

# Independent Dealers Neglect Service Revenue

*By Joe Siderowicz*

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Most building system dealers recognize service is their most profitable business. The majority understand selling service agreements is the best way to capture this revenue. All agree on one topic, they can do a better job growing their service business. This is particularly true for dealers who focus on the installation of life safety systems including, fire alarm, sprinklers and non water based suppression systems. The situation is even worse for dealers that sell sound and nurse call systems.

In most cases these businesses are profitable operations that would significantly enhance their market and financial position if they improved their service sales effort. Most 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 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 or sprinkler systems. This scenario is also typically found in companies that are rooted in the sprinkler business. Their one size fits all approach to selling service is applied to all product lines. The impact is a far reaching. It is especially damaging to potential high margin fire alarm service agreement marketing.

Most dealers admit they have been "too busy" to address their service business. Independent dealers have to focus on selling the next deal. Competition is fierce in all markets. Numbers are squeezed, projects are value engineered, and special deals are made in the name of getting the business. Jobs are won, projects installed, and the cycle repeats itself.

High margin negotiated service agreements are rarely sold. The reasons vary, but they usually fall into one of the following areas.

- Submit service offerings that don't demonstrate what's required to keep a life safety system performing as designed.
- Sell testing agreements that meet codes, not solutions to needs.
- Don't understand how to locate and qualify end users who purchase service agreements.

- Lack estimating tools to properly price service agreements.
- Present 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. No clue what the offering should be for a nurse call, sound, or security system.

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 forced on them by their multi national parent companies. The business environment is healthy and life safety awareness is high. All it takes is the right sales strategy, tools, and manpower. Most importantly it takes a commitment to do it today, not tomorrow, next month or next year. It's too late to take action when projects start to slow down and construction subsides. A renewable service agreement base is the key to financial security for independent fire alarm dealers.

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