



Homeheat and business intelligence

Part Five: Questioning Service

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In today's volatile marketplace with its high-cost product, rising operational expenses, nervous customers and high accounts receivable, *risk* has a new meaning for most marketers. Other than the cost of oil, the service department continues to represent the greatest expense for most companies. The burdened cost of service labor; the investment in inventory; plus material, vehicle and management expenses give us good reason to pay attention, year round, to issues that threaten the primary goal of every company: to make money.

Now that the heating season is over, we think that we can relax and give some thought to last year's results while we begin the annual preventative maintenance ritual. We hope that we can get all the PM completed before next season. However, as fall approaches and the degree days begin to accumulate, the number of "unscheduled" service calls will begin to rise and the remaining scheduled calls will get moved to a lower priority.

Once we're in the peak of season, the calls are always more than any company can handle. Customer service is quoting eight-hour response times, stress is high and nobody has time to think. This is due to the obvious fact that you have a finite number of service technicians, a seemingly unlimited demand for service and a budget that is stretched to its limit. These conditions give us an incentive to identify and offload as much of this peak demand as possible, doing our best to reduce the number of unscheduled calls. A growing number of marketers are doing just that: making changes now, proactively, that will provide relief to their overtaxed in-season operations. It all begins by knowing what questions to ask of your data.

In search of these questions, I took a trip to one of my larger clients. They could challenge my thinking and perhaps I could stimulate theirs. In our last meeting, I had heard them discuss issues that had caused them trouble during this past season's peak. I pulled some data out of their service system and was able to show them that their concerns were well founded.

Looking at all last winter's calls, we were able to identify sev-

eral problem areas that could be fixed with new procedures, process changes or training. Problems such as those mentioned below are some of the easier ones to tackle and therefore good candidates to start with. However, you have to see the magnitude of these problems to understand their true cost to your business. Seen one at a time, they will remain unnoticed, as they have for an entire season. For example –

Qualifying the Call: In many instances, the technician was able to provide heat by just turning the burner switch on, hitting the reset, adjusting the thermostat or some other simple task that the customer could have performed. When I asked about this, I was told that there has been a high turnover in customer service and that a representative would normally walk the customer through a list of questions, hoping to solve the obvious or at least to get a better description of the problem so that the call could be properly prioritized. With better customer service training we could keep the call from even getting to the dispatch board.

No Access/Canceled by Customer: In these situations, the technicians had been dispatched, spending precious time and incurring cost. The numbers were staggering for this category, enough to warrant the implementation of a new procedure to call the customer prior to dispatching. Sounds extreme, but a telephone call made by a \$10/hour clerk is a lot better than wasting the time of a technician on overtime, only to find no one home, while other customers anxiously wait for heat.

Oil Related Calls: This category was near and dear to all of the service guys I talked with. Product quality, run-outs (credit and non-credit), burner not operating after delivery as well as other tank-related issues filled the days of many technicians. The number of service calls dispatched for the dropping of five and ten gallons by expensive technicians gave me reason for pause. Even if these calls are charged to the delivery department, you're still using a very valuable resource for a menial task.

Post Installation Problems: Technicians are often dispatched for calls after new installations. I asked the dumb question, "Where was the installer's accountability?" I did not get an answer, but I saw a few smiles.

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Incompletes: This was a very large category as well, causing many unnecessary calls. “Incomplete for parts” and “incomplete for trade”, such as plumber, were very prevalent. Incomplete for parts may suggest an inventory issue. Further review of the details may lead to changes in stocking and replenishment. Incomplete for plumber was the one that caught my eye. After review, I noticed that the complaint for most of these calls was “water leak”. I sorted the data by technician and was able to see which technicians responded well to water leak issues and what technicians did not. I saw one technician in particular who, 100% of the time, referred the call to a plumber and labeled it incomplete. Do you think he should get water leak calls in the future? This could also be a training issue.

Callbacks: After filtering out the obvious callbacks above, we are left with repeat calls caused by poor technician performance or the customer’s bad equipment. As far as I am concerned, if you go back to the customer within a short period of time, regardless of the reason, it’s a callback. You have incurred the cost, regardless of whose “fault” it is. This company actually has lower callback percentages than many I have seen. However, the numbers remain a concern. Here are some ways we discussed to improve the situation:

- Make sure all of the “refer to sales” calls are handled by sales quickly, as you continue to service the customers with bad equipment.
- Continue to make the technicians aware that they are being measured. Awareness is an amazing motivator.
- Work on those customers with the greatest number of calls last season. Pick a break level of calls, perhaps seven or eight. If you choose the often acceptable level of three calls, you may be overwhelmed with what you find and then wind up doing nothing. Understand that these customers are probably the ones eating up your time in season, as unscheduled calls. You know the old 80/20 rule: 20% of your customers represent 80% of your work.
- Pay close attention to service contract expiration/renewal dates for these customers, working closely with sales to get them upgraded if the issues cannot be solved via normal service activity.

Fall Startups: Lastly, when I asked one of the service managers what one of his biggest issues was, going into season, he replied, “air in the lines.” If you are able to identify those customers who call every fall with this problem, wouldn’t that be valuable? Wouldn’t that be taking an inevitable unscheduled call and scheduling it on your terms?

All these areas provide major opportunities to improve service department capacity for next season. Considering that, in season, technicians average 100 to 120 calls per month, a reduction of your overall number of service calls may allow you to get by with fewer technicians (or at least less overtime) and will provide faster response to your customers. The examples given above represent thousands of calls. You do the math.

My client is taking the bull by the horns and is making a concerted effort to make life easier, or at least a bit more pre-

dictable, for next season. Their future decisions related to business process and procedural changes will be supported by data from the past. We can only fix what we can control and the issues listed above are the obvious ones to attack first.

At the end of our meeting, we all agreed that communications with the staff must be better. They must be told clearly how their performance is being measured and shown exactly how that performance relates to the financial success of the company. It cannot be too complicated and needs to be reinforced daily. Improvement in all these areas will not happen in a conference room.

After my meeting, I decided to stop by Mom’s house, before heading home. My Mom has been a fueloil customer for well over fifty years now, and has enjoyed an excellent relationship with her one and only dealer for that length of time. She trusts them and has followed their advice for all these years, whenever given. I would assume that she could be considered a *loyal* customer. I often ask questions relating to her experiences and perception of the company that services her account. She is always quick and direct with her responses and very defensive of *her* company. Of course, stories about the neighbors and *their* company’s performance are always a topic of discussion as well.

Well, on this day, I was eager to ask her, in more detail, about any service issues she had experienced with her heating equipment over the years. She still has the original York equipment that came with the house, had converted to baseboard heat many years ago when her radiant system sprung a leak, and has had extensions built on the house with new zones added. I asked, “How many service calls do you normally have per year due to problems with your equipment?” Her response was, “None, except for a cleaning now and then, when I call for one.” I was quite surprised with her response, as I had expected an answer of at least two or three, just because the system was old. She then proceeded to tell me that many years ago she was instructed by representatives of her oil company to always shut the burner off when getting a delivery and leave it off for at least an hour afterwards, while things settle in her tank. She was also told to cover the fill pipe with a coffee can to prevent any water from collecting on top or around it. I am quite confident that if those same representatives had told her to put on the porch light when getting a delivery, she would still be doing that as well. She trusts them that much.

I found two things immediately interesting about her comments. First, I am that sure that all would agree that stirred-up sediment in an old tank could definitely cause service problems, probably immediately after delivery. Second, I was pleased to see that a customer was sharing some responsibility for the condition of the equipment. See, even your customers want to help you prevent service calls and save you money. Take advantage of the time you have. Use it to make next year better.

The success of your business depends on the quality of your customers and the performance of your staff. Let the important off-season be your “halftime”, where, through proper analysis of your data, necessary adjustments are made to your game plan to insure a winning season next year. □