



Post-Sale Services Exposé: *Dangers Are Lurking Below the Surface*

WHITE PAPER

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If you think your post-sales services are running well, with just a few snafus here or there, you're wrong.

The glitches you see are the tip of an enormous iceberg. A whopping 90 percent more problems are lurking below the water line. But if your company is like most others, not only can't you see the problems, you think they don't exist. Why? Because traditional key performance indicators (KPIs) don't expose the real truth.

Deceptive KPIs

Today's post-sale KPIs measure performance within siloed functions, like customer service call wait times, spare parts arrivals or asset recovery velocity. If each function appears to be meeting its goals it's assumed the whole operation is running swimmingly. That a few process tweaks, if any, are all that's needed.

But when you look below the surface across all post-sale supply chain functions, it's a completely different picture. Those KPIs that are adequate within a function fall short in the aggregate, often by tens of percentage points below optimal. And that equates to millions of wasted dollars, frustrated and churning customers and lost revenue – much of which could be reversed with just few percentage point improvements, if you have the right approach.

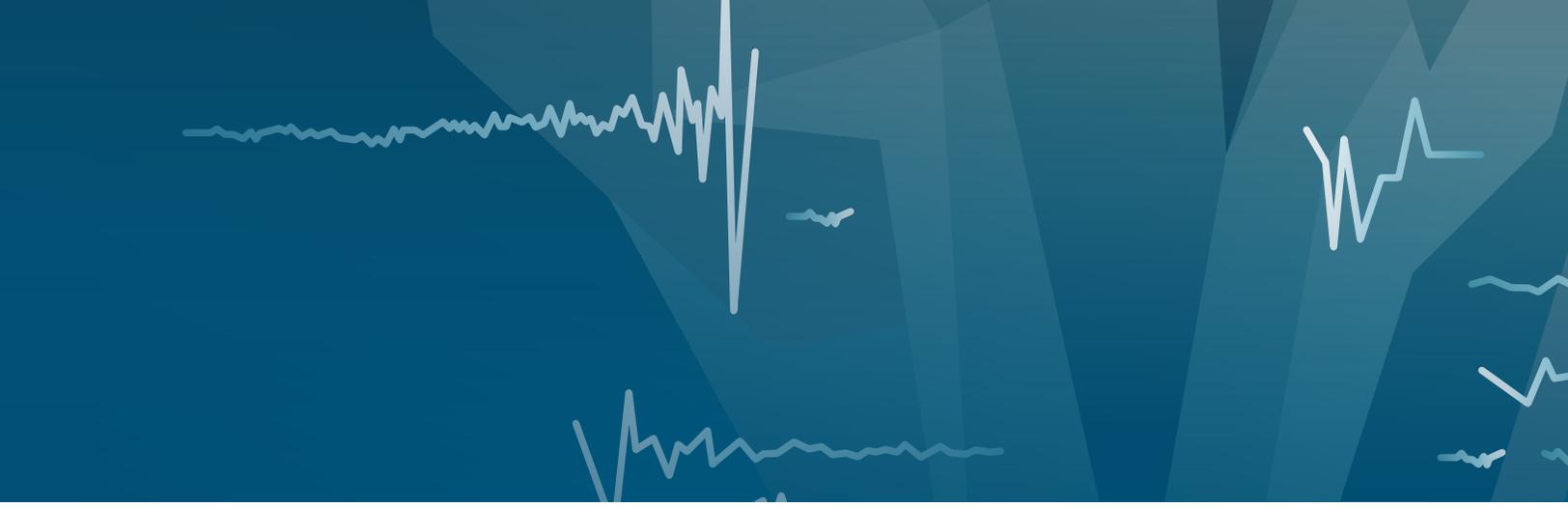
The Impact is Shocking

According to Aberdeen, "Improving internal cross-departmental visibility and streamlining processes for easier monitoring and enhanced usability are the top strategic actions companies can take to make complex supply chains more manageable."¹ And, we'd add, more successful.

But most companies don't have the visibility or capabilities needed to unearth their post-sale operational problems. That's why they're completely surprised, as our clients were, by the inefficiencies we revealed:

- Excess spare parts inventory in the field
- Unnecessary truck rolls, delays and expedited parts shipments
- Sales order breakage that delay time-to-revenue and cause revenue loss
- Manual processes that are error-prone and time-consuming
- Too many departments/people touching a service case
- Disparate systems that lack scalability and integration with third parties
- Expensive resources doing administrative tasks





Even more shocking to our clients were the financial hits these issues cause:

- A medical device manufacturer was losing \$2.4M annually because of disparate return systems and trouble shelf/problem shelf issues
- A F50 technology company was taking a \$40M annual hit due to expedited transportation costs, unnecessary field visits and unreturned inventory
- A F500 technology business had stranded sales and evaluation demos in the field that cost them \$12M every year

Imagine the impact hidden post-sales problems have on your business, and the opportunity there is to unlock millions of dollars in CapEx and OpEx and gain boatloads of customer goodwill.

Spotlight on Post-Sale Service Profits

We all know there's a lot of pressure on profits these days due to commoditization and discount pricing. There's also a huge focus on service as a differentiator in the face of skyrocketing customer expectations and the shift to 'as-a-service'-based business models.

- 72% of companies say improving customer experience is their top priority ²
- By raising customer experience ratings from below average to above average, businesses can gain over \$80M in additional annual revenue ³
- 83% of business leaders believe they can boost customer satisfaction by improving the quality of post-sale services ⁴

Considering that aftersales service contributes 75% to 80% of an OEM's core business profits ⁵, that the average margin for post-sales services is a healthy 25% compared to just 10% for new equipment ⁶, and that companies who digitize their supply chains can boost annual EBITA by 3.2 percent ⁷, doesn't it seem like a new, eyes-wide-open approach to this critical and highly complex aspect of the supply chain is needed?

As Gartner says, "Traditional supply chain strategies that focus on incremental change and being risk-averse... will no longer win."⁸

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Post-Sale Supply Chain Boosters

McKinsey identified five core elements needed for dramatic improvements in supply chain performance ⁹ :

- 1. End-to-end visibility:** Do your current systems enable complete, cross functional visibility and analytical-driven process enhancements?
- 2. Data:** Do you collect, aggregate and link all the data required from internal and third-party sources?
- 3. Analytics:** Do you have the analytical capabilities to extract useful insights from the data you collect?
- 4. Talent:** Do you attract, develop and retain the “digital-native” talent needed to transform and run a streamlined, digitally-driven supply chain? Does your culture and organizational model encourage experimentation, innovation and continual improvement?
- 5. Processes:** Do you have the right, best-practice processes in place within and across all supply-chain functions? Are those processes clearly defined and well understood by everyone who is involved in them?

If your company can't answer a resounding 'yes' to all the above, don't worry. Most can't. It's just not their core competency.

Don't go it alone. Find out how OnProcess Technology can help.

OnProcess Technology is a managed services provider specializing in complex, global service supply chain operations – the flow of people, parts and services following the sale of a product. The company's deep expertise, purpose-built technology delivery and embedded, analytics-based process improvement, enable clients to quickly optimize and scale operations, grow revenue and profitability, and deliver superior customer experiences. OnProcess provides services in 23 languages and operates in six global facilities, including its Massachusetts headquarters and facilities in Maine, Costa Rica, India and Bulgaria.



¹ Aberdeen, “Supply Chain Visibility,” May 2013

² Forrester Research, “A Customer-Obsessed Operating Model Demands a Close Partnership with Your CIO,” April 12, 2016

³ Forrester Research, “The Business Impact of Customer Experience,” March 27, 2014

⁴ CFO Research, “Why the CFO Cares about Post-Sales Service,” April 2016

⁵ Everest Group, “Aftersales Services BPO: Tapping in the Strategic Value of Service After the Sale,” 2015

⁶ McKinsey & Company, “Industrial Aftermarket Services: Growing the Core,” July 2017

⁷ McKinsey & Company, “The Case for Digitization,” February 2017

⁸ Gartner, Gartner Supply Chain Executive Conference

⁹ McKinsey & Company, “Digital Transformation: Raising Supply-Chain Performance to New Levels,” November 2017