Your Contractors and You: Teaming with Your Contractors to Navigate the Labor Shortage

Introduction

We are in the midst of a labor shortage across industries, but field services have perhaps been the hardest hit. As demand for work on homes and businesses skyrockets, it has become more difficult for field service brands to satisfy job request volume.

But as demand increases, access to experienced and skilled field service technicians continues to fall. NPR studied this phenomenon in 2022, <u>finding that the application rate for young people seeking technical jobs dropped by 49% since 2022.</u>

Savvy brands are more frequently looking to independent contractors to accommodate their customers and continue driving service revenue - <u>according to Deloitte, 86% of field service brands surveyed say that they outsource at least some of their field service work to third-party service providers</u> since the COVID-19 pandemic, and that number is expected to increase.

1. What is a Network?

As job requests and competition for skilled labor increases, field service brands have begun to develop 'networks' of independent contractors to accommodate their increasing job volume. Augmenting or replacing your dedicated workforce with 'non-dedicated' resources is an effective way to ensure that you can cover both the volume and geographical area of your jobs as they come in.

There are three types of workforces in today's field service ecosystem:

Fully-Dedicated Workforce - resources that are fully employed by your business. They wear your uniforms, drive your trucks, and adhere to your desired field operational process. The current labor shortage has made it more difficult to successfully hire a sufficient dedicated workforce.

Non-Dedicated Workforce - independent contractors or service providers that do work on your behalf, but are not employed by your business. They may receive some or all of their jobs from you, but also may do their own retail jobs, or jobs on behalf of other brands in your space.

Blended or Hybrid Workforce - a combination of dedicated and non-dedicated. Becoming increasingly more common, this type of network is

The different types of workforces require specific strategies to ensure optimized operations and positive experiences for your end-customers.

Replacing or augmenting a fully-dedicated workforce can have significant benefits for your field service business:

- Ability to scale your workforce up or down depending on factors such as seasonality

- Access to field resources across a larger geographical area

- Ability to find field resources with the appropriate skills and certifications

- Ability to manage cost and negotiate pay scale

- Reduced need for employee-related operational overhead

Despite the associated challenges, more field service brands are turning to non-dedicated resources as a way to save money and scale their business in the face of economic and labor uncertainty.

2. The Independent Contractor Lifecycle

Finding and curating a network of independent contractors to facilitate some or all of your field jobs is a multi-step process, and getting the most out of your blended or non-dedicated workforce requires ongoing effort.

Finding Contractors	Identifying contractors with the relevant skills and geographical location for your typical jobs, often based on existing relationships or done via a simple Google search.
Onboarding and Training	Creating the technical infrastructure to establish your contractors inside your system of record and arming them with the software they need to receive and status jobs.
Creating a Communication Infrastructure	Opening the lines of communication between you, your contractors, and your customers. This essential communication infrastructure can be challenging based on the different means of communication desired by each party.
Establishing Service Level Agreements (SLAs)	Settling clear expectations for your contractors around key metrics such as time to accept jobs, time to schedule jobs, and time to complete jobs.

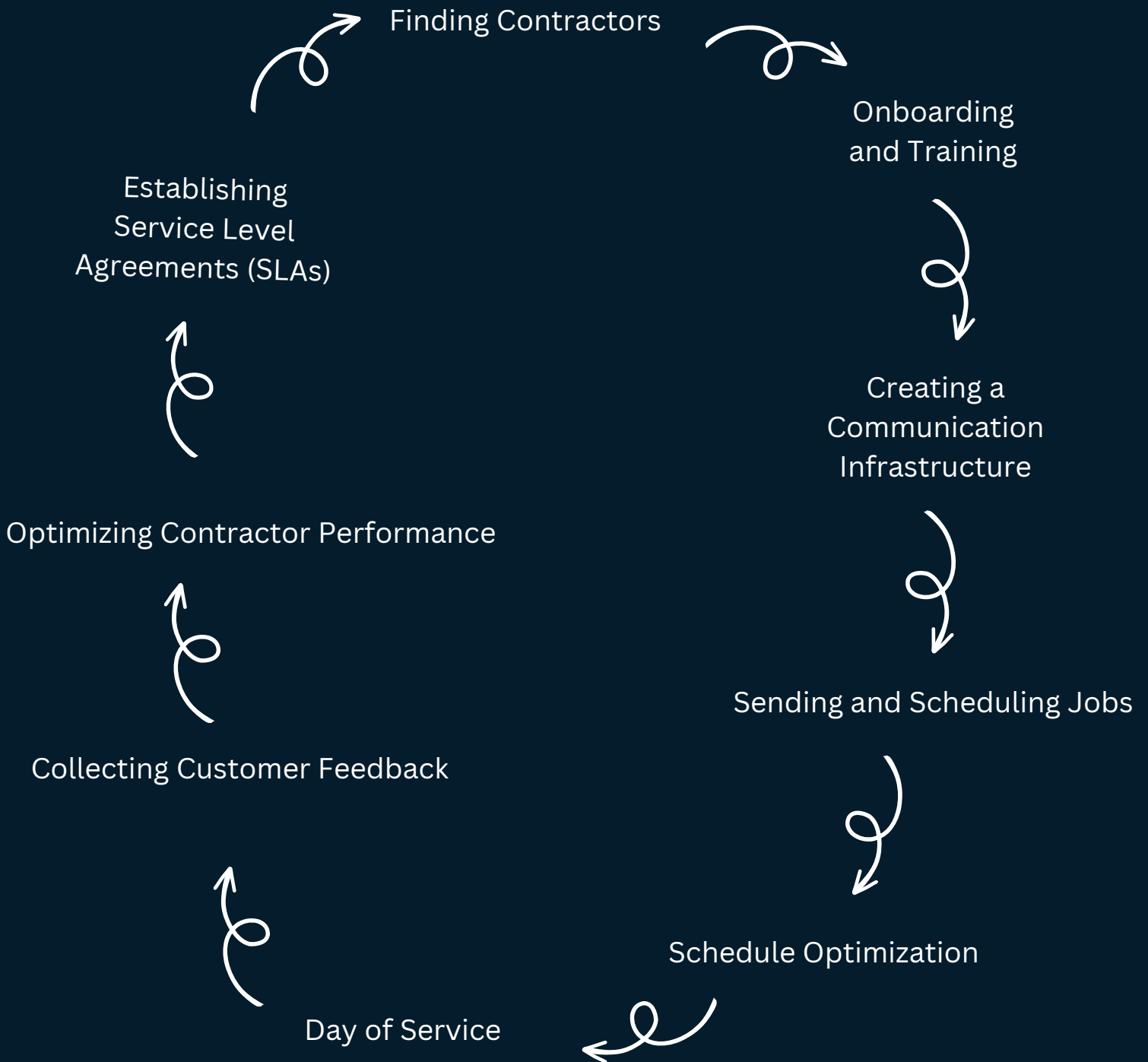|	
Sending and Scheduling Jobs	Facilitating the delivery of jobs to your contractors after being requested by your end-customers. Jobs can be sent scheduled or unscheduled, often accompanied by customer availability.
Schedule Optimization	Evaluating your complete schedule across all contractors and optimizing timing/locations to reduce needed time and mileage. When working with a blended or non-dedicated workforce, this must be done at the point of scheduling, not on the day of the appointment.
Day of Service	Enabling your contractors to provide a consistent and measurable field service experience for your end-customers, aligning with their modern expectations.
Collecting Customer Feedback	Eliciting feedback directly from your customer after an appointment is complete, creates the necessary data to analyze customer satisfaction and contractor performance.
Optimizing Contractor Performance	Utilizing operational and customer satisfaction metrics to measure contractor performance across your network.

Customer Availability - when working with independent contractors, you often cannot book directly into their existing schedule. Requesting ideal times from your end-customer at the point of the job request can significantly reduce the time to schedule.

Job Status - the current state of your job (ie: scheduled, en-route, follow-up needed, completed, etc.). Understanding job status, whether you are sending leads or jobs to your contractors, is a key challenge in working with blended or non-dedicated workforces.

Finding Contractors

Onboarding and Training

Establishing Service Level Agreements (SLAs)

Creating a Communication Infrastructure

Optimizing Contractor Performance

Sending and Scheduling Jobs

Collecting Customer Feedback

Schedule Optimization

Day of Service

3. Creating a Better Non-Employee Experience

> Field-service retailers and other companies that deliver the products and services that people use every day—from packages, consumer goods, and groceries to maintenance and repairs—are at the forefront of digital change.

Better non-employee experience

Once you've established your contractor operations, it's important to build loyalty with high-performing contractors, which will in turn ensure a positive end-customer experience that inspires ongoing customer loyalty.

As the availability of labor continues to drop, fostering a positive 'Employee Experience' has become more of a priority for businesses across industries. This becomes more challenging as you try to extend this concept to 'Non-Employees' such as field service contractors.

There are several factors to consider when building a positive Non-Employee experience.

- Ease of collaboration (operational improvements)
- Operational Automation
- Consolidated Technology
- Ongoing Training and support
- Upskilling

Ease of Collaboration

When building a contractor network, it's important to recognize that your service providers will often have choices when it comes to job sources. When your contractors are deciding which jobs to accept and which jobs to turn down, ease of collaboration is something that they'll consider.

How easy is it to work with your brand compared to others? Are there clear SLAs? Are there straightforward processes? Are all the job details being effectively communicated? These factors all play a role in making contractors excited to work with your brand.

Establishing clear parameters and expectations for your contractors, and being able to communicate them from the beginning of the relationship, makes it an easier decision when a contractor is deciding to accept your job.

Operational Automation

Ideally, there should be automation introduced at every possible step of the field service experience. Automating key processes creates consistency that allows contractors to work more predictably with your service brand.

Scheduling, accepting, and statusing jobs should occur as a matter of course throughout the service experience, and customer notifications can be sent automatically to remove manual touchpoints for your contractors while simultaneously creating a consistent experience for end-customers.

This can be a difficult goal to accomplish for brands that rely on blended or fully-non dedicated networks, especially without control over the software and operations used by your independent contractors. Implementing an enterprise system that can facilitate automation across multiple different types of software is a necessary step.

Consolidate technology

Service providers rely on Field Service Management (FSM) software to facilitate their day. Scheduling, routing, customer communication, parts management - all of these aspects of field service operations are handled by the software our contractors are using.

One of the inherent challenges in working with a network of independent contractors is that each one will operate in a different way, often dictated by the software they use.

Often, service brands that rely on independent contractors will offer a specific field service solution at low or no cost as a way to incentivize their service providers to accept and complete their jobs, and to create consistency around the service experience for all parties. However, not every service provider will want to change the way they currently operate.

Creating an enterprise infrastructure that allows contractors using a variety of FSM software to accept, status, and complete jobs, while automatically communicating critical service interaction data back to your brand, is a key aspect of succeeding with independent contractors.

Onboarding, Training, and Support

Regardless of how simple you make your own operational process, independent contractors still need to understand and balance systems and processes from all of their job sources. Leaving contractors to their own devices during collaboration is not an option if you want to build loyalty with high-performing contractors and curate a high-quality network for your brand.

Any system you implement - particularly any FSM software you make available to your network, should be easy to adopt, easy to use, and have comprehensive training and support resources available.

The process of 'engaging' contractors can require high overhead but is a necessary step to make sure contractors have a clear understanding of your expectations, and can easily work with your service brand to provide efficient and positive service experiences to your customers.

Once a contractor is onboarded and engaged, there should be support and resources available to ensure each contractor can easily understand how to effectively work within your ecosystem.
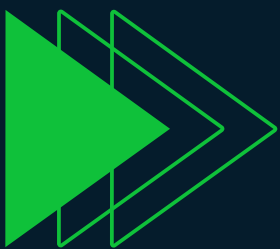
Contractor Engagement - working directly with your independent contractors to foster the usage of available field service tools and the understanding of how to easily work with your brand, both at the start of a relationship and on an ongoing basis.

'Upskilling'

For field service businesses that conduct a high-variety of types of jobs, or jobs that require in-depth understanding of complex or proprietary systems, relying on independent contractors can be particularly challenging. One of the key advantages of a fully-dedicated workforce is the experience and expertise they accumulate while doing their jobs.

This expertise can effectively be communicated to independent contractors with the correct technology and infrastructure in place. This practice, called 'Upskilling', can create automated steps for service providers to follow on-site, delivered dynamically depending on the nature of the work that needs to be done.

'Upskilling' can allow inexperienced independent contractors to complete jobs of a complex or highly-specific nature without the usual need for years of experience in that particular field. Sophisticated field service solutions are starting to implement the infrastructure needed to provide these instructions directly inside the FSM software being utilized by the service provider.

Contractor Loyalty Programs

Once you identify high-performing contractors, you can implement a contractor loyalty program to help retain them and incentivize an ongoing relationship with your brand. Contractor loyalty programs often include:

- Preferential selection of high-value jobs
- Low or no-cost access to FSM software
- An annual allotment of marketing dollars to drive mutual business
- Preferential support or access to your brand

Building a contractor loyalty program with some or all of the above features can help curate the best possible network for your brand, driving mutually beneficial results for you and your contractors.

4. Creating a Better End-Customer Experience

Ultimately, your contractors become your representation to your end-customers. It can be a challenge to ensure that each contractor in your network is providing a positive end-customer experience on your behalf.

This is critically important, however, as service becomes the key way that businesses are driving loyalty with their end-customers, ensuring consistent revenue growth.

- 96% of consumers say customer experience is a top influence in their choice of brand loyalty
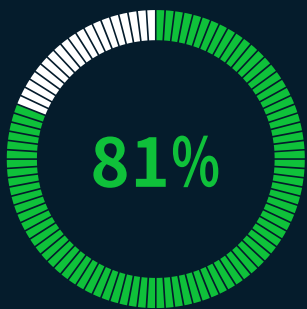- 88% of customers say the experience a company provides is as important as its products

There are several ways to ensure a positive end-customer experience, even when you are sending non-dedicated independent contractors to your end-customer's home or business.
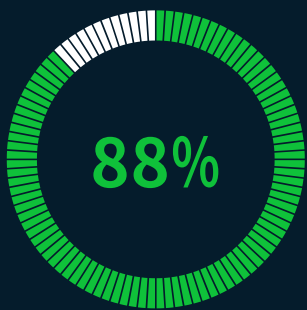
The Importance of Service
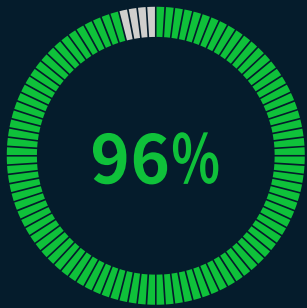
96% Consumers say customer experience is a top influence in their choice of brand loyalty

81% Businesses view CX as a differentiator

88% Customers say the experience a company provides is as important as its products

> "...hastened in the last two years by the volatile fluctuations in demand and other disruptions created by the COVID-19 pandemic 86% of survey respondents say that they outsource at least some of their field service work to third-party service providers. 73% of respondents use third-party field services for up to 50% of their total field service work, and 13% outsource more than half of their field service work to third party workers."

Modern Customer Experiences

As customer-facing technology has evolved, so too have customer expectations. It is clear today that customer service is one of the most important factors in driving customer satisfaction and loyalty, and subsequently driving revenue for your business. In order to do this, your end customers must feel like they are getting the best possible experience with receiving service in their home or business.

Today's customer expects:

- Complete transparency into who is coming to their home/business and when they are arriving

- A means of communication with both your brand and the service provider

- A way to create accountability via feedback and surveys after an appointment is complete

This can be particularly challenging when relying on independent contractors, but with the right tools, you can deliver a modern experience across your complete contractor network.

Modern Customer Experiences

Open and Transparent Communication

With so many means of communication driven by modern technology, it can be challenging to understand the best way to communicate between your business, your contractors, and your end-customers.

Giving your contractors a consistent way to communicate with your brand, ideally through their FSM software, can provide trackable communication that enables the delivery of a smooth and positive experience for every party.

For your end-customers, remaining flexible on how they communicate with you and your contractors (Email, SMS, phone, etc.) allows open and easy communication throughout the service experience. Ideally, you should encourage customer communication by accepting messages in a variety of ways, consolidated in one system of record on your end.

Post-Job Feedback

The value of easy post-job feedback, via automated surveys sent when an appointment is complete, is two-fold:

- Improves customer experience and loyalty by empowering end-customers to easily provide their thoughts on the service they received.
- Improves contractor network performance by automatically collecting valuable data about the experience each contractor provides.

The automated collection of customer feedback after each appointment can exponentially improve your network performance while simultaneously increasing customer satisfaction..

Measuring contractor performance

Once you have created consistent, automated, and measurable service processes that can accommodate your network of independent contractors, you will start collecting contractor performance data that can help curate the best possible network.

Below are the key metrics to analyze when understanding the efficiency of your service operation, the performance of your independent contractors, and the satisfaction and loyalty of your customers:

Operational Efficiency

First Time Fix Rate	How frequently were your contractors able to complete a job in one visit to the home or business?
Repeat Visits	How many times did your contractor need to go to your customer's home or business to complete the job?
Travel Time	How long are your contractors on the road for, across all appointments?
Service-Related Call Volume	How many calls are coming into and out of your call center per job?

Contractor Performance

Engagement Rating	How engaged are your contractors with your business? How well do they adhere to your processes and provide your ideal end-customer experience?
Percentage of Job Status Collected	How many jobs are you collecting partial or full job status for? A representation of visibility into your overall service operations.
Time to Accept	How long does it take a contractor to accept an offered job?
Time to Schedule	How long does it take a contractor to schedule an accepted job?
Time to Complete	How long does it take for a contractor to complete a job from start to finish?
Average Contractor Star Rating	How satisfied are your customers at a per-contractor level?

Customer Satisfaction

Customer Retention or Churn Rate	How effectively are you retaining customers, or how frequently are you losing them?
Customer Effort Score	How much effort does a customer need to put into getting their job done
Net Promoter Score (NPS)	A common measure of customer satisfaction that represents the answer to the question 'How likely are you to recommend our brand to a friend or family member?'
Appointment Star Rating	How satisfied was your customer with their service experience at an appointment level? This can be aggregated across geo, type of service, etc.

When you start measuring some or all of the above metrics, you will be able to ensure you are driving the highest amount of revenue and customer satisfaction for the lowest cost while retaining positive relationships with the independent contractors that drive positive performance.

5. Navigating the Labor Shortage

The best practices, processes, and performance metrics outlined in this document can help enable any field service brand to combat dropping levels of skilled labor by creating an ecosystem that makes it easy and lucrative for independent contractors to choose to work with your brand.

Once you establish an easy means of collaboration, set clear goals and expectations, and arm service providers with powerful and flexible technology, it will be easier to scale your operations as job volume fluctuates, without the need to employ a shrinking number of skilled field service technicians directly with your brand.

The most critical step to achieving this is to implement enterprise-level software that can be flexible enough to work with a broad variety of independent contractors, but powerful enough to provide consistent and positive service experiences to your end customers at scale while keeping overhead costs low.

Learn more about Dispatch

A bit about Dispatch

Dispatch is the only software platform to help enterprises successfully unlock the potential of flexible service provider networks to provide world-class customer experiences. We make it easy by centralizing all service interactions onto one platform to give modern enterprises real-time visibility across all field operations, helping enterprises own every service experience and create lifelong customers.