

Tech-Clarity

making the value of technology clear

Service Lifecycle Management for Point of Sales

Servicing the Service Industries

Introduction

A call comes into the call center. The early rush is over, and a key point of sales device at one of your customer's sites went down during peak time. The manager asked his team to work around the problem until things settled down, but now he wants your team to service the equipment and get it back up and running before the next busy period. Your company may only have a few precious hours to get to the customer, diagnose the problem, correct it and be out of the way when activity start to pick up again.

Providing service to the service industries—whether it is a retail shop like a drug store, auto parts store, grocer, or big-box retailer or a hospitality company like a restaurant, hotel or even a sports arena—requires top-notch customer service. When Point of Sales (POS) equipment goes down, it impacts the ability for *your customer* to provide service to *their customers*. Customer service is critical to the retail and hospitality industries, and therefore the service that keeps the POS equipment running is critical as well. Servicing these industries, however, is not an easy task. Service is required at all hours of the day or night, and point of sales activity can't be delayed until the system comes back up. The customers are coming whether the equipment is working or not.

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Retailers rely on technology today, however, for more than providing customer service. Retailers now frequently rely on automation for control and accounting purposes. With the increasing use of POS data to drive inventory replenishment and programs like scan-based trading, accurate sales data has become much more important. The manual systems of previous generations have been replaced with modern technology that keeps operations running smoothly. Today, retailers with systems problems may be more than inconvenienced—they may be out of control. Strong support processes are critical to maintaining good customer relationships when equipment problems occur.

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Maintaining equipment for retailers and hospitality companies requires sharp focus on customer service, but doing so profitably also requires a high level of control within the service organization itself. Costs must be kept in check, and the service company must be able to prove that they are providing good service to renew contracts. In addition, most companies are trying to improve margins by providing more value-added services in addition to simple break/fix support. Not surprisingly, technology plays a role in this as well. Service Lifecycle Management (SLM), coined by industry analyst firm AMR Research, is an approach that allows service organizations to better manage their service-related processes. SLM results in both better service delivery and reduced costs. This paper provides insight gained from recent conversations with some leading service companies to discover how SLM principles are being used to provide world-class customer service to the retail and hospitality industries, while simultaneously reducing costs to improve profitability.

SLM results in both better service delivery and reduced costs

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Impact of Point of Sales Downtime

Point of Sales (POS) systems are the life support of many companies in retail, hospitality and other service industries. These systems are designed to enable cashiers, servers, customer service and other workers to focus on improving the customer experience. Few of us could imagine having the patience to wait for a sales clerk to manually tally a grocery bill. In fact, many companies now rely on POS technology in order to run their business effectively. *“Today, there are many companies that can’t add up checks manually,”* says Lubodar Olesnycky, president of Micros Retail Systems, *“They take the system for granted.”* Retail and service locations are designed with automation in mind, and when a device or network is down, it can severely impact the business’ ability to service customers. For a restaurant that conducts the bulk of the day’s business within two meal services, the loss in service ability can make a tangible impact on the bottom line—not to mention customer and employee satisfaction. In a situation such as an arena or stadium, service technicians are sometimes required to be onsite during the event to provide live coverage, recognizing that decreased customer service can quickly translate to significant loss of revenue.

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Diminished customer service is not the only thing that suffers when POS equipment breaks, however. Many retailers, for example, have implemented technology deeply into their business processes. Tax calculations, inventory levels, sales analysis and audit control rely on POS. In some instances, suppliers get paid or re-supply orders get produced when the sale is keyed in or the product crosses the scanner. Gift cards, credit card processing and returns are other examples of how technology plays a vital role in the smooth operation of the business. Mr. Olesnycky of Micros Retail describes another example of the dependence on technology. *“For a restaurant, technology ensures that no orders get prepared without being accounted for,”* he states, indicating another way that POS systems maintain business control.

Reliance on technology places a higher burden on the companies that maintain POS equipment and systems. If the service provider fails to fix the problem in a timely way, then an additional failure could further reduce the capacity to do business. Even in a store with many terminals, an accumulation of individual small problems can have a very severe impact. Controls and systems, therefore, have to be in place that recognize a deteriorating situation and help the service company respond properly.

In short, a few low priority “*break/fix*” calls at one site may add up to a very critical problem that needs to be resolved with much greater urgency. Smaller operations are vulnerable as well. “*If you lose a terminal in a three-terminal environment, that is a big impact,*” Mr. Olesnycky remarked. For the companies that are paid to keep this equipment running, this means that service levels must be maintained at a very high mark, and any problems corrected quickly on the first service call.

Customer Service is Your Customer’s Business – Make it Yours

Servicing hospitality and retail not only requires excellent service technically, it also requires excellent customer service. These industries are very service-oriented. They are providing service to their customers and expect you to meet—or exceed—their expectations for customer service. POS equipment is often located in or near the customer interaction. “*You need to understand the service industry,*” describes Mr. Olesnycky, “*Many customers prefer that you don’t try to fix equipment in their bar, kitchen or dining room during their service time. They will tell you to get in there by noon, or not until after two o’clock in the afternoon. They dictate the timing so you don’t disrupt their business.*” Mr. Olesnycky describes his philosophy as: “*Be discrete, be brief, be brilliant and disappear*”—allowing his customers to get back to serving their customers.

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Servicing in public locations brings along other requirements as well. As an example, most people don’t care what their plumber looks like, but restaurateurs do care about appearances in their establishment. They will often dictate that service technicians don’t come through public areas, or that technicians must wear uniforms that are appropriate to the location. It is always important for technicians to understand customer procedures, but in the service industry, this need is amplified because it directly impacts the customer’s customer. Therefore, it is critical that technicians have access to up-to-date information on customers.

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Profiting from Point of Sales System Service

Properly servicing the customer, from both technical and customer service perspectives, is the cornerstone of any successful service company. Mr. Olesnycky describes his philosophy in this light: *“The key to profits—and my mantra—is to take care of the customer, return the call by sundown, and the profits will come.”* The retail and hospitality industries, however, are known for tight margins. Servicing the service industry is no different, and service providers need to make sure that they are doing the right things to maintain profitability.

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Profitability can be approached from either angle of the profitability equation, revenue or cost. From a revenue perspective, service companies must ensure that they are selling their services as well as possible. One valuable tool that service companies use is offering consumable supply items such as print cartridges or paper. Mr. Olesnycky described a scenario where supply orders were not being fulfilled, leading to a lost revenue opportunity. *“Before we automated our processes, we used to have supplier orders get lost in voice mail,”* he commented, *“After our implementation, we got a spike in supply sales.”* Now, instead of a shipping clerk moving pieces of paper, the order is entered, automatically credit checked and they click a button to generate the invoices.

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Additional revenue enhancement can also come from better selling support contracts. Design improvements and preventative maintenance have increased equipment reliability, leading to many companies perceiving less value from their maintenance contract. Declining equipment cost also makes equipment replacement a much more viable option and companies may even have backup machines available to replace broken devices. This is a positive trend for the users of POS equipment as a whole, but creates a margin crunch if service customers place a lower value on the service provider. For most service companies, profitability doesn't come from selling the contract at time of sale, but from extending the contract over time. This revenue is crucial. *“Sometimes people would bill pending contract approval, and there would be a gap of three to four months after warranty expires where 60 to 70 customers a month fell through the cracks,”* Micros' Olesnycky commented, *“we chose to honor their agreements because we value our customers and we didn't send timely renewals, so we were leaving money on the table.”*

Upgrades can also provide revenue lift, but requires good customer information in order to target sales and marketing campaigns. In some cases, technology like an operating system may no longer be supported, forcing people to upgrade. If the appropriate customers can be quickly identified and contacted, there is potential revenue available from upgrades. Customers may not even know what new options are available to them. For example, new approaches to credit card processing may help alleviate the fear of identity theft, or companies may choose to upgrade to Internet-based credit card processing instead of dial up. These enhancements can provide value for the customer if they can be educated on the benefits, and can provide the ability for the service company to help with the upgrades and peripheral work like firewall and Internet connectivity.

Profitability and Good Service Rely on Good Information

Good service decisions require good information, and therefore good business processes and information systems. In order to provide good service, service organizations need to have a single view of the customer that includes call center, depot, field service and back office. “*We needed to have a global view of the activity for a customer,*” Mr. Olesnycky described, “*We wanted 360 degree visibility to the lifecycle of customer—including sales, service, add-ons and upgrades—to look at the total value of customer.*” Mr. Olesnycky went on to describe how he used SLM software, Astea’s Alliance application suite, to help take care of customers, mine customer information, and allow everybody know what was happening at the customers—providing one place to find out how they were taking care of the customer.

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Now, Micros Retail reviews field service reports from their system. From this, they can focus on recalls by determining whether repeat calls are associated with specific technicians, because solutions are not being fully tested, or other reasons. “*Now our service manager can recognize problems and dive into the details without having to interview everybody,*” remarked Mr. Olesnycky, “*Now he sees the traffic like a stock ticker, and has much better visibility to the business.*”

SLM Drives Superior Service at Optimal Cost

In addition to superior service—and potentially in conflict with that goal—costs must be actively managed to maintain profitability. The challenge is that managing costs requires attention and focus at a very detailed level. The difference between profit and loss can be as simple as missing a manufacturer’s warranty for a replaced component or having to return for a second time to fix a problem that was already reported as fixed. Being smart about service is the difference between profit and loss. Service Lifecycle Management can help by providing a template for best business practices. SLM provides an approach that highlights getting the basics right and focusing on the right details to improve service and manage profitability.

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In May of 2003, Tech-Clarity published a white paper titled “*The Service Lifecycle Management Approach - Strong Customer Relationships Result In Profits in the Service Industry.*” That paper highlighted some practical ways in which companies could adopt SLM concepts into their business and improve profitability in the product aftermarket. The following overview highlights these approaches:

Never Ignore a Call for Help

Every call from a customer is an opportunity to increase customer satisfaction and possibly get an order. Many companies can gain value simply by providing their employees with visibility to all of the contacts from a customer—regardless of the source—so they can get a full picture of the customer’s needs. By automating the capture and response to requests through tools such as remote access, workflow, automated escalation and integrated e-mail, companies are ensuring that customer calls are captured and acted on in a timely manner. Even better, by proactively predicting a problem or supply need, customers see value from service contracts through prevention of a problem as opposed to firefighting, and the service company can decrease the need for expensive and disruptive emergency service calls.

Reduce Waste in the Call Center and Office

In order to improve call efficiency, companies are providing shared knowledge of problems, resolutions, occurrence rates and causes to their representatives. By providing information that can be quickly searched for relevant answers, the time spent with customers is more productive and provides more value. If a customer can find the answer to their problem or question through self-service, customer satisfaction can come at a significantly reduced cost. Automated web response, if done properly, can also save significant resources and maintain high customer satisfaction levels.

Avoid the Service Call (or at Least Reduce the Urgency)

By providing customers and customer service representatives with broad access to product and service-related knowledge, many service calls can be avoided. If the problem can be fixed without dispatching a technician, the cost of the technician and related overhead expenses can be saved. By preventing emergency calls with planned maintenance or repair, customer satisfaction can be increased with less need for urgent response. Also, through better scheduling, some service calls can be avoided by taking advantage of the existing service schedule for routine maintenance and meter-reading calls, or combining them with other calls. By providing the technician with the right information about the customer and upcoming service, technicians can often “*kill two birds with one stone*” and save on the total number of calls required.

Make the Right Calls First

Service calls should be prioritized based on customer need, but also on the value of the customer and the service level that the customer has paid for. Nobody wants to leave a customer in need, but knowledge of the contracted service agreement can allow company representatives to properly prioritize limited resources to the appropriate customer. Customers that continually request urgent responses outside of their service levels can be targeted for an upgrade to their service plan and provide more income for the company. Any service calls that are trending towards an Service Level Agreement (SLA) violation or customer service failure can be reported in advance and the appropriate person notified while there is still time to address the problem.

Close the Call the First Time

By closing the call the first time, the number of service calls can be reduced and customer satisfaction can be increased. Fixing the problem the first time requires the right technician, with the right knowledge, the right parts, the right tools, the right customer data and the right product information in hand. By having predefined response lists for problems that outline the appropriate actions, tools and materials required to make the correction, service technicians can show up prepared to get the job done right. Through visibility to the equipment installed, the service history and the call history, the technician can more accurately diagnose and resolve the issue. And closing the call means that the customer signs off that the problem is corrected—as soon as the problem is corrected.

Keep Technicians Productive, not Just Busy

The service technician is critical to resolving customer problems, but also to maintaining service history and providing information for billing. Reducing the amount of time that the technician spends on paper work through automation allows the technician to take more calls, reducing employee expenses from overtime and hiring additional technicians. Mobile technology and self-service capabilities can significantly reduce both the load on the call center from technicians and the amount of time the technician must spend on the phone and away from helping customers. Schedule optimization is also key. Keeping technicians updated—in real-time—of schedule changes is another way that they can be kept productive.

Turn the Service Call into an Opportunity

Companies with field service personnel trained to spot sales opportunities can add a significant new source of revenue, provided that it is easy for them to communicate those opportunities back so the order is captured or turned over to Sales. Service technicians that have visibility to contract expirations, upgrade availability and complementary products can increase customer satisfaction as well as sales revenue. A service technician with a piece of equipment to fix will probably not look in another system to identify a sales opportunity, but if they are proactively notified of the opportunity in the course of their work they can uncover new orders for the company.

Turn Service into Cash – Rapidly

Perhaps one of the best ways to increase the profitability of services work is to enable the service technician to create an invoice on the spot, starting the payment cycle immediately. In addition to being paid earlier, the service technician can get approval at the time of the service. Part numbers, time and expenses are much more accurate when captured quickly so nothing is lost. To generate an accurate invoice in the field requires easy access to understandable information on contracts, warranties, service history, call history and customer information. With the right information to generate the invoice accurately and get it approved, the company will have less disputes and credits, and increase cash flow positively. Creating an inaccurate invoice, however, may be worse than delaying the invoice, so attention to the details is required here.

Stop Revenue Leaks

Revenue leaks occur when customers are not billed for services they should pay for. The goal is to give the customer everything they are entitled to—but nothing more—or the service company is leaving money on the table. Without easy access to the proper information it is often unclear if expenses are billable or not, so they are typically not billed. Revenue leakage is difficult to identify after the fact, because it occurs in small but frequent occurrences, and requires access to detailed history and account knowledge. Similarly, supplier warranty information must be readily accessible and easy to understand in order to track returnable or refundable items. A systematic approach can provide significant benefit by recouping out of pocket expense and lost revenues by providing visibility and eliminating guess work.

Enhance the Customer Relationship

Customer satisfaction is extremely important to building long term relationships, and it is good business because it leads to greater profitability through customer retention and repeat business. Moving from a break/fix relationship to one of trusted advisor and value-added service provider results from handling problems proactively, ideally fixing the problem before the customer realizes there is one. To move from “*break/fix*,” a company does more in the way of preventive maintenance, remote equipment monitoring, failure analysis for retrofit and future design improvements. In this way, the customer is receiving something that they value more than a fast repair call: continuous availability.

Grow Revenue by Restarting the Service Lifecycle

The first step in selling additional products is identifying the opportunities. By mining the information already captured about customers and their equipment, effective marketing campaigns can be developed to target customers for additional products based on accurate, detailed information. Because the campaign is targeted based on real customer knowledge, it can be very focused on real, specific needs of the customer.

Turn to Proactive Management

Through increased visibility in the service business, companies can gain better control, find bottlenecks and make better management decisions. With better information and tools, they can switch to proactive management through alerts and real-time information, as opposed to reactive management from reports that show history after the fact. Better management results in higher revenue and reduced costs, improving profitability from both income and expense directions.

Recommendations

- Get the basics of Service Lifecycle Management right
- Be passionate about servicing your customers—or someone else will
- Focus on cost at a very detailed level—profit and loss is in the details
- Don't forget to focus on the top line, grow revenue by increasing value-added services and looking for add-on sales opportunities
- Gather, mine and leverage service and customer data in order to find new revenue opportunities and identify potential cost improvements

Summary

Servicing the service industries requires a keen focus on delighting customers and helping them provide great service to their customers. *“With Astea, we have the right information and tools to service the customer,”* Mr. Olesnycky comments. In order to generate profitable revenue from servicing POS systems in retail and hospitality, companies must focus on both increasing service revenue and decreasing costs, while continually improving customer satisfaction. As Mr. Olesnycky stated, profitability will come from great service and treating your customers the right way. Servicing the customer comes first. Mr. Olesnycky proudly reports, in fact, that he has *“even done a service call in a Tuxedo.”* SLM furthers this customer commitment with processes and software to provide a foundation to provide profitable service to the service industries.

***“With Astea, we have the right information and tools to service the customer”
- Lubodar Olesnycky, president Micros Retail Systems***

About the Author

Jim Brown has over 15 years of experience in management consulting and application software focused on the manufacturing and service industries. Jim is a recognized expert in software solutions for manufacturing and service and has broad experience in applying enterprise applications such as Product Lifecycle Management, Supply Chain Management, ERP, and CRM to improve business performance. Jim began his professional experience at General Electric before joining Andersen Consulting (Accenture), and subsequently served as an executive for software companies specializing in manufacturing and service solutions. Jim is the president of Tech-Clarity, a research and consulting firm dedicated to making the value of technology clear to business.

Jim can be reached at jim.brown@tech-clarity.com.