**Technician Turnover Program**

This article explores the sales and marketing strategies available to residential replacement companies. It discusses the pros and cons of various strategies used to convert service/marketing calls into sales leads. It introduces a particular strategy, which creates immediate sales response to an opportunity called in by a technician. It shows how easy it can be to manage revenue day-to-day.

Let’s begin by taking a closer look at Sales Strategies.

Sales Strategies

A company has two basic strategies to choose from when going to market. The first is to be a marketing driven company where you invest heavily in lead generation and the service department’s primary function is handling warranty calls. This strategy does work, but the marketing and advertising costs tend to be expensive. The leads also tend to spike up and down with seasonal demand or with the economic conditions. The heat of the summer or the cold of the winter are when customers are most likely to think of their heating and cooling equipment. Likewise, in poor economic times consumers are less responsive to advertising that promotes replacement unless the existing equipment is broken. Even then the consumer will probably call a service company to try to fix the equipment.

A second strategy is to take a service-based approach in building a customer base by taking care of the customer’s service and maintenance needs. This second approach takes a commitment to keep the customer for life and being available when the customer needs us. The second approach builds trust, which manifests itself into customer loyalty and the ability to promote ‘value-added’ sales strategies. When implemented properly, a service strategy generates leads and revenue while taking out the peaks and valleys of residential replacement sales. It also results in higher average sales and higher closure rates for your Comfort Advisors. When executed poorly, your company stumbles badly and looks unprofessional to the customer.

If you decide to grow your company using a service strategy platform, the first thing you must do is build a loyal customer base. In the strictest sense, loyalty implies the customer uses us at least once a year. The only way to guarantee this is to sell service agreements. Using advertising to promote seasonal tune-ups only makes sense if the technicians can convert them to service agreements.

The next critical thing to implementing a service strategy is that technicians identify replacement prospects among customers and then convert them to sales leads. Let’s assume that the life expectancy of equipment averages 13 years in your market place. As a whole this means 7.7% of all existing equipment reaches 13 years of age each year. Now let’s pick an age for equipment at which it would be in the best interests of the homeowner to consider replacement because of repair costs, energy efficiency issues and warranty issues. In this case let’s select 10 years. That means 23% of all service and maintenance calls that technicians go out are on where the homeowner should consider looking into replacement options. The statistics may change for your market condition, but generally speaking, 20% seems to be a good number.

**Technician Sales Leads**

The conventional approach is to have technician’s identify a prospect and then explain why the customer should consider replacing the system rather than repairing it. Once the technician has created interest, he/she, then schedules a sales appointment with the Lead Coordinator in the office. A number of issues arise, which must be managed carefully if this strategy is going to work:

* Many technicians see themselves as repair people and not sales people. They’re uncomfortable making recommendations to customers. It takes constant diligence from management to reinforce the need for technician turn-overs.
* The technician probably identifies an opportunity in 1 out of every 5 service/maintenance calls. Many technicians are not well practiced in making customer recommendations when they do find an opportunity. It takes constant training with technicians to provide the skills needed to turn-over sales leads.
* Some technicians are just naturally better at making recommendations than others. The technicians, who are poor at it, are less likely to try doing it. When this happens, your company loses opportunities and possible sales.
* In most companies it takes years to develop a culture where service/maintenance technicians are accountable for turning over sales leads. Most companies need the sales leads immediately to drive company revenue and cannot afford the luxury of time.
* Many customers have extremely busy schedules. They do not want to take the time to meet with a Comfort Advisor on a second appointment. They want to solve the problem immediately rather than taking more time out of their schedule for another appointment.

Considering a sales lead generated by marketing could cost from $200 to $300 apiece, lost opportunities become very expensive.

**Allowing All Technicians to Sell**

Another common approach allows all technicians to sell. Usually companies require the technicians call the office for a quote so they do not appear to be sales people to the customer. The advantage in this approach is that it’s convenient for the customer and that customers tend to trust technicians more than sales people. Many people feel that technicians are in a better position to present options and close sales. The disadvantages include:

* Some technicians tend to only want to sell in equipment break down situations. You still lose out on all other opportunities.
* Some technicians do not want to face price objections from the customer. The sales presentation is generally short and there’s little opportunity to demonstrate value to the customer. Consequently, many technicians tend to sell lower end products. They often sell single unit replacements rather total system replacements. The average sale amount ends up being very low.
* Not all decision makers are generally available during a service/maintenance call. Many of these calls are ‘one-legers’, and the customer is more likely to postpone the buying decision.

**Dedicated Selling Technicians**

An alternative to letting all technicians sell is to only use technicians who are trained to sell. These positions are often called Selling Technicians or Senior Technicians. The technician is dispatched on service/maintenance calls where the equipment is older, generally 10 years or older. While on the call, the technician prods the customer’s interest in exploring his/her comfort options. If the customer is interested, the call converts to a sales presentation. The sales process is the same as with a Comfort Advisor. Usually there are only one or two technicians who perform this function in a company. This approach is convenient for the customer and will increase the average sale amount. The disadvantages include:

* Once again, it can take years to develop a company culture that accepts the role of the Selling Technician.
* It also takes time to develop the position. If the technician becomes uncomfortable in the role of a Selling Technician, he/she may want to go back to their old position or may even look for employment elsewhere. You lose the time invested in this person on training selling skills.
* Selling Technicians are usually paid commission just like a Comfort Advisor. The compensation is usually quite a bit more than what the technician can make doing service or maintenance. If not managed carefully, the technician side of the job can get short changed and the technician blows and goes when the customer is not interested in replacing equipment. When executed at its worse, the Selling Technician becomes a sales person disguised as a technician. It’s unethical and could get your company in front of TV cameras.
* Customers can easily become offended if the Selling Technician applies sales pressure tactics.
* Not all decision makers are generally available. Many of these are ‘one-leggers’ and the buying decision may get postponed.
* As mentioned previously, usually companies have only one or two Selling Technicians. You still must manage sales leads among the other technicians or you lose opportunities.

Technician Lead Turnover Program

This strategy has the technician call the office if the equipment is over a specified age. You define the age for your market, but many companies set it at 10 years. The office then dispatches a Comfort Advisor to the call to advise the customer on their comfort options.

I first encountered this approach in the mid ‘70s. The company divided employees into teams made up of service technicians, maintenance technicians and Comfort Advisors. The technicians and Comfort Advisors worked closely together. The techs called the Comfort Advisor when they ran across older equipment and the Comfort Advisor would either go to the call or would talk to the customer to set an appointment. This company pitted one team against another and had on going sales contests, which focused on team results. It was fun and it engaged employees. You could take a similar approach today and wrap it around a popular theme like NASCAR.

I’ve seen good variations of this idea over the last 30 years as well as some really bad variations. It’s convenient for the customer and it does allow someone with better communication skills to present the repair or replace options. However, some companies disguise the person giving a second opinion as a field supervisor when in reality it’s a Comfort Advisor dressed up as a technician. Once again this is unethical and customers can easily see through this.

However, if approached another way, this process can deliver results that are ethical and not offensive to customers. Going back to the above ‘70s example, have technicians call in all opportunities where the equipment is over a specified age and if possible, dispatch a Comfort Advisor out to the call to explain customer options. I’ve seen a number of companies take this approach over the years. As with any strategy, it takes a company culture built on a foundation of integrity and strong leadership to make it successful.

This strategy relieves the technician from attempting to convert a call into a sales lead. It puts the Comfort Advisor in front of the customer to present all options. It continues to build a relationship with the customer. The customer is able to make a well-informed decision on whether to repair or replace the system and the customer can make the decision immediately without rescheduling another appointment.

Most customers do not buy on logic; they buy on emotion. The emotional level is normally highest when the technician and or Comfort Advisor are engaged with the customer about a heating or cooling problem.

If a technician leaves a customer with the equipment operating and a sales appointment is set for a later date, it becomes much more difficult to sell the customer a new system when the Comfort Advisor arrives.

**Turnover Process**

* The technician identifies replacement opportunities within the first few minutes of the call (15 to 30 minutes usually).
* The technician calls person performing the lead coordination function in the office.
* Lead Coordinator creates sales lead in lead management system and lets the technician know if there is a Comfort Advisor available. If so, Lead Coordinator dispatches Comfort Advisor immediately. The Comfort Advisor arrives as quickly as possible to fit in the usual remaining 1 to 1-1/2 hours window of the service/maintenance call.
* Technician continues with diagnostics on service call or system evaluation on maintenance call.
* Technician presents findings to customer and counsels on repair versus replace options. Technician asks customer if they would like to review their replacement options with a Comfort Advisor.

**If Customer Accepts**

* Technician continues with service/maintenance call.
* When Comfort Advisor arrives, Technician introduces him/her to customer. On a maintenance call, the technician continues with the tune-up. If this is a service call, the technician goes to the next call. The Dispatcher will reroute a tech if the repair needs to be done later.

**If Customer Wants to Reschedule Sales Appointment**

* Technician calls Lead Coordinator to reschedule sales appointment.
* Lead Coordinator reschedules sales appointment and cancels present dispatch with Comfort Advisor.
* Technician continues with service/maintenance call.

**If Customer Declines**

* Technician calls Lead Coordinator to inform that customer does not want to talk to Comfort Advisor.
* Technician continues with service/maintenance call.

Revenue Becomes Predictable

Let’s continue with the previous example where the average equipment age is 13 years and an opportunity is defined as equipment ten years and older. As mentioned before, this means approximately 23% of all service and maintenance calls are replacement opportunities. Most experts in the industry feel that technician leads should attain a 50% or higher closure rate. This means 11.5% of all service and maintenance calls should result in an equipment sale.

Realistically, the Comfort Advisors may not be able to go out on all the opportunities. They may be tied-up on other calls. Pick a percentage and apply it. For the sake of this example, let’s pick 50%. Now this means that 5.75% of all service and maintenance calls should result in an equipment sale. For the sake of this example, let’s say that the average sale was $8,000. Let’s see what happens on 100 service and maintenance calls:

* 100 service/maintenance calls.
* 23 calls are opportunities.
* 11.5 opportunities have a Comfort Advisor dispatched.
* 5.75 of these convert into a sale.
* $40,000+ residential replacement revenue.

Your numbers may vary slightly, but the point is that residential replacement sales are now predictable under this program. Sales become a function of the number of service and maintenance calls that are run. A company can focus most of its marketing plan on generating service and maintenance calls.

Program Details

At first glance it appears there is little difference in the customer recommendations given in the Technician Turn-Over program versus the earlier descriptions of the technician’s role. This is not the case. Here are some of the differences:

* Technicians call in all opportunities where the equipment is past the defined age. This is done in the first 15 to 30 minutes of the call. The technician should get a small spiff for every opportunity called in regardless if it turns into a sales lead or not. This rewards the technician for the performing the desired behavior.
* The Lead Coordinator records all opportunities for purposes of future marketing, not just sales leads.
* The technician recommendation is very low key. He/she is not driven to set a sales lead so customer communication is much softer.
* The technician tells the customer upfront that a Comfort Advisor is available to discuss the comfort options available.
* Like the other strategies discussed earlier, technician can earn additional spiffs if the opportunity turns into a sale.

The secret to the success of this sales strategy is the customer convenience it provides. Most customers think in terms of taking 2 hours out of their schedule when setting a service/maintenance call. If you can get a Comfort Advisor out within this 2-hour window, the chances of the customer agreeing to look at their comfort options increases dramatically.

The Lead Coordinator is critical to the execution of this strategy. When the Lead Coordinator receives an opportunity call from a technician, the Lead Coordinator must quickly determine the availability of a Comfort Advisor and then must dispatch the Comfort Advisor out to the service/maintenance call as quickly as possible. During busy times of the year, the Lead Coordinator must decide which opportunities the Comfort Advisor should go to. For example, an opportunity that’s just over 10 years on a precision tune-up has a lower priority compared to an opportunity where the equipment is 15 years old. The Lead Coordinator also needs to be firm with the Comfort Advisors when scheduling and dispatching sales calls.

Technician and Comfort Advisor buy-in is critical as well. The following sections give additional insights into creating buy-in.

Technician Buy-in

When introducing this program to technicians, explain the goal is to give the customer all of the options and not to make decisions for the customer. When you go into a home and fix the unit, you’re not giving the customer all of their options. The customer has to make the decision themselves based on the facts and based on the options presented them. Then whatever the customer decides is the right decision.

It’s not about selling the customer something they do not need. It’s about giving the customer the facts and all of their options. When you fix a unit and do not give the customer all of their options, a few months later there could be another problem and the customer faces an additional service bill. Sometimes the customer will complain because they were not presented the option to replace the equipment during the original call. The company may end up conceding the cost of the repair to keep the customer happy, but it’s not a nice thing to happen to the customer. They wonder if your company really knows what it’s doing.

**Technician Incentives**

The reason for incentives is to reward desirable behavior. Spiff programs need to be based on company policy. Here is a policy you may want to consider for the technician turn-over program:

**Suggested Policy --** A technician dispatched to a piece of equipment or comfort system over the defined age, must call the Lead Coordinator to have a Comfort Advisor dispatched to the site to meet the technician. After the Comfort Advisor arrives, he/she will discuss the customer’s options. If repairs are in question, the Comfort Advisor will advise technician on disposition of the service call in a timely manner once they have established a rapport with the customer.

In setting up a technician spiff program for opportunities, align the technician’s interests with the company’s interest. Here is a plan that rewards the technician for calling in an opportunity and encourages the technician to call in all opportunities. This plan requires monitoring all service tickets to see if the equipment is over the defined age. You will want to adapt this plan to suit the needs of your company.

**Suggested Incentives** – Technicians will receive a small spiff (i.e. - $50) for each opportunity called in to the Lead Coordinator.

Also give the technician a spiff, if the opportunity turns into a sale. Some companies do this as a percentage of sales (i.e. – ½ to 2%) or others do it as a dollar amount (i.e. - $100 to $250). All spiffs should be built into pricing.

**Training**

The object is for the technician to give the customer the facts and their options. For example, tell the customer:

* What is wrong with the equipment?
* The cost of the repair.
* The age and condition of the equipment.
* The life expectancy of the equipment.
* That efficiencies have changed on new equipment.
* The warranty on new equipment.

When kicking off this program, set a time with all of the service and maintenance technicians to dedicate towards customer communication training. Explain the program in detail. Explain the above objectives when communicating with customers whose equipment is older than the defined age. Have the technicians create their own scripts with your guidance. Use role playing as a training technique and schedule as many training sessions as needed. Invite feedback from technicians to continually improve communication.

Comfort Advisor Buy-in and the Transition Process

At first the Comfort Advisors may object because this process is so different from what they may be used to. It does require flexibility in their schedules. They will quickly see that these opportunities are as good as or better than marketed leads. Once they start seeing results, they quickly buy into the strategy. The Comfort Advisor advantages include:

* An opportunity to build a relationship with prospective purchasers even if they decide not to proceed with the sales call.
* An opportunity to sell accessories and IAQ products to all customers.
* An opportunity to have a higher closure rate on sales leads.
* An opportunity to increase the average sale amount.

As mentioned previously, 50% or more of technician leads turn into a sale. In addition, there is also the opportunity for “back door” sales as customers who did not buy immediately decide to purchase at a later time.

The actual sales call is very low-key. He/she explains the condition of the existing system and its operating efficiency. He/she quickly summarizes why the customer should look into the repair versus replace options and then asks if the customer would like to find out more about their options. If the customer agrees, the Comfort Advisor then goes into the sales presentation. The presentation takes less time than a sales appointment on a marketed lead because the customer already has a relationship with the company. The Comfort Advisor does not need to spend as much time building trust and credibility in the presentation. It should last about an hour and fits nicely into the customer’s schedule.

For those customers who do not want to explore their options with the Comfort Advisor, the call is strictly social. Again, one of the keys to the success of this strategy is being very low key when presenting the customer with options. The technician and Comfort Advisor are explaining the facts so the customer can make an informed decision. The goal is to build a relationship with the customer. After all, the equipment needs to be replaced sooner or later and your company is positioned to do the job when the need does arise.

**Comfort Advisor Transition into a Sales Lead**

1. When the Comfort Advisor arrives at the home, he/she greets the customer and begins the process. It’s important the customer be aware someone from the company other than the technician has arrived. At this point the Comfort Advisor is nothing more than a person looking at the equipment. He/she is part of the service/maintenance call.
2. The Comfort Advisor then meets with the technician and asks questions to find out if there are any repair concerns. The technician alerts the Comfort Advisor of any concerns and covers the details of the repair and corresponding costs. This ensures that when the Comfort Advisor explains the options to the customer, both the technician and advisor are in agreement. There must not be a conflict about the repair and the cost.
3. Before the Comfort Advisor meets the customer to discuss the repair issues, if any, he/she does a brief survey of the equipment, ductwork and the electrical.
4. After meeting with technician and conducting the survey, the Comfort Advisor gets re-acquainted with the customer. If there are no problems, the advisor compliments the customer on investing in preventative maintenance and re-emphasizes the value of this service. Otherwise, if there are problems, the Comfort Advisor proceeds to discuss the necessary repairs. Many flat-rate service books show pictures of possible repairs. The Comfort Advisor displays and discusses the repair problem and gives the customer the total cost for the repairs. The Comfort Advisor also discusses the condition, life expectancy and efficiency of the existing system. The Comfort Advisor then asks if the customer would like to look at new equipment options.
5. The customer may do different things at this point. Sometimes they decide to do nothing, particularly if the system is operational and they want the equipment repaired.

Sometimes the customer wants to look at other options. The Comfort Advisor then utilizes a ‘Rating Guide’, to help the customer decide on whether the repair is in their best interest based on the age and condition of the equipment. If the customer is interested in solutions beyond repair, the Comfort Advisor then shows the customer the advantages of a new system.

However, the process unfolds; the Comfort Advisor maintains control and completes the service call before beginning the discussion of investing in a new system.

**Refer to other articles in the EGIA HVAC Best Practices Website for more information on**

**a ‘Rating Guide’ and an ‘Investment Grid’ located in the Home Credibility Booklet.**

Managing Revenue

From a management aspect, the technician turn-over program simplifies day-to-day management. Everything becomes a function of the number of service/maintenance tickets on the dispatch board. The owner or general manager starts each day by going to the CSR Manager to see how many tickets are on the board. He/she then goes to the Lead Coordinator to see how many sales appointments are being set.

Suppose a technician can do 5 calls per day and the company has 8 technicians. This means the CSRs must book 40 calls per day. When this number of calls is booked, you automatically know how many technician turn-overs should be generated, the number of sales and the amount of revenue. Everything becomes a function of how many service and maintenance calls are booked.

**This Engages Employees**

In relating technician performance to the amount of revenue generated, this becomes an abstract issue with technicians. In contrast, it’s much easier for technicians to equate performance to the number of calls they go out on and the number of opportunities called in. This does not mean management does not continue to monitor average ticket revenue and closely looks at non-revenue tickets. Management can work with individual technicians to address revenue issues such as charging for all work performed, callbacks, etc. It does mean that day in and day out every technician knows what’s expected of them in terms of the number of calls they run.

Likewise, CSR expectations become pretty simple as well. How many service/maintenance calls are booked for the day? It’s then easy to put together compensation incentives to reward this performance. The same holds true with the Lead Coordinator function. You establish performance expectations that employees understand.

**Marketing Considerations**

When taking this approach, marketing becomes a simple function of generating service and marketing tickets when needed; and generating additional sales leads to keep the installation crews busy when needed.

Of course the obvious question is, how do you keep your people busy during slow times? That’s the rub for most companies. The answer is to shift your service/maintenance demand to match your company’s capacity. This is called Labor Utilization and you can refer to another on this subject in the EPL residential site for more information.

Why is this Critical to Your Success?

Implementing a program that creates immediate sales response to an opportunity will:

* Allow you to capitalize on all opportunities. Even if your sales force cannot respond to all of the opportunities, you are creating a very warm prospect list to market to. This means more sales.
* Lower your lead generation costs compared to other marketing/advertising strategies. This means more dollars to your bottom line.
* Build long-term customer relations by focusing on giving customers the information they need to make decisions. This approach is also more convenient for customers. This means greater customer loyalty, future sales and even referrals.
* Engage your employees. Everyone knows what is expected of him or her in terms of measurable results. It’s easy to create compensation plans that reward performance and positive behavior. This helps create a culture of accountability within your company. Everyone is focused on achieving company goals.
* Allow you to effectively manage revenue. It makes your life a lot easier.

**A good technician opportunity turn-over program will absolutely MAKE YOU MORE MONEY!**