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Performance*raising contractor revenue*

Assessing Service Engagements



Woody Allen said "80% of success is just showing up".

However, buying or providing a support service takes a lot more than just showing up.

Wouldn't it be great if there were a leading indicator of service success? Something as easy as just showing up?

From a theoretical standpoint there may be one. It just might be the "degree of engagement". The engagement between the buyer/user and seller/provider

This mythical "degree of engagement" might precede the value to be received in the exchange. The more engaged, the more value each side receives.

If you see how engaged the buyer/user and seller/provider are with each other, the performance metrics might mirror that. Either good, bad or in between.

This month's Revenue-IQ article will take a cut at creating a self-assessment of the "degree of engagement".

Ideally, it would be a joint exercise with both the buyer/user and seller/provider sitting down together and coming to explicit agreement.

However, if that's not possible, one's best guess for the other party will do. Then next year's goal is to get that other party participating.

Regards,



Chris Arlen, President, Service Performance



Assessing the "degree of engagement" is going to be a qualitative kind of checkup. And it probably only needs doing once a year.

So, here are 5 points from which to start. It's fairly easy and shouldn't take a lot of time. Who knows what you'll find? Maybe a road map for a better service engagement.

Preparation Before Starting

Weight it before rating it

Not every one of the 5 points are as important as the other. Assign an importance factor where ratings are either:

- VERY IMPORTANT (ratings are multiplied by 3), or
- IMPORTANT (ratings are multiplied by 1.5), or
- NOT VERY IMPORTANT (ratings are multiplied by 1)

Getting Started

Rate each point

Rate the strength of your engagement on all 5 points. Use a scale of +5 to -5, or any whole number in between.

For each of the 5 points there's a definition below to help you determine what a +5, 0, and -5 might be.

Take your best guess. At the end of the day it's your call, and that of your buyer/user, or seller/provider.

Calculate your engagement

1. When finished rating, multiply each point by their IMPORTANCE factor.
2. Add those individual scores together.
3. Then divide that total by the maximum total possible.

For example, if you weighted all 5 of your points as VERY IMPORTANT, the maximum total would be 15 (5 x 3). Then if you rated the points and multiplied by your importance, your weighted ratings totaled 12. You'd be at 12/15, or 80% (a "B" in letter grades).

The 5 points

#1 Performance Review Regularity & Importance

DEFINITION:

Trust is developed between buyer/user and seller/provider in formal business meetings that review performance. It all starts here.

RATING +5:

Review meetings are held religiously according to schedule AND your immediate supervisors (both sides) attend.

RATING 0:

Review meetings are held irregularly and are mostly going through the motions, with just you and your immediate counterpart attending.

RATING Rating -5:

What's a review meeting?

#2 Cost Understanding & Visibility

DEFNITION:

When the buyer/user understand's a seller/provider's cost structure and drivers, more opportunities are available to drive down total cost.

And though it may be frightening to a seller/provider to disclose cost information, it provides a stronger incentive for buyer/users to retain their seller/provider over the long-term.

With that shared knowledge buyer/users gain confidence, trust and a greater respect for what it really costs to provide service.

And in almost every situation, reducing service costs results in higher profitability for the seller/provider.

RATING +5:

The seller/provider has proactively educated the buyer/user to their costs and drivers of those costs. This is full disclosure, open kimono.

RATING 0:

The buyer/user has asked the seller/provider for the drivers of their service costs, such as local wage comparisons to McDonalds, etc. But the seller/provider hasn't revealed their cost structure.

RATING -5:

Loose lips sink ships. Not a word about costs.

#3 Proactiveness

DEFINITION:

Both the seller/provider and the buyer/user have information to share. Better ahead of the need/problem, than after.

RATING +5:

The seller/provider regularly brings advancements in processes, equipment, products and technologies to the buyer/user. These advancements are aimed at reducing the total cost of service.

The buyer/user regularly shares their organization's strategic goals, challenges, and initiatives with the seller/provider. This is done as soon as the buyer/user is aware of them, which enables the seller/provider to adjust/alter their service to support them.

RATING 0:

Occasionally, the seller/provider will survey the market for advancements that may reduce total cost of service. Typically, 60-90 days before the contract term expires.

Occasionally, the buyer/user will share their organization's latest initiatives or challenges. Typically, only if the seller/provider has found out from others in their organization.

RATING -5:

Only responds when asked.

#4 Obstacle Removal

DEFINITION:

Each side of the service engagement must step up for unpleasant work to enable service delivery. Removing obstacles is that type of work.

The buyer/user might have to request one of their firm's departments to alter their work so as to enable the seller/provider to deliver service.

The seller/provider might have to totally change an internal process (i.e. scheduling, hiring, reporting, invoicing, etc.) to match the buyer/user's one-of-a-kind requirements.

RATING +5:

Both sides routinely and regiliously remove obstacles and communicate their actions.

RATING 0:

Both sides have about a 50% success rate in removing obstacles.

RATING -5:

Neither side even tries to remove obstacles.

#5 Succession Planning

DEFINITION:

Nothing (and no one for that matter) is forever. Planning for one's successor is smart work.

RATING +5:

Communicates to the other side who the successor in training is. Actively engages the successor with the other side to gain first-hand experience. And, provides additional support and training for the successor to better understand service particulars.

RATING 0:

Identifies a successor when asked by the other side.

RATING -5:

Successor is a dirty word, it's never mentioned.

Summary

Service doesn't take place in a vacuum. How thoroughly you're engaged can define your level of success. But it takes two. Consider assessing your "degree of engagement"

- Weight the 5 points by their importance (VERY IMPORTANT x3, IMPORTANT x1.5, NOT IMPORTANT x1)
- Assess your "degree of engagement" by rating the 5 points on a scale from +5 to 0 to -5, or any whole number in between (see definitions above for help rating)
- Calculate your engagement by multiplying the ratings by the weightings, then add them all together. Divide your total by the maximum possible for a %. What's your grade?
- The 5 points are:
 1. Performance Review Regularity & Importance
 2. Cost Understanding & Visibility
 3. Proactiveness
 4. Obstacle Removal
 5. Succession Planning

[Image by Andrew Magill](#)

About Service Performance

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