

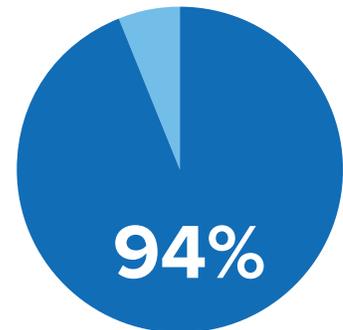


In November, EGIA surveyed its network of contractors on Service Management Operations. Below is a summary of the results.

Service management can be one of the more difficult functions in a service company, yet it's one of the most crucial. An effective service department can generate leads, drive sales, maximize service agreements and ensure productive calls, and the management function jumpstarts all of those processes and keeps them on track. In last month's Snapshot Survey, we asked our network of contractors about Service Management Operations to get an idea of what is and isn't working industrywide.

Does your company emphasize the importance of signing up customers for service agreements in order to keep techs' workloads consistent all year?

It's often said that the road to wealth is paved with service agreements. But it's not just the cash influx that's important. Most home services companies see significant seasonal cyclicity in their businesses, so service agreements provide a way to keep techs' workloads – and, yes, company income – consistent year-round. By and large, that idea was reflected with our survey respondents. In our first question, **94%** of respondents indicated their companies emphasize service agreements as a means to keep workloads seasonal, while just **6%** reported otherwise.



EMPHASIZE IMPORTANCE OF SIGNING SERVICE AGREEMENTS

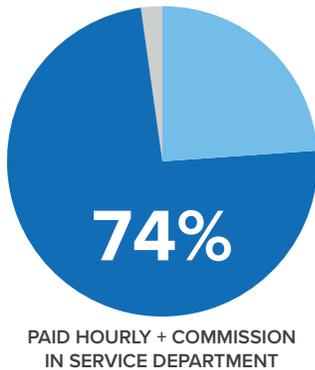
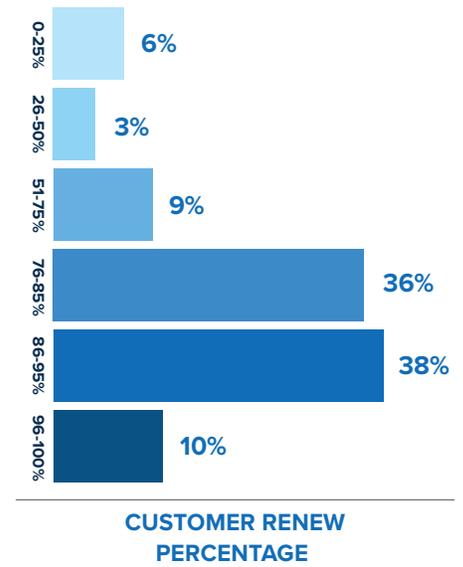


Does your company employ a service manager as a full-time role?

The service manager is a key figure within a contracting company – both for day to day operations and big picture strategy. At **64%** of surveyed companies, service manager is a full-time role, as opposed to **36%** of companies at which those duties are taken on by other positions. That reflects an increasing specialization of jobs, as well as an understanding that a good service manager – whether technical or not – can be a driving force in a company's success and growth.

At what rate does your company renew existing service agreement customers?

Next, we wanted to know how frequently customers are renewing service agreements at the surveyed companies. As established above, service agreements are paramount to the success of contracting companies – that goes for signing up customers initially as well as renewing agreements upon expiration. A significant number of respondents – **38%** -- renew service agreements customers between 86 and 95 percent of the time, an overall great rate. The second-most cited range, by **36%** of those surveyed, was just slightly lower – 76-85 percent. Rounding out the list were 96-100 percent (**10%** of respondents), 51-75 percent (**9%**), 0-25 percent (**6%**) and 26-50 percent (**3%**). As a best practice, companies should be renewing service agreements a minimum of 85 percent of the time, with a target KPI of 90 percent.

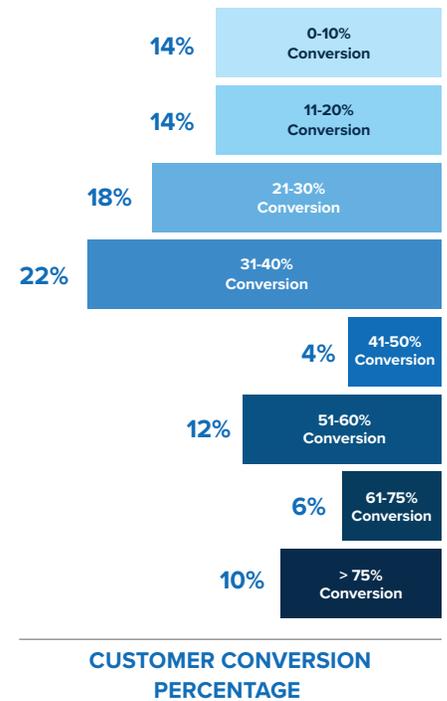


How are the employees in your company's service department compensated?

Moving on to compensation, the vast majority of those surveyed, **74%**, indicated their company subscribes to the traditional system of hourly rate plus commissions for service department's employees. Just **24%** use productivity pay, meanwhile, with another **2%** simply paying a flat wage. Productivity pay – also known as performance-based pay, among other things – can be a valuable tool for companies when properly executed, encouraging techs to do more jobs leading to more profit for the tech and company alike. "Properly executed" is the operative phrase though; many techs have been exposed to bad productivity pay systems and have been soured to them as a result.

At what rate does your company convert demand service customers into service agreement customers?

The warmest service agreement leads are demand service customers – they're already inviting your company into the home, agreeing to a conversation, and encouraging a relationship with your company. When we asked at what rate respondents' companies converted demand service customers into service agreement customers, we found the leading result to be 31-40 percent of the time (**22%** of respondents). That was followed closely by 21-30 percent of the time (**18%**) and 11-20 percent and 0-10 percent (both **14%**). According to Gary Elekes, an EGIA Contractor University faculty member and a service department efficiency expert, service agreements need to be offered at 100% of all demand service calls. A minimum of 25% of those demand service calls should actually be converted into service agreements, with a target goal of 50%.



Does your company train/develop all new employees, regardless of experience level?

Finally, our survey asked whether companies have a policy to always train employees, even if they hire on with years of experience in the industry. **88%** replied that they do, while **12%** said they'll forgo training if the new hire

“ We are realizing more and more that you hire for attitude and train for technical, rather than the other way around. ”

-HVAC Contractor in Ohio

brings enough experience. Of course, every company varies – from goals and KPIs to overall philosophy and attitudes – as do the equipment and tools used from day to day. As such, there's a benefit to training all new hires – even those with decades of experience.

Learn More About Service Management Operations

Service Management Operations is one of the ten core areas of focus for EGIA Contractor University, which aggregates all of the tools, educational resources and training programs that contractors need to take their business to the next level. To learn more about Service Management Operations best practices and strategies, as well as the other nine core topics, visit [EGIA.org/University](https://www.egia.org/University). And visit EGIA Contractor University's online Contracting Best Practices Library for a deeper dive into videos, how-to documents, usable templates and more.