

Fire Sprinkler Firms Underestimate Service Opportunity

By Joe Siderowicz

I have worked with dozens of independent life safety system integrators looking to grow their service revenue. Their primary business is fire alarm, sprinkler, suppression, nurse call, security and sound system installation and service. Many of these firms supply multiple systems while some focus on one area of expertise. The common bond is the need to grow renewable service revenue to compensate for the downturn in installation activity. Most recently the group that has represented the largest growth segment of my practice is the fire sprinkler/suppression sector. It's clear that the downturn in construction activity has impacted this group to a greater degree than their electronic systems counterparts. The reasons vary, but typically these issues surface.

- Many of these firms are long established companies that have well defined business models that have thrived for decades. Unfortunately many are oversized for today's economic environment. In short too many suppliers for too little business. Competition is fierce.
- With few exceptions these companies have little or no service marketing knowledge or experience. Service is still primarily a break-fix, inspection driven effort. Even firms that think they have a great service business lack an understanding of what's available beyond their current practices. Most management, supervision and sales people are long term employees who have well developed, but dated views of how to sell service. The concept of marketing service...forget about it. With all due respect sprinkler/suppression service departments operate much like they did thirty years ago.
- While many sprinkler companies have diversified into the electronic side, many others have either made weak or failed attempts to extend their line card. If there is no sprinkler work they face a prolonged downward spiral. Common is the perception that you need to have developed a fire alarm installation business to become a major player in the fire alarm service business. This is definitely not the case!
- Due to the lack of service marketing skills most fire sprinkler firms sell service as a commodity. Flat charges per riser, inspection, etc. are the norm. When service is sold primarily as inspections and repairs, price is all too often the differentiator, and there's always someone who can do it cheaper. I still find companies that don't have formalized service agreements and still utilize a tip file to manage this important business. This group will get an eye opener should they ever try to sell their business.

Regardless of the above issues my fire sprinkler clients have generated some of the highest returns when investing in a service sales program. Most have grown their renewable revenue at rates of over 50% annually. How?

- Companies recognize they have a solid client base and have capitalized on *bundling* more *services* together. In some cases the only obstacle was the lack of a sales agreement that easily integrates services offerings on multiple life safety systems into one integrated service agreement, or an estimating system that provides maintenance costs as well as inspections.

- ***Culture*** is a major barrier to change. Many founders are actively involved in operating the company's they built. Others have family members engaged in transitioning the company into the next generation. Regardless of the situation firms have acknowledged that *times have changed* and time worn strategies should be evaluated and adapted.
- ***Dated sales aids and branding*** are most prevalent in the fire sprinkler sector. Printed materials, websites, and service agreements are in dire need of updating. Graphic treatments that include pictures of trucks, pipes, fire hydrants, and even fires may still play when working with general contractors, but property managers, building owners and operators that purchase service agreements are looking for a more professional image. I still find service agreements that look like packing lists and terms and conditions that expose company owners to serious liability issues. This situation is particularly frustrating to see as state of the art sales aids are a relatively small investment.
- The majority of fire sprinkler companies don't have staff trained in service sales. Most firms utilize people who work part-time at service sales while still focused on estimating and selling projects. Some utilize service management and technicians to sell service. Some have hired from the outside with poor results. To be successful in service sales requires unique skills. The average sale is relatively small - the need for new prospects is large. A thorough understanding of how decisions are made for the purchase of service agreements in a wide range of building types is critical. I have yet to conduct my one day *service sales training* course without someone coming up after the course and telling me they never realized how much they didn't know about marketing service. In most cases it's the individuals who have been in the business the longest.

The competition for sprinkler installation and service work shows no signs of dramatic improvement in the near future. Many companies have responded by re-evaluating their current business model, while others fear change or wait too long to adapt. At one extreme are companies that overestimate what resources are needed to aggressively grow their service business. At the other are companies that think they have a good service business, but don't realize how close they are to having a dominant service business. In either case the opportunity to improve the current business situation and create a business model that will sustain itself regardless of construction activity or competitive inroads is there for the taking. As my fire sprinkler clients already know the current economic environment has created a great situation to aggressively grow service revenue.

Joe Siderowicz is President of the AfterMarket Consulting Group. Joe has more than twenty five years experience in designing and implementing service marketing and service sales training programs for life safety product manufacturers and dealers.

Contact: 978-929-9790

joe@aftermarketconsulting.com
www.aftermarketconsulting.com