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## Going to Plan

By

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Planning and scheduling were not words used much in field service just a few years ago. But now clever software tools can eliminate much of the reactivity and fire-fighting that once characterised the industry.

With all the noise and focus on customer relationship management (CRM), the concern that now seems upper most in the minds of service directors is how can they deliver the promises made on their behalf. One of the key differentiators in terms of both service levels and cost in this area is how the right parts and the right people can be scheduled properly.

But while there is a wide range of solutions available, at boardroom level the appetite for yet more software investment isn't always there. There is much pressure to suggest that people should buy a solution that will "do it all". However this thinking carries four real dangers. The first is that the project becomes too cumbersome; it doesn't need to be big, it needs to be important; it doesn't need to be all encompassing, it needs to be focused; with senior support and commitment. Secondly that the solution, within a total package, for a particular area is sub optimal as it can only realistically scratch the surface. Third that the return on investment (ROI) is diluted across the whole solution and not focused on the areas where the really rapid returns can be made. The fourth and final danger is that there is quite a level of misunderstanding of what the more specialised solutions can provide. Most enterprise resource planning (ERP) solutions are targeted at providing a payback, after implementation, of around two years. Where as the bolt-on products such as service parts planning or engineer scheduling, consistently provide payback in a quarter of that time. In comparison to the ERP solutions, they are much smaller and have historically been overlooked in favour of their bigger and more prodigious cousins. That might be good for the providers and integrators and for company egos but as far as the bottom line profitability is concerned, it is bad news.

The purpose of this article is to put some facts on the table about these solutions. To open the discussion on the detail of what these types of systems might provide, I am reminded of the phrase that "the devil is in the detail". However, one possible reason why people shy away from them is a concern that they will show their ignorance. Given how clever some of the algorithms and associated software is, this is not surprising. In addition, the best product technicians can tend to lose their way by diving into the detail

and coming over as highly technical and not business focused. That is hard enough for the service director to take on board, but imagine the difficulty of explaining it to a sceptical board about how the tool provides the solution.

So let us turn this on its head and think through the offering, from the boardroom's perspective, and try and highlight the real value of these tools to the business. Given that the issue uppermost in all boardrooms, is the return on investment.

Service directors are quickly coming to terms with the growing list of requirements and responsibilities, which were expanding their roles. Their main concern, as they took on this broader role, was the need to be both strategically aware in supporting their boardroom colleagues in driving the business forward, while focusing on raising the performance of their own operation.

A number have commented that as they listened to the presentations and sales pitches, it was obvious to them that some of the solutions on offer really would enhance their under-invested operations, but at the same time there was a real feeling of being sold to by an industry that had yet to fully understand the nuances of delivering service to an increasingly demanding customer.

Service directors also see their role as helping the overall business differentiate itself from competitors by introducing new productivity tools, and better utilising their working capital, people, and inventory; all of which are seen by many, as potential liabilities rather than as assets. Managing service parts and people is complex. As more firms begin boosting service levels in an effort to satisfy customers, it's becoming increasingly important to be able to analyse and control these resources. This is particularly true when, in reality, engineers and parts are only of value when they are on a customer's site. In addition, as the call management systems and associated diagnostics improve, so the need to be have the right skills and the right parts available at the right time, has grown ever more important.

With their boardroom hats on, service directors, have to be very aware of the ROI, and return on capital employed (ROCE). As customer demands grow it is necessary to move away from service offerings providing semi-informal "best endeavours" promises, towards contractually enforced service level agreements (SLAs). To survive the business must be paid for the service it delivers, while very mindful of what the customer really values.

It is critical to get a part and or an engineer to a customer within the scheduled SLA. However from a cost perspective, it is just as critical to get the failed part back, and repaired, and to schedule the engineer into their next call as efficiently as possible. Most customers are very impressed with effective rescues and rapid response but ultimately they are looking for a cost effective (because they ultimately pay for mistakes) professional service that works all the time. In most cases to deliver that requires a complete rethink of today's service organisation processes and the tools that support them.

When margins were healthy and the promise was "best endeavours" any cracks in the processes could be quite easily covered over when ever the need arose. Today in many operations margins are looking exceedingly unwell, and couple this with strictly enforced SLAs and stiff competition at all levels has required a complete rethink of the way the business operates particularly the service operation. This rethinking has brought an increased level of focus onto the need for better processes supported by effective and efficient software solutions. Highlighted by figure 1 below, which emphasises the need to develop the processes in line with the software capabilities to provide a balanced operation moving forward.

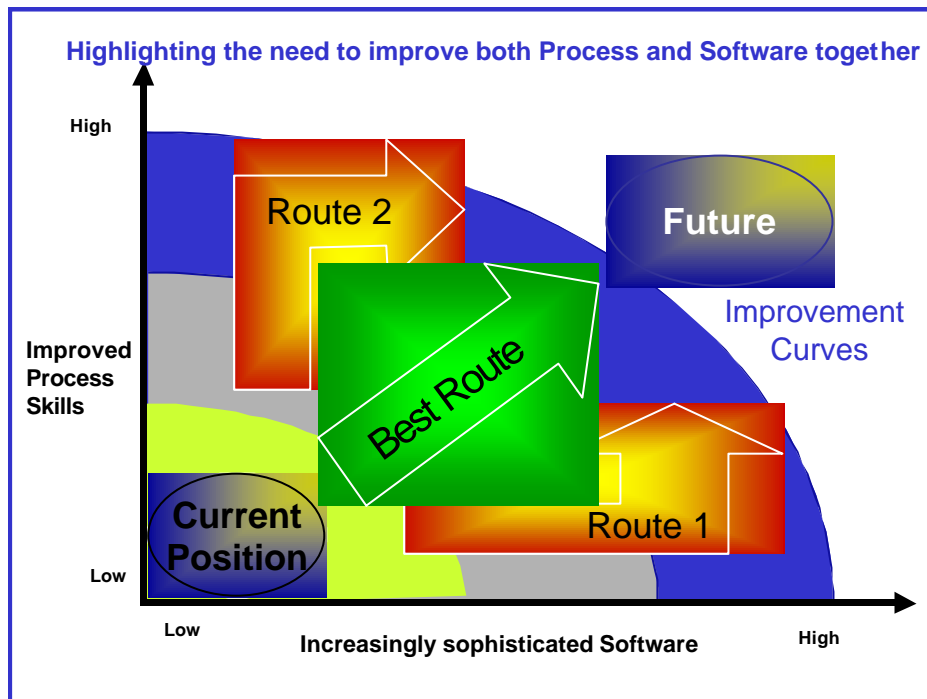


Figure 1

If service organisations are to help differentiate the business from the competition, some of the requirements are quite specific. From a high level perspective it is easy to point to the core capabilities of the business and say they revolve around: people, inventory and data. Schedule the people, plan and manage the inventory, capture and convert the data into actions. For most service directors this is far too coarse and over simplistic, but it might provide the link into the boardroom.

To help look at some of the necessary detail the following are some very specific questions and considerations that need to be asked of a potential supplier of a specialist solution. The set is by no means complete, but should give an indication of some of the specific capabilities required from these solutions and the types of question needed to get to the truth about the offering.

When looking at a potential solution, the scalability of the offering is a good test of understanding by the supplier of your needs and is an opportunity to see how appropriate

a solution could be for the business. The classical difference between service logistics and product logistics is the need to provide for reverse logistics and returns. Most systems will claim they provide and monitor this, but few actually control it. Putting in enforceable measures is the only cost effective way to get parts returned by engineers. The true cost of buying parts to replace non-returns, or good information as related to the true repair yield, can quickly reduce costs, that are probably hidden today.

The power of a true management by exception system (identifying and monitoring exceptional issues or requirements) cannot be understated, particularly when coupled with a system that learns faster and remembers more reliably than we do. One specific system, for example, has a choice of forecasting methods and actually tells you which is the best, by part number; another can track parts usage to an individual engineer even if the part has gone through a number of echelons to get there. But make sure that it is what you need and not just an extra, "nice to have", for the one-off requirement.

The normal challenge for any people scheduling solution is the ability to provide and utilise local knowledge about customers, geography, skills, parts, and general availability. One system I have seen has the ability to gradually change the way in which engineers are scheduled. Initially they appreciate no change to their working patterns and are asked to suggest changes they feel would help them. Without constraining rules, the system is able to accommodate the changes and gradually improves the engineers' performance. Maybe nirvana but it is demonstrably possible, however if all you want is a postcode identifier, it is overkill.

The reality is that there is quite a low limit to the number of engineers one person can schedule and this ratio only improves dramatically when the scheduling system really is actively intelligent. This doesn't mean it can look up rules more quickly than you or I, but it does mean that it actually works differently to you and I. The types of question for an intelligent scheduling solution are again around scalability and the speed, and value of a sudden, but all too common, reschedule, as by definition service engineer scheduling is about a continually changing environment. With the advent of much greater pressure on SLAs and the need for accurate detailed skill set matching, for example, the right security clearance for a particular client location; the scheduling tool has to be capable of much more than just a clever scheduler.

So yes there are some very good systems out there with some very clever capabilities - but be sure you need them. Implementing redundant capabilities takes time and costs money so on two counts is a bad call. However, if you are trying to run a cost effective service operation today, without, what are becoming quite important, but in essence, fairly basic solutions, you will struggle to maintain credibility with your customers and engineers.

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