation of the not-toodistant future will be radically different from the recent past. Technology will play a major role in this evolution. However, people will always remain the key ingredient for success.

EXPERT VIEW

MYNUL KHAN

CEO, FIELD NATION

The field service sector is dynamic and in a state of massive development at the moment. In particular, at Field Nation, we are observing a few trends in the space:

First, there is a broadening of the human resource pool. For the last several years, I have seen companies moving more toward ondemand and flexible workforce models so these companies can be more nimble and agile to respond to their customers' needs.

This has led to the rise of the blended workforce model, meaning companies have various workforces in place—sometimes their own employees, their own contractors, or marketplaces—as they need to optimize these resources to ensure lower cost, higher profit, and better quality.

Second, we see more product-based companies moving toward service and solutions businesses, and instead of building a significant fixed-cost, employee-based workforce, these traditional enterprises are embracing an agile and on-demand workforce model.

Technology is also playing a critical role in allowing companies to adapt to these market-wide changes. Automation is a competitive advantage.

There are a few exciting things that are taking automation to its next level. For example, when we look at the blending of diverse workforces, we use an Al/machine-learning algorithm to match the best resource to the job that ensures quality but also reduces cost.



BUILDING A MODERN FIELD SERVICE WORKFORCE

When it comes to building field workforces to meet today's and tomorrow's challenges, field service engineers now need to be more than just technically competent. Field service organizations look for field service technicians who not only possess the technical skills required for the job, but also the "soft skills" necessary to handle on-site relationships and communicate effectively with the customer.

In the recent past, the core requirement for field technicians was to possess sufficient technological skill, knowledge, and experience to complete as many work orders as possible. The ability to interact with customers was a bonus, not a necessity.

However, with customer experience now an essential key performance indicator, soft skills are becoming the most important characteristic of field service technicians. In fact, a study by Field Service News in late 2017 revealed over half (52%) of service organizations saw soft skills as the most crucial attribute they look for in potential field service recruits, and an additional 26% stated that while technological qualifications were still their number one requirement, people-focused skills were increasingly important also.

There are several factors behind this shift in importance to soft skills. While field service engineers are traditionally positioned as a trusted technical advisor, today there is an even greater need for them to be the positive face of the brand.

In a world of increasing digitalization, the face-to-face interaction of a service call between customer and field



service engineer offers an opportunity for customer engagement and brand experience that is disappearing as brick-andmortar operations are replaced by click-and-order equivalents. As such, the role of the field technician today includes brand ambassador.

As the role of "trusted technical advisor" expands to encompass brand building and advocacy, the field service engineer is now also the eyes and ears of other essential business functions.

The transition previously discussed of the field service sector moving from a reactive break-fix approach to one centered around preventative maintenance also comes

"The field service industry is always evolving. From our perspective, the most significant change in how we approach field service involves taking the rigidity out of our service delivery model."

TIM GALLEGOS

VP OPERATIONS, GETRONICS

into play. While the preventative maintenance approach yields many benefits for both customer and service provider alike, field service engineers are expected to guide customers through this transition as companies move away from hard-set service level agreements to a model where uptime is the central pillar of the service contract.

When it comes to overcoming an objection like, "We used to pay X for Y number of visits. Now there are fewer visits, so shouldn't we be paying less for our service contract?" an informed field service engineer, armed with the right information, can be invaluable. Empowering a field service engineer with easily accessible data on the productivity of an asset in a clear, concise, and transparent manner is a significant benefit for any organization that wants to move toward predictive maintenance or to more advanced services that can yield even higher service revenue and profit margins.

Balancing outgoing Baby Boomers and incoming Millenials

As discussed, the changing demographics of the field workforce present a dual challenge for today's service organizations.

There is an urgent need to recruit and develop staff to replace the retiring members of the current workforce. There is also a need to adapt technologies and re-engineer processes to accommodate the different perspectives and approaches to work of both generations.

One of the biggest challenges is the need to recruit, train, and develop incoming recruits quickly enough to meet the demand of replacing the retiring generation.

This problem is further compounded when factoring in the statistics around the two-year average time

frame a Millennial worker is likely to spend in a role. This two-year time frame is a major driver for service organizations to reduce training times and onboard recruits quickly.

To tackle this challenge, many field service companies are adopting a two-pronged approach to their field service workforce.

A significant proportion of their field workforce possesses a broader knowledge base and skill-set supplemented by technology to 'dial-in' the experience and knowledge when on-site with the customer.

They then develop 'super-technicians'—a role which sees a smaller pool of field service engineers gaining a much deeper level of knowledge and experience in a specific area—to make up the rest of their field workforce.

EXPERT VIEW

TIM GALLEGOS

VICE PRESIDENT OPERATIONS, GETRONICS

Within our organization, we are laser-focused on introducing more automation within our broader set of services. This automation is positively affecting how our service desk responds to end-user issues and problems. It drives less human-interface into our service model on the front-end of the customer experience.

This improvement on the front-end, of course, has implications in the field services space. If the goal is to minimize downtime, the answer is to fix as many issues using remote technologies as possible.

Doing so creates a different calculation on how we staff for truck rolls. Historically, our model was based on mass in the market and service call density in a given territory. Today, as we drive to roll trucks less, we need some alternative staffing models in place to support areas that aren't as high in-service call volume as they were in the past.

Alternatives that we use to fill in white space include the use of platforms like Field Nation and the development of a robust management model around these types of solutions.

At an opportunity level, these changes drive a better customer experience from an end-to-end standpoint. We do better on the front-end in terms of automation and don't necessarily 'break' the field service delivery model on the back-end by having significant coverage gaps across the geography.

A decade ago, we saw a simpler management model. We could get away with a basic siteassignment strategy where an individual technician is assigned based onsite address to support a portfolio of locations.

Today, with technology exponentially multiplying in these locations across broad categories like cloud, loT, and Smart Structures, we needed to adjust our assignment model. We now factor in things like technician skill set, availability of service parts within SLA, and even real-time travel time to a given location.



The rise of the blended workforce

The transition to a blended workforce (i.e. one that 'blends' internal resources with 3rd-party, or contingent, resources) is gaining traction, as evidenced by the statistics cited earlier that show the year-over-year increase of organizations using this approach.

Ultimately, the use of the contingent workforce sector can provide field service organizations the flexibility to meet variable demand while reducing their exposure to overhead costs.

By tapping into a third-party market of service engineers who already possess the required skillsets, and leveraging technologies such as IoT, knowledge banks and Augmented Reality (AR) to 'dial-in' the job-specific expertise when needed, field service companies can tap into a contingent labor pool that meets around 80% of their daily repair and maintenance tasks.

This is an excellent solution that allows companies to minimize risk exposure in failing to meet demand due to lack of technician availability, and also regarding the costs of training and development.

The blended workforce also provides many other benefits:

Skill diversity: Many companies benefit from widening their engineers' skillsets to develop and establish new service offerings.

Flexibility to scale with seasonal or variable demand:

Organizations that face significant swings in demand across varying seasons, like those in the HVAC sector, can scale up or down quickly with contingent labor. **Business efficiency**: By using contingent labor to 'fill gaps' in a service schedule, organizations can retain efficient service delivery and maximize core workforce utilization.

Geographical coverage: 3rd-party labor markets can offer service organizations the ability to enter into new territories without the traditional excessive overlay.

Customer satisfaction: A contingent labor force can enable service organizations to react and remedy issues in a timelier manner, particularly in peak seasons when the internal workforce is stretched thin.

There are potential problems, however.

As previously discussed, customer expectations are higher than ever and the threshold for service excellence continues to increase. While the blended workforce offers many benefits, there is still a potential risk that 3rd-party workforces may have a detrimental impact on the service standards that organizations worked hard to develop, that are part of the fabric of their brand and identity.

Can a third-party worker ever represent a brand as successfully as full-time staff?

The answer to this question is yes, as long as the approach is supported by a robust technology ecosystem designed to accommodate contingent workers in the same manner as it does internal staff. In the final part of this paper, we will review why technology is vital to creating and managing a successfully blended workforce.



MYNUL KHAN
CEO, FIELD NATION

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TECHNOLOGY'S CRITICAL ROLE IN BLENDED WORKFORCE MANAGEMENT

To recap the changes field service companies face today and the impact of these changes on building their field workforce:

- **1.** Customer expectations around field service are at an all-time high and will increase further.
- **2.** Boardroom expectations demand field service organizations to achieve greater efficiency with the same, or even fewer, resources than before.
- 3. Almost all field service organizations are facing an aging workforce crisis, and the incoming Millennial generation of field workers is unlikely to remain in a role for more than two years. This scenario puts immense pressure on field service organizations to replace their retiring workforce and get as much productivity as possible out of a less loyal, incoming workforce.
- 4. These demographic changes have led to increasing adoption of a two-pronged approach to the field workforce; a blend of contingent field workers tackling routine tasks and a specialized internal group of field engineers tackling complex tasks.
- 5. The blended workforce not only has the advantage of minimizing risk for the field service organization as they transition from the retiring Baby Boomer generation to the incoming Millennial generation, but also brings several other benefits and opportunities.
- **6.** However, with customer expectations at an all-time high, service excellence is an essential part of both brand perception and customer engagement strategies.

Achieving a level of consistent service excellence is the biggest challenge a field service company must overcome when opting to use a contingent workforce. So how can a field service organization ensure that the service delivered by a third party meets their standards? Technology plays a crucial role in resolving this.

How technology enables a blended workforce to deliver consistent service

It is essential that field service managers, schedulers, and dispatch teams can manage a blended workforce in one place.

Since the advent of the cloud, the sharing of data from one application to another via APIs is significantly easier. However, to make a blended workforce truly optimal, solutions designed specifically with the blended workforce in mind are essential.

Field Nation ONE, for example, is a solution designed with this challenge in mind, allowing an organization to manage its entire workforce in one place.

An organization can post work, manage projects and assign talent from a single dashboard. Not only does this holistic view provide easier reporting, it also provides complete visibility into service delivery, reducing the potential risk of jobs being double-scheduled or slipping through the cracks entirely.



By providing field service organizations with the ability to manage private vendors, full-time employees, and independent contractors in one platform, Field Nation ONE enables organizations to route work to their private network first and then search the Field Nation Marketplace of independent contractors to fill coverage gaps.

This flexibility gives field service companies increased efficiency, improved workflows, and better internal communication across multiple business units such as field service operations, HR, accounting, and payroll.

Additionally, technology should enable field service organizations to ensure that any third-party worker has been both vetted and onboarded to meet company standards in an efficient, streamlined, and intuitive manner.

On-boarding, in particular, is critical to optimizing the use of a blended workforce. It is also an integral part of the Field Nation ONE platform. Building upon the Field Nation Marketplace 'Provider Quality Assurance Policy'— which ensures that 92% of the independent service technicians on the platform possess a 5-star rating—Field Nation ONE's onboarding process is customizable, allowing it to be tailored to an individual service organization's needs.

MYNUL KHAN

CEO, FIELD NATION

The complexity in field delivery is ever-increasing, and you can't manage that complexity without the right tools.

The questions I ask to field service managers are, 'If your customers will require you to deliver anytime, anywhere - do you have the right model for that?' 'Can you ensure quality and cost at this pace and with this flexible model?' Moreover, 'Can you keep things simple for your staff so that they don't have to worry about complexity?'

Today's field service workforce is agile, nimble, and on-demand. This is the most significant shift in the workforce and companies need to be aware and capable of adapting to this shift.

Field service leaders need to be aware of not only how to build this newer workforce, but how to ensure the same quality as the traditional full-time workforce. Plus, if you have a full-time workforce already, it's imperative to learn how to blend these in an automated way.

Transparency is not only important, it is essential. For a good service organization, transparency is the only way to do it.

In today's world, no one should blindly outsource without knowing the specific worker's credentials, past work history, ratings, and feedback.

Platforms like Field Nation make this information seamlessly available, and it is vital that field service organizations take advantage of such capabilities within their own blended workforce.

This flexibility gives field service companies the ability to bring any third-party worker through the core steps needed to represent the brand to the same standards expected of their employees. Only once these criteria are met and approved by the service organization will the third-party worker be available to receive and perform work on its behalf.

Finally, much of the ability to harness contingent labor lies within an organization's ability to put the same tools their field service engineers use in the hands of third-party workers. While this is still new territory for many organizations, it is developing rapidly.

Now is the time to factor in broader applications of tools like IoT dashboards, knowledge banks, and remote assistance for third-party workers into the equation.

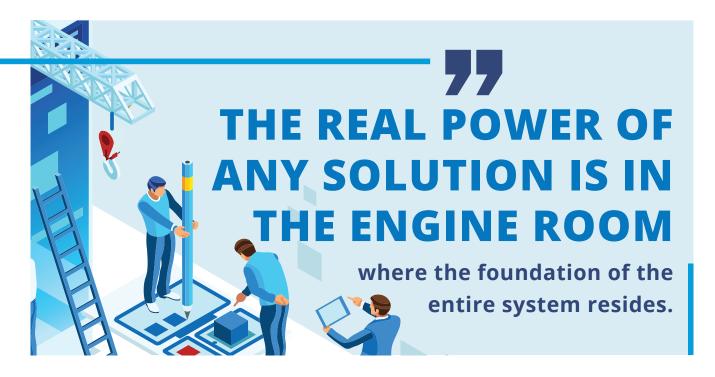
Over 80% of companies now use some aspect of a contingent workforce, so this phenomenon will be a mainstay of field workforce structures. It is therefore essential to incorporate blended workforce thinking into all future field service operation improvements.

Other technologies like AR will play a bigger role in the standard field service operation of the future – the need to transmit knowledge as efficiently and effectively as possible demands it.

However, as with almost any transformational technology, the products that grab headlines may have a "cool" factor, but the reality is that they are just interfaces and little more. The real power of any solution is in the engine room where the foundation of the entire system resides.

A platform like Field Nation ONE is an essential part of that engine as it delivers the single most crucial element required—transparency—to make blended workforces succeed.

The relationship between a field service organization and a third-party worker is built upon trust. To protect both sides, support that trust with an effortless flow of information, tracking, and visibility. Among the benefits Field Nation ONE delivers – this is the most important of all.





ABOUTFIELD NATION

Field Nation is the leading place to source, manage, and engage an on-site workforce. Active in dozens of industries, the Field Nation Marketplace is full of highly skilled contract technicians ready to get work done.

With Field Nation, companies can find technicians across the United States and Canada, post work orders, and manage projects. Companies can also use Field Nation to manage their entire workforce from employees to contract technicians and professional services vendors, all in one place.

Find out more at fieldnation.com

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