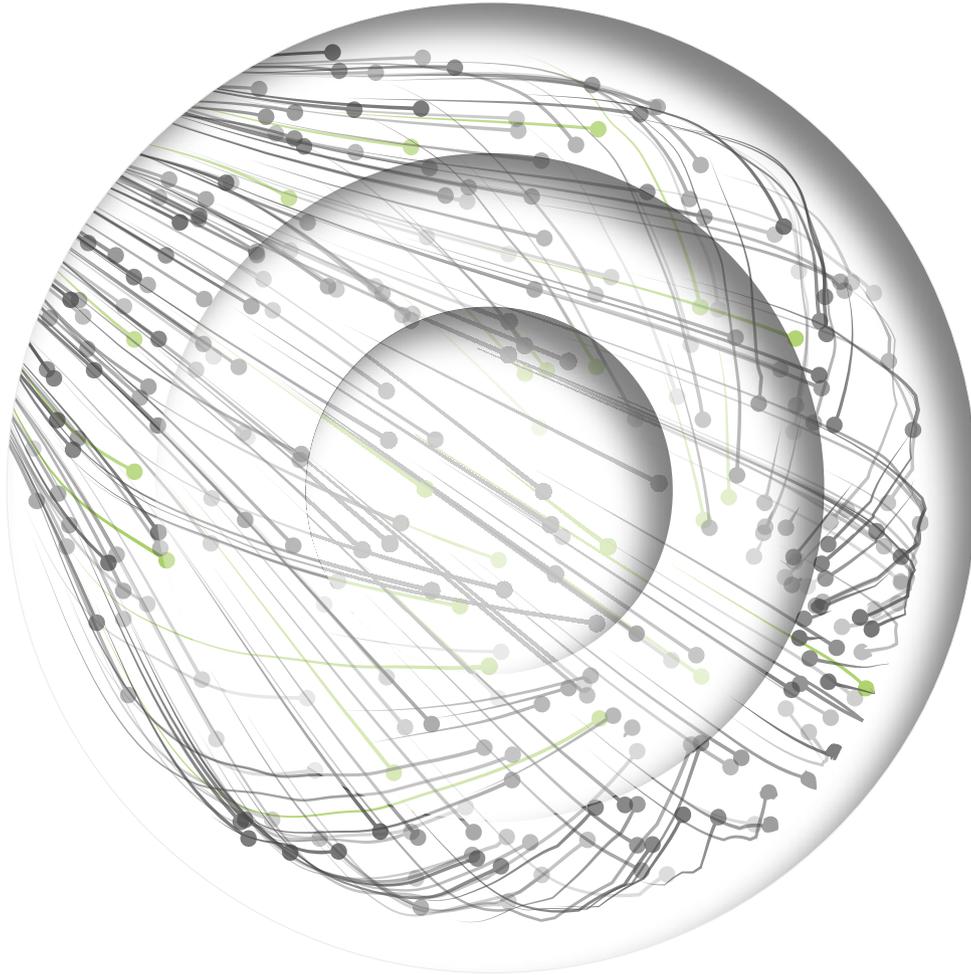


Monitor
Deloitte.



Three strategies to win the battle for service technicians

How industrial goods manufacturers
can deliver on their service promise

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Executive summary

Good service technicians for industrial equipment have always been difficult to recruit and retain. Many live a demanding life traveling on economy standards and are rarely held in high regard within their own company. More often than not, however, service technicians are the face of the company for customers and essential employees for companies that want to reap those sweet service profits, or simply stay in business.

As today's workforce ages, companies are finding it harder and harder to recruit service technicians. At the same time, these jobs are becoming more demanding, now often including tasks like data analytics, product advice, and sales. Industrial machine makers therefore need to give this issue the attention it deserves. The remedy proposed in this paper consists of three basic ingredients: better recruiting, a solid retention strategy, and measures to improve the effectiveness of the service technicians.

Better recruiting

Simply improving employer marketing is not enough. Companies need to give service technicians a more varied and attractive job profile. We provide the variety by recruiting specialists to analyze data or draft customized service offerings, for example, and we can increase the job's appeal with better career opportunities and more flexibility.

Solid retention strategy

We need to give service technicians more recognition for the important role they play in today's and tomorrow's business and the training they need to be competent in that role. Last but not least, we need to provide the right incentives in a way that supports the overall business strategy.

Measures to improve effectiveness

Making the service technician job profile more attractive and flexible will come at a cost, so we need to increase efficiency to balance the scale. Digitalization will help us achieve that goal: better dispatching and faster troubleshooting, digital helpdesks and knowledge management, enhanced sales and communications skills.

The service technicians of tomorrow will be even more important than those of today. They will continue to solve customer problems, but they will also secure customer loyalty, advise on making better use of the equipment, and sell service packages, upgrades, and new equipment. In return, they deserve a well-designed and flexible career path, regular training, and a compensation package that offers both financial and non-financial incentives.

“Our strong team of highly skilled service technicians is one of our key success factors.”

Stefan Brehm, Vice President South East Asia – Pacific, Jungheinrich

Service technicians sell

It's mid-August in Minnesota and an automotive supply plant has come to a standstill. The reason: a crucial laser-cutting machine stopped working a few hours ago.

Of course, they contacted the manufacturer's service team immediately and the employee who took the call at the service center was well aware that every hour without a service technician would cost the customer 10,000 dollars. But it's August and many of the service technicians are on vacation. Besides, there aren't that many people who can repair an industrial laser cutter anyway.

To cut a long story short: it takes the manufacturer 60 hours to fly in a skilled service technician, who fixes the problem within an hour. But the damage to customer satisfaction is done. Next year, when the customer is in the market for three more laser-cutting machines for his new plant in Europe, he will likely award the contract to a competitor with a better service rating.

This is not an isolated case and what it reveals is key: gone are the days when equipment customers only cared about the point of sale. Today, customers are more interested in making sure their machines stay up and running, and their downtimes are kept to a minimum. It is therefore more important than ever for equipment manufacturers to fix equipment issues on time, on quality, and on budget.

Like we always say: "The sales team may sell the first machine, but it's the service team that sells the second one."



The battle for service technicians escalates

The battle for service technicians is not new. In many organizations, it takes up to two years before a service technician can attend a customer alone and five years before he can fix a complex problem on his own. So, even with normal employee churn, it is difficult to retain a team of top service technicians.

There are also several other factors that make the service technician job rather unattractive to many:

Fig. 1 - Reasons not to become a service technician



Strenuous travel

Most service technicians are on the road 95 percent of the time – often abroad, and sometimes for several weeks in a row. They tend to travel economy class, drive standard rental cars and stay in very basic hotels. Even if they fly overnight to another continent, they often need to rush to the customer site straight from the airport.



Rural locations

A lot of industrial goods manufacturers are located in more rural areas, which are not that appealing to most people. This makes it difficult to attract young people with the potential to become service technicians.



Unattractive employment

For a lot of young people, industrial goods manufacturers are not the most sought-after employers. And once they get recruited, the service technician job is rarely held in high regard. There are not many young people who dream of becoming a service technician for industrial machinery.

“It’s terrifying to think what our service force might look like in five years. We have to act now.”

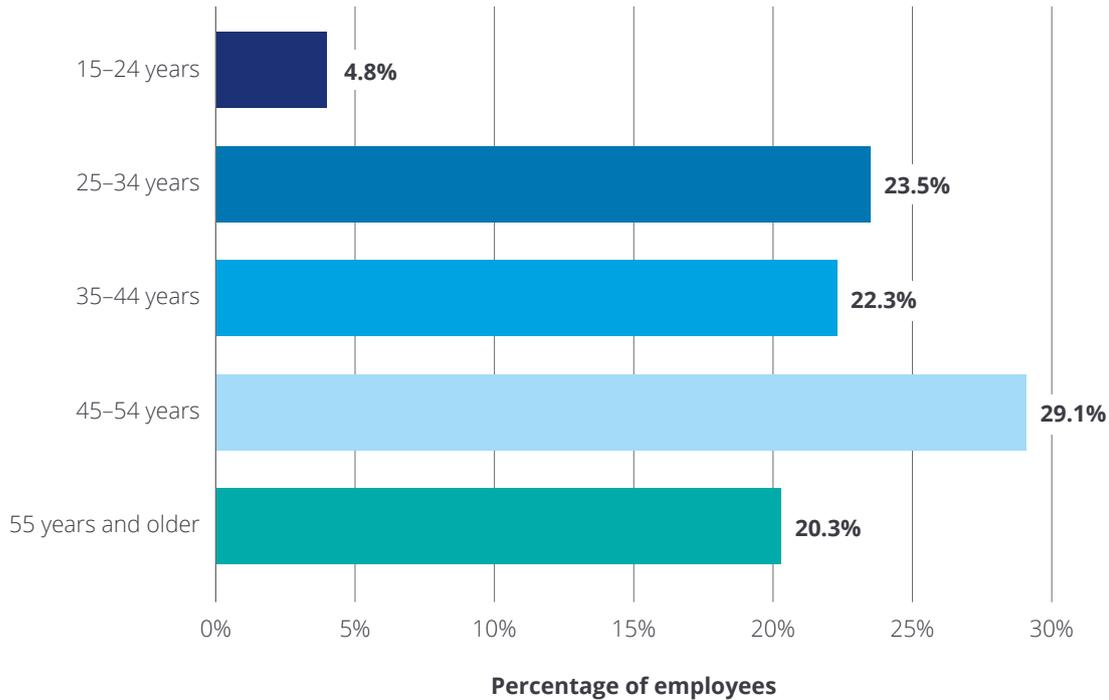
Dr. Bernd Garbe, Global Executive Officer Service, KSB

While none of these factors are new, they have all gotten worse over the last decade. This is mainly due to job seekers looking for a better work-life balance, the limited earning potential for service technicians (especially in countries where overtime is highly regulated), the emotional appeal of major digital companies promising to create a better future, and an increase in the number of people going to university. We have also seen demographics shift in many societies to an aging population, especially in industrialized countries.

In Germany, for example, around half of all service technicians are over 45 years old and service jobs remain unfilled for a staggering 185¹ days on average.

¹ Bundesagentur für Arbeit, Arbeitsmarktmonitor Vakanzzeit Technische Servicekräfte in Wartung & Instandhaltung, downloaded on September 4, 2019.

Fig. 2 – Age of service technicians in Germany as of June 2018²



As the supply of new service technicians becomes ever scarcer, the demand from machine manufacturers keeps growing. New equipment sales have been declining in most industrial goods markets in recent years. This has prompted many manufacturers to reduce their prices in order to

stabilize sales, even though earnings suffer as a result. After-sales service, on the other hand, has seen huge growth across industrial goods sectors over the past decade and has become the key driver for profitable growth for many manufacturers.

Fig. 3 – After-sales service performance vs. new equipment performance



The rationale is simple: sales for services are growing faster than those for new equipment and they typically have a much higher profit margin as well. Customers will always need maintenance for their machines, regardless of where they are in the investment cycle. This makes after-sales service a perfect stabilizer to offset cyclical fluctuations and the core profit driver for many industrial goods manufacturers.

If they cannot recruit and retain the technicians to deliver this service, however, industrial goods manufacturers will not be able to generate those sweet service revenues. They have to act now, because if we can be certain of any one thing, it is this: as everyone faces the same reality, the battle for service technicians will continue to escalate!

“Tomorrow’s service leadership builds on service co-innovation with customers and a new skill set to define those services.”

Dr. Hans Jörg Stotz, Board Member Festo Didactic

Six major trends in industrial services and what they mean for service technicians

Progress in digitalization, factory automation, and advanced service offerings are likely to change the role and skill set of tomorrow's service technicians – and make them even more demanding. Based on what we have learned in a multitude of projects in this sector, Monitor Deloitte has identified six major trends that will significantly impact the profile of service technicians in the future.

These six trends show that service organization must commit to continuously developing the skill sets of their technicians in multiple directions, as well as work sharing and collaboration. This can only be achieved through ongoing, digitally-enhanced on and off-the-job training – often in addition to a very stressful day job involving a lot of travel. A general willingness to change and adapt will be absolutely essential, so service organization will need to recruit technicians who are willing to build their skills and incentivize them with tangible benefits.

Trend 1: Data analytics are a must

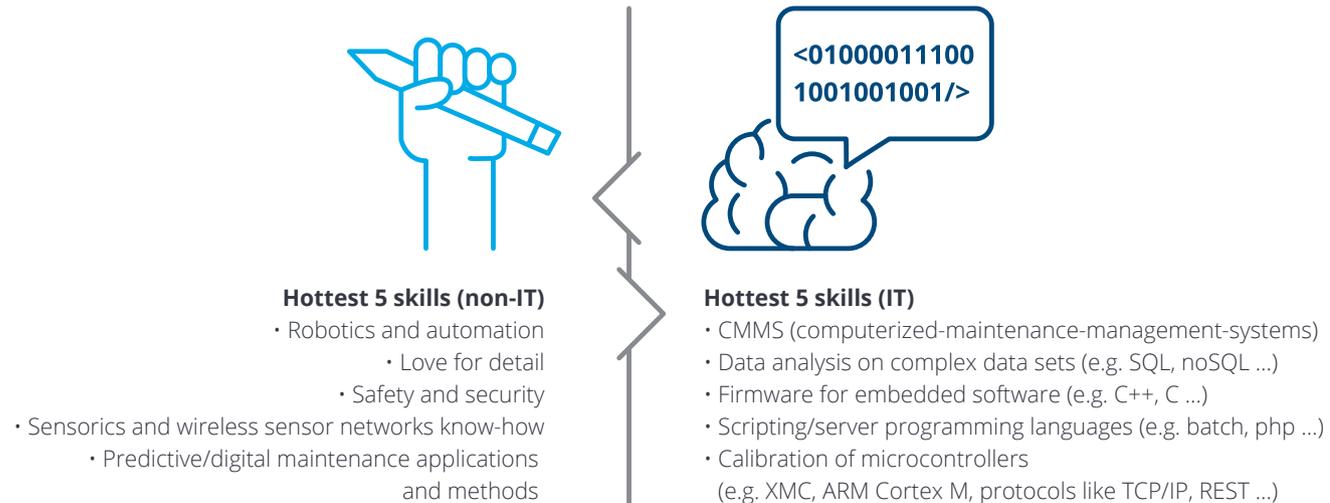
Remote monitoring has already become standard for most industrial machinery, and analyzing machine performance data has become an essential step for any on-site or off-site fault diagnosis. Service technicians must therefore be able to integrate findings from data analytics into their tasks. In most cases, this does not supersede the vast experience service technicians must have, but being able to leverage digital technologies in addition to traditional expertise will provide additional customer benefits.

One typical example of this comes from a North American manufacturer of automation equipment. Their standard service process always starts with an on-site fault diagnosis through data analysis. If the machines are still offline (and do not regularly upload their data to the manufacturer's analytics center) the service technician can connect to a node on the machine and retrieve the data manually. For tasks like these, technicians need to be trained on how to access the data and to know what to look for – both remotely and on-site.

German-based startup HRForecast has developed a solution that can identify skills that will become relevant for a specific job type in the future. When you use this tool to analyze service technicians, it strongly reflects the arguments made above, and reveals the following top 5 skills for technicians in the future³:

- Parametric modeling of predictive maintenance and controllers
- Use of mobile solutions (tablets, phones, augmented reality headsets, etc.)
- Remote maintenance (software and hardware with new technology like drones)
- Maintenance and retrieval of internal and external knowledge databases
- Installation and maintenance of IoT devices

Fig. 4 – The hottest skills for service technicians³



Trend 2: Service delivery shifts to the back-office

With data analysis becoming increasingly essential, more and more service tasks can be done offsite. Our example in Trend 1 still includes on-site analysis, but this is often no longer necessary. Equipment manufacturers can draw reliable conclusions from their online data, both in terms of fault detection and machine optimization. As a result, the data analysis part of the service process can also be shifted to service personnel working in-house at the service center – effectively taking the heat off service technicians in the field.

The same holds true for remote assistance in fault detection, maintenance and repair issues. With the help of augmented reality (AR) and virtual reality (VR) technology, the manufacturer can guide and support their own technicians and the customer's on-site staff remotely. A European packaging machine manufacturer, for example, sells its equipment with an AR headset. Whenever machine issues arise, the customers can call the hotline and put on their AR-headset to investigate the issue together with the technician at the service center. This packaging machine manufacturer only dispatches a field service technician if they find a problem

that cannot be fixed remotely or by guiding the customer's on-site personnel.

For industrial machine makers, this means a less demanding skill set for field technicians (and an increase in their effectiveness), provided they can ensure the back-end online support from the service center is adequate. This implies that technicians at the service center have to acquire additional skills: in addition to technical know-how, they also need communication and didactical skills to quickly understand the problem based on remote input.

“Service technicians need to become the second sales force for new equipment.”

Oliver Bendig, German After Sales & Industrial Manufacturing lead at Monitor Deloitte

Trend 3: Service becomes a customer loyalty tool

Across sectors, industrial services are moving from passive back-up support (“You can call us when you have an issue”) to active measures for customer loyalty (“We regularly contact you to help you operate the machine better”). The implications for service technicians are far-reaching. They must evolve from “problem fixers” to “trusted advisors” for their industrial customers.

Step one in that change is building a close relationship between the service technicians and their customer counterparts; helping the customer maximize overall equipment effectiveness (OEE) is a great place to start. OEE, in practice, requires very close and ongoing alignment within the service organization, between field technicians, hotline operators, service sales force, and service center experts. There is one service role that has been gaining prominence in that regard: the so-called “antenna” or “ambassador”, a field service technician who spends a significant share of their time directly on-site with the customer, even if there is no urgent service order.

Trend 4: Driving uptime instead of fixing faults

Industrial goods customers are increasingly looking for equipment manufacturers to share their downtime risks, and new digitally-enabled business models such as subscriptions are slowly gaining ground as a result. With such advanced service models, manufacturers move from troubleshooting to providing solutions by taking responsibility for the smooth operation of their equipment.

While managed services are a special case, customers are increasingly asking for more than just isolated problem solving. They would rather service technicians take a holistic look at the machine and how it is operated – in order to detect irregularities in advance that could result in machine downtime or performance loss.

For technicians, this means they need to be able to fix the specific problem they were called for as well as understanding and detecting all other common sources of faults for this machine. Relying on the “antennas” or “ambassadors” described in Trend 3 is a good way to drive this behavior. The focus of industrial services is generally shifting from repair to prevention, ensuring that no customer revenue is lost.

Trend 5: Service as a second sales force

One of the most critical requirements for service technicians is to take on a new role in the sales process. The recent past has seen a constant increase in both output and life expectancy for all kinds of mechanical equipment and industrial goods and equipment sales have declined steadily as a result. Monitor Deloitte expects this general trend to continue.

However, when customers buy more services to keep their equipment up and running (see Trend 4), it is the manufacturers' service technicians who are closest to the customer – and the first to recognize when they need more services to increase overall equipment effectiveness (OEE). It is only natural that the technicians who see what service is needed will ultimately be the ones to offer it to the client.

We may also see service technicians take it one step further, from pure service offers to new equipment offers – and most importantly combined equipment and service packages. Many industrial goods manufacturers have already introduced incentive schemes to offer bonuses to technicians making new equipment sales. In order to train technicians for their new role in sales support, they will need to develop skills in managing customer relationships, identifying opportunity, and deploying effective sales techniques.

Trend 6: Tackling third-party equipment and protecting business from service-only providers

As new equipment sales continue to drop (see trend 5 for the reasons), we will see the competition for lucrative service orders grow significantly. In industries with a common technology base, this will result in ever more industrial goods manufacturers tackling equipment installed by their competitors.

Some sectors have already reached this stage, among them elevator services. Technicians from Otis or Schindler will also frequently service elevators from Kone or thyssenkrupp and vice versa, because they have all the necessary skills⁴. In the future, more and more service technicians need to be trained on third-party equipment, provided the specific industry permits it.

⁴ thyssenkrupp elevators, Service Offering, available at <https://www.thyssenkrupp-elevator.com/de-de/service/>, downloaded on November 5, 2019; Kone, Service descriptions, available at <https://www.kone.us/existing-buildings/maintenance/service-descriptions/>, downloaded on November 5, 2019.

Three strategies to win the battle for service technicians

Given the intensifying demand and supply situation as well as the requirement to continuously upgrade service technicians' skill sets described before, it is essential for industrial goods manufacturers to act fast. Enterprises looking to continue to satisfy and delight customers with highly-skilled service technicians can gain a competitive advantage with three main fields of actions that we have identified:

Fig. 5 - Three strategies to win

1

Boost your appeal as an employer for technicians to ensure talent supply

2

Offer attractive service careers to retain talent in your service organization

3

Drive technician productivity to optimize the impact of service technicians

Strategy 1: Ensure talent supply

Attracting new talent to fill service technician positions promises to become an even bigger challenge for industrial goods manufacturers in the future. As digital skills become even more important for service technicians, manufacturers will – in part – have to compete with “sexier” technology companies, and the following tactical moves should be part of their competitive strategy:

Distinctive job profiles

Clearly articulating the skills an organization is looking for is an essential success factor to target the right talent group. Manufacturers need to redefine future service job profiles to optimally serve their customers' needs. In addition to on-site maintenance and repair, they should also take into account skills such as automation, customer consulting, and remote data analysis.

More universal career opportunities

Industrial machine makers need to make the most of their internal resources and their external recruiting efforts. There should be innovative cross-over career paths to change in and out of service as well traditional vertical career steps “up”. Developing young people through apprenticeship programs with long-term prospects may also prove a successful way to ensure a steady feed of talent.

Flexibility as part of the job offer

The new generation of technicians will want more freedom and flexibility on the job – and are willing to accept less pay in return. Many young people are not only interested in maximizing their income, but also in better balancing their time with job, family, friends, and themselves. Employers need to reflect this in the overall job profile for service technicians and offer perks such as the following:

- Home office days if and when no office presence is required
- Attractive spouse (or family) travel packages for long-term assignments and trips requiring weekend stays
- Family-friendly workplaces: for example, a company outside Munich, Germany, offers vacation camps for children next to the headquarters
- Mechanisms for compensatory time off, for example, whenever an employee hits the overtime threshold of 10% for two consecutive months
- Allowances for more comfort when traveling, for example, premium economy tickets for flights longer than 6 hours

- Privacy protection rules, like restricting email time to official office hours
- Rotation opportunities, e.g., to service center positions at the headquarters to spend more time at home
- Eliminating all contract clauses that make service unnecessarily strenuous, like technicians having to return to headquarters before going home for the day

Talent marketing as part of general marketing

Industrial goods companies need to understand that talent marketing and employer branding is as important as product and service marketing. Similar to customer experience, companies need to promote excellence in the employee experience to external candidates through various channels in order to attract more talent. Though big brand names may be at the top of a recruit's employer preferences list, it is possible for smaller companies to persuade talent with faster career paths and learning opportunities.

Strategy 2: Retain talent in your service organization

Attractive service career paths

Industrial goods manufacturers need to ensure that the overall career path for service technicians is promising. Service is often seen as a dead end for careers, so a new career path has to offer a variety of advancement opportunities – for example, training to handle more complex technical tasks, going into service business planning, or specializing in customer care.

It might be a good idea for some industrial machine makers to mandate a few years in service as a prerequisite for promotion to higher technical positions, an approach that also makes business sense. Service technicians regularly receive frontline feedback on the way the machines are used and the customers' needs. This makes service rotations a great source for product and service innovation as well as a way to learn valuable lessons for any follow-up positions.

Image upgrade for service in-house

A lot of industrial goods companies have yet to recognize after-sales service as the major and stable profit generator that it truly is. Once you change that mindset within a company, service technicians can become the “rockstars” of the entire organization – heroes who fly out to solve the customer’s problems and become the face of the enterprise after the initial equipment deal is sealed.

The only way to change this mindset is to create top management positions related to service (i.e. elevating their status within the organization) and to put service on the agenda of every board meeting. All publications and internal notices should highlight the service team’s contribution to customer retention and the company’s bottom line.

Advanced service training

Typical industrial goods companies focus on classical onboarding formats and technical training, but the new skills outlined in chapter 3 also demand new training methodologies. In the future, service-related trainee programs need to reflect the life-long journey of this attractive career path.

In addition to “hard” technical knowledge, service training must also cover “soft” behavior-related topics, using a mix of face-to-face and innovative digital learning

methods to ensure it is economically efficient. Companies with successful training programs typically use tools like

- Performance management focusing on employee development needs
- Micro-learning methodologies that allow on-the-job learning
- Use of coaching to develop technical and social competence

Use of gamification opportunities

In recent years, more and more organizations have started using video game design and gaming elements for training and work environments. One UK-based manufacturer, for example, has introduced gamification tools for its in-house technicians. Teams can earn points by complying with specific work standards and exchange them for attractive gifts at the end of each fiscal year.

Gaming rewards do not necessarily have to be monetary or of tangible value. Some companies have achieved good results with virtual rewards such as badges on the intranet, which have also proven to increase motivation and significantly improve satisfaction and technician retention rates.

Design new incentive structures

As outlined above, industrial machine makers need to get their service technicians more involved in the sales process and adapt their compensation schemes accordingly. The objective should be to create a compelling reason for technicians to develop their sales skills and actively sell products and services.

Companies should design their benefit schemes to reflect how much they want their service technicians to contribute to the success of the business as a whole. The degree to which service technicians are skilled for sales and feel comfortable playing a more active sales role will be a major factor. Remuneration for technicians may be based upon the following factors:

- **Service excellence** is often the main driver when customers decide whether to continue and expand their business relationship with an industrial goods manufacturer. In mostly service-driven sectors, customer-related performance indicators such as Customer Satisfaction, Net Promoter Score or First Contact Resolution have become the standard. In addition to providing data-driven evidence of the direct impact on customer retention and business growth, they are also useful as an incentive for service technicians.
- **Lead generation** for new business is the next logical step to involve service technicians in the sales process. This task does not require any specific sales expertise (service technicians typically feel very uncomfortable in a sales role), just open eyes and ears as well as the ability to pose the right questions to identify an opportunity. It has proven to be very effective to pay incentives to service technicians for creating successful business leads that the sales team can follow up on. It drives teamwork and brings opportunities to the fore. This kind of reward typically is designed as an attractive one-off payment.
- **Business development** as an integral part of the service technician role is at the far end of this continuum. Many service technicians will see it as an additional burden to shoulder and companies must commit to building a strong sales support structure for their service technicians if they opt for such a model. Good training is the key: service technicians need to understand that a trusting relationship and an open ear for customer needs will naturally strengthen the partnership and generate more business. Drafting a clear target list of opportunities – preferably drawn from the company's existing installations – will provide additional support.

Strategy 3: Optimize the impact of your service technicians

However well an industrial goods manufacturer recruits, trains and retains the right people, the fact remains that good service technicians are a scarce resource. So, the third strategy is to find the optimal way to manage and employ your service technician workforce. Adopting new digital technology may create some opportunities, while improved processes will create others. Either way, organizations need to review their job profiles on an ongoing basis to ensure that simple and challenging job designs take these new technologies into account. Typically, we group these measures into five categories:

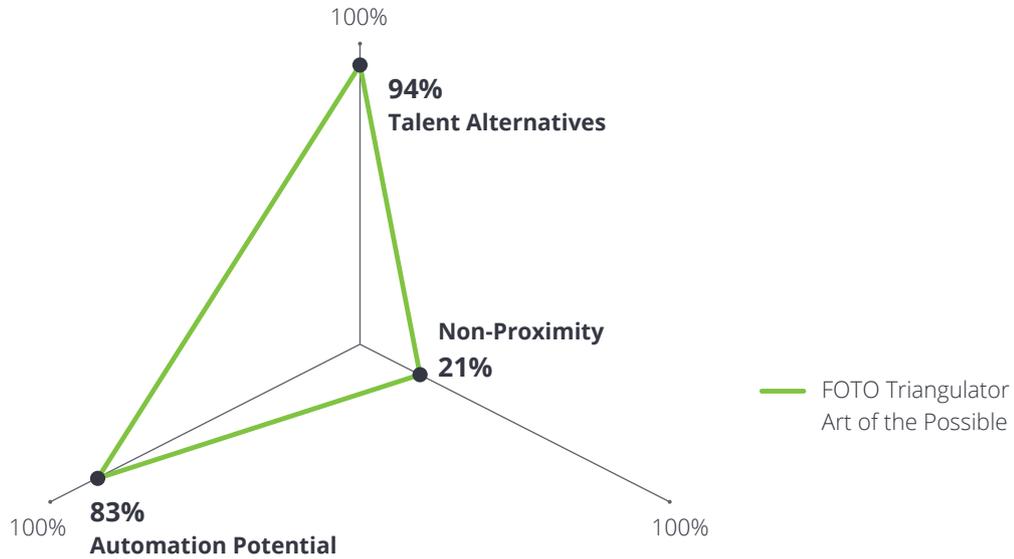
AI-supported dispatching

Many traditional industrial goods manufacturers still dispatch their service technicians using different Excel sheets that are not interlinked. This often results in inefficiencies, for example, when the technician who was originally assigned to a task is not available, but another technician who has capacity cannot be put on the job. New and AI-supported solutions are able to schedule and dispatch service technicians in a much smarter way by interlinking all schedules and by learning from past data (for example, the number of service technicians needed per area, in relation to weather, time of year, or other factors).

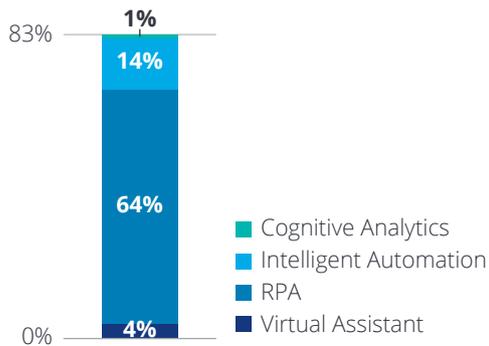
Faster troubleshooting and reduced travel time

As outlined in chapter 2, various technologies are redefining the service technician's job profile. The most common features they share are the acceleration of the issue resolution process and a reduction in the amount of travel time for technicians. While some of these technologies will require large investments to create the necessary infrastructure, they can also be expected bring significant innovations to the service process. Modern automation technologies are likely to ease the pressure on earnings from declining new equipment sales, depending on the degree of implementation. Deloitte's Future of Work application FOTO allows us to estimate the potential for automation of specific work types. For industrial machinery mechanics, for example, the estimated automation potential is 83%. This implies that cognitive analytics, intelligent automation as well as robot process automation (RPA) will enable us to automate a significant share of service technician tasks in the future.

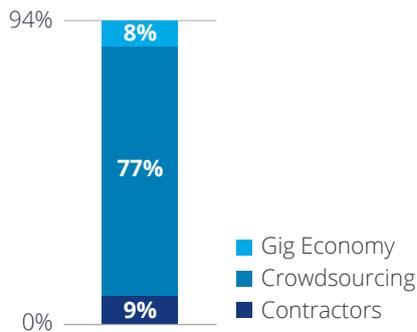
Fig. 6 – FOTO analysis for industrial machinery mechanics (based on ONet database)



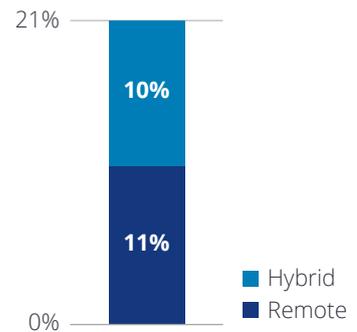
Automation Potential



Talent Alternatives



Non-Proximity



Developing digital instructors

One core success factor will be to find a better balance of technicians in the service center and those out in the field. Industrial goods manufacturers need to develop so-called “digital instructors”. These are the most experienced technicians who are allowed to reduce their travel time (if they wish to do so), stay mainly in the service center and provide digital support to other technicians out in the field. Their role will be to “instruct” technicians on specific fault cases without being on-site themselves, thereby improving both the productivity and efficiency of their colleagues. To give these instructors the skills they need, companies must develop a dedicated training curriculum that teaches them to quickly assess issues remotely and articulate tasks in a precise manner.

Building an AI-supported knowledge management database

For most industrial machine makers, gathering and teaching engineering and technician knowledge has been a core challenge over the past decades. State-of-the-art database management can help service organizations to record and retrieve complex information better than ever before.

The number one reason most service technicians are reluctant to pass on their knowledge is the difficulty of record-keeping – it simply takes too much time to write a long report or go through countless drop-down menus. A lot of new and AI-supported solutions focus on simplifying record-keeping for the user by pre-filling some of the fields using already available information, for example. This will encourage technicians to share more of their expertise and enable companies to populate a scalable knowledge database.

Soft skills training in sales and communication

Training programs for service technicians need a serious makeover. While advanced organizations are including core digital skills in their curriculum, others are still using outdated materials on general topics with little practical use for technicians.

Monitor Deloitte recommends developing entire “learning journeys” for service technicians, 12 to 24-month development programs that include weeklong group meetings every 3 to 6 months. On these “learning journeys”, technicians get to know new technologies and changing requirements, using fewer classroom lectures and more interactive development sessions with games, challenges and mutual consultation elements. In these sessions, more experienced colleagues will share their experiences and the lessons they learned in critical cases, while less experienced colleagues will enjoy a safe environment in which they are free to ask questions.

These “learning journeys” also include soft skills such as “How to speak to a client” and “How to promote new services”. Reading a 10-page operating manual is not an effective way to teach these skills; they need oral instruction, role plays, and coaching.



The big picture: how to become a service leader

While it is important to fight the battle for service technicians, it cannot be won in isolation. It is vital to know how many service technicians you need, what skill set they must have, and in what regions they will be deployed – decisions like these are always better made as part of an overall service strategy for the company as a whole.

The following plan demonstrates how industrial goods manufacturers can develop a service strategy that is ambitious yet feasible and will sustainably boost after-sales service revenues:

Monitor Deloitte Service Excellence Service transformation

Service champions are rarely created with one genius strategic move. Instead, these organizations evolve over several years thanks to ongoing improvement initiatives. The key success factor for continuous improvement like this is to draft a master plan that clearly defines the path to service leadership but is also frequently challenged and updated as required. The Monitor Deloitte Service Cascade was developed to draw a detailed roadmap to service leadership based on a set of cascading choices that start with high-level ambition.

The Service Cascade

Every service strategy must be centered around a strong service mindset that combines traditional techniques and digital technologies to create tangible value for customers. Based on our experience with a variety of projects for leading service organizations, we have developed a model for industrial goods manufacturers to achieve service leadership.

The Monitor Deloitte Service Excellence Cascade provides a structured approach to develop – and rigorously execute – winning service strategies. The framework starts with defining ambitious yet realistic financial objectives for your service organization. Later in the process, the focus shifts to developing a detailed execution roadmap to enable global implementation of a customer-centric service strategy.

Fig. 7 – Monitor Deloitte Service Excellence Cascade



What is our winning aspiration?

Should after-sales service generate 40-50% of your sales in the future or would 10% be sufficient? There is no right or wrong answer, it will just depend on your organization's specific business.

Where will we play?

Should you offer all of your services in every region around the globe or only in selected markets – for example, where you have a significant number of installations? Do you want to target only your own customers or also expand services to third-party equipment? The latter might be the right choice for some markets, but inadvisable in others.

How will we win?

What digital and analog services should you offer and which business model is right for each one of them? In the end, this comes down to determining which customers are willing to pay for extra services – and which services should be available free of charge.

What capabilities must we have?

What infrastructure is most critical to delivering on the service promise you made to customers in terms of time, quality and budget?

What management systems do we need?

What would your detailed roadmap look like if you wanted to implement all of the measures

in your PowerPoint presentation and convert them into euros or dollars? And above all: how can you sustain success and ensure that you can keep these initiatives up and running over the long term?

The only way to develop a winning service strategy is for industrial goods manufacturers to evaluate the implications and the interdependencies of each cascading choice. Every choice, once it is made, will enable companies to address significant – and often untapped – opportunities to generate both revenues and profits.

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