

# Fire and Sprinkler Dealers Neglect Service Revenue

*By Joe Siderowicz*

Most distributors of fire alarm, sprinkler, and security systems recognize service as their most profitable business. The majority understand selling service agreements is the best method to capture this renewable, high margin revenue. All agree they can do a better job growing their service business.

Owners and operators clearly understanding the profit potential, the positive impact of customer relationships, and the financial stability that comes with a solid base of service agreement customers. Lacking, in almost all cases, is the expertise and understanding of life safety service marketing concepts.

Many companies in the life safety segment utilize strategies that are contrary to best practices. Either for lack of understanding or exposure to better approaches they are unaware of the revenue they are losing. The most common scenario is companies that utilize central station monitoring strategies to sell fire and sprinkler service agreements. Although monitoring falls into the category of life safety, it's a commodity product, price sensitive, multi year marketing strategy that has no relationship to selling service agreements on fire alarm systems. This scenario is also typically found in companies that are rooted in the sprinkler business.

Distributors admit they have been “too busy” to address their service business. High margin negotiated service agreements are rarely sold. The reasons vary, but they usually fall into one of the following areas.

- Sell testing and inspection agreements that meet codes, not solutions to needs.
- Don't understand how to locate and qualify end user, decision makers who purchase service agreements.
- Utilize service agreements that are unprofessional in appearance and content.
- Underestimate the need to offer coverage's like parts replacement, after hour service, and detector cleaning/sensitivity testing.
- Lack estimating tools to properly price full coverage service agreements.

There has never been a better time to focus on growing service revenue. Customer satisfaction is at an all time low. Manufacturer's direct service operations have suffered from cost restructuring. All it takes is the right sales strategy, tools, and training. Most importantly it takes a commitment to do it today, not next month or next year. It's too late to take action when installation projects start to slow down and construction subsides.

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