

STATE OF THE FIELD SERVICE SECTOR

A health check on UK trades businesses
and the performance of field service teams



THIS REPORT IS THE FIRST HEALTH CHECK OF UK BUSINESSES RUNNING FIELD SERVICE TEAMS

These trades are the backbone of the economy: plumbers, electrical engineers, construction businesses, maintenance companies, environmental services, and many others with field-based workers.

One in five UK businesses rely on field service teams to deliver their services. We estimate that there are now more than 1.2 million field service businesses in the UK employing 6.7 million people.

Because they all run field service teams, they face similar opportunities and challenges:

- > Managerial oversight
- > Job scheduling and management
- > Recruiting suitably skilled workers
- > Compliance
- > Maximising job efficiency
- > Competing on customer experience

During August 2021, we engaged the research consultancy Opinium to survey businesses of all sizes with field service teams.

Opinium spoke to 504 leaders from businesses in the building maintenance, cleaning services, drainage, electrical contractors and electricians, facilities management, fire and security, plant hire, industrial doors, plumbing and heating, and the waste and recycling sectors.

We asked about business health and how they fared from August 2020 to July 2021 – the first full 12 months since the easing of the strictest UK lockdown measures.

72%

OF THE UK'S FIELD SERVICE BUSINESSES ARE GROWING – BUT ONLY ONE-IN-FIVE ARE GROWING STRONGER

EXECUTIVE SUMMARY

Across the field service sector, firms have performed significantly better since the end of the first strict lockdown in July 2020

- Workloads are up 70%, and turnovers have soared as prices charged for services increased by an average of 47%
- Demand for facilities management, fire and safety, plumbing and heating, and plant hire services bounced back particularly well

While the headline figures are positive, the benefits of booming demand are not enjoyed by everyone

- Turnovers rocketed across the sector, yet fewer than half of companies reported making a profit. 26% of firms lost money in the 12 months to August 2021 as the industry was hit by Covid-19 complications, compliance issues and surging costs
- One in eight field service firms fear they could go out of business within a year
- More than eight out of ten firms expect turnover to grow into 2022. But a talent crisis means firms face this increased demand without employee numbers increasing at the same rate. 56% of field service leaders reported difficulty retaining frontline operators

Productivity is now a major focus for field service firms

- Poor management oversight, outdated technology, and poor planning and workflow were significant barriers to more efficient work. 82% of field-service leaders said they wanted oversight of all parts of their operations in real-time

Our analysis indicates that there is a big difference between growing and growing stronger

- The strongest firms took advantage of rising demand to do more work, but remained in control of costs and became more productive
- In contrast, many firms now struggling for survival, grew too quickly. They took on the highest increases in workload and turnover of any segment, but doubled the size of their workforces and their levels of debt

Customer experience is key for competitive advantage

- Facing rising costs, the ability to compete on price is getting smaller. Customer experience has become the new source of competitive advantage. Most leaders said good service now requires same-working-day fixes for reactive jobs (68%) and that customers be kept fully informed digitally (65%)

Technology is critical in helping firms thrive

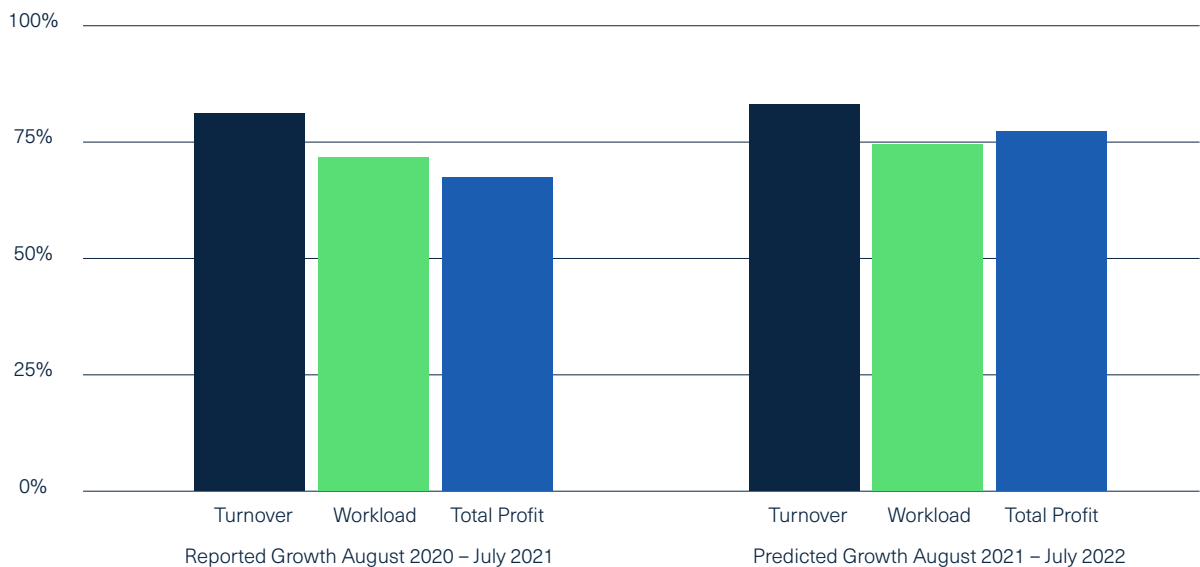
- Technology spending across the sector increased by an average of 54% in the last 12 months as firms focused on job management, productivity and customer experience
- Users of job management technology grew faster, on average, than those relying on spreadsheets and paper processes last year. They are in a better position to take on further work and deliver it profitably in the year ahead
- Most leaders expect spending in this area to continue growing into 2022

A defining period for the field service sector

The following 12 months will be pivotal for field service firms. Everyone has the opportunity to grow, but they must manage significant cost increases and face major challenges recruiting and retaining skilled frontline operators. It will be a year of abundance for some - gaining market share and driving growth in turnover and profitability. Others will see their margins eroded further. Everyone would benefit from becoming more productive and competing on customer experience rather than price.

BOUNCING BACK

DEMAND SURGED AS UK LOCKDOWNS EASED



GROWTH IN TURNOVER, WORKLOAD AND PROFIT ACROSS THE UK FIELD SERVICE SECTOR

Britain's trades have bounced back from Covid-19 lockdowns and disruption. And they expect more growth in the 12 months to come.

Plumbers, electricians, maintenance companies and other firms with field service staff report that workload, turnover, and profit have increased significantly since Covid measures began easing in July 2021.

In the 12 months since then (August 2020-July 2021), these companies have reported:

- > Turnover up by 79% on average (compared with the previous 12 months)
- > Workload up by 70%
- > Total profits up by 66%

A third of companies increased profits by at least 50%. Three-quarters (74%) increased turnover; a pattern repeated when it comes to demand for work and total profits. One in five has doubled turnover since July 2020.

The sharp bounce back comes after a period (August 2019-July 2020) when Covid-19 significantly affected business activity.

Since then, growth has been particularly strong in the facilities management, fire and safety, hire, and plumbing and heating sectors.

But surging demand is not benefiting everyone. For every strong, profitable business in the sector, another is struggling to keep up – just breaking even or even losing money.

A quarter (26%) of companies lost money in the period covered, despite the majority being busier than ever.

Demand for facilities management, building maintenance, electrical contracting, fire and security, and plant hire services bounced back particularly robustly – each sector recording workload increases of more than 70% year on year.

AVERAGE GROWTH ACROSS BUSINESSES SURVEYED

	Workload	Turnover	Profitability	Employees
Total	70%	79%	66%	48%
Building Maintenance	67%	77%	71%	43%
Cleaning Services	61%	55%	38%	33%
Drainage	107%	129%	72%	20%
Electrical Contractors	67%	105%	78%	86%
Facilities Management	88%	101%	67%	51%
Fire and Security	98%	118%	117%	78%
Hire	112%	67%	122%	114%
Plumbing and Heating	135%	106%	126%	131%
Waste and Recycling	27%	51%	34%	7%

AVERAGE GROWTH RATES FOR FIELD SERVICE FIRMS Compares 1 August 2020 - 31 July 2021 with preceding 12 month period

Looking forward, more than eight out of ten firms expect turnover to grow into 2022. One in five (19%) expects to at least double turnover by next summer.

Only 2% expect to be less profitable this time next year.

Overall, the picture is of surging workloads, turnover and profit – albeit from a suppressed start point. Like a coiled spring now released, the sector is growing very fast.

Many businesses will increase prices to help offset increasing costs. Prices charged across the field service sector rose by 47% in the last 12 months and are predicted to increase by a similar amount over the next year.

However, there are still concerns that growth in profit will continue to lag behind the rise in turnover, and that predicted profit increases will not be enjoyed uniformly across the sector.

13% of field service firms say they are already struggling, and fear that they could go out of business in the next 12 months as costs continue to rise and Covid-19 support measures are phased out.

This includes many that experienced booming demand last year, but couldn't pass on their increasing costs to customers in the form of price rises.

STATE OF THE FIELD SERVICES SECTOR

Strong Growth and Profit Prospects

- > 22% of field service leaders told researchers their businesses were performing incredibly well, with good profit and growth prospects. This equates to 276,000 firms nationwide
- > Half (50%) of these firms experienced increases in demand for their services of between 10% and 99% over the last 12 months, while another quarter (26%) saw workloads double
- > On average, these strong growth businesses have seen workloads rise by 97% while achieving similar increases in turnover (99%) and profit (100%)
- > These champion businesses increased employee numbers by 58%, prices by 62% and investment in technology by 76% in the last 12 months

Small Profit Firms

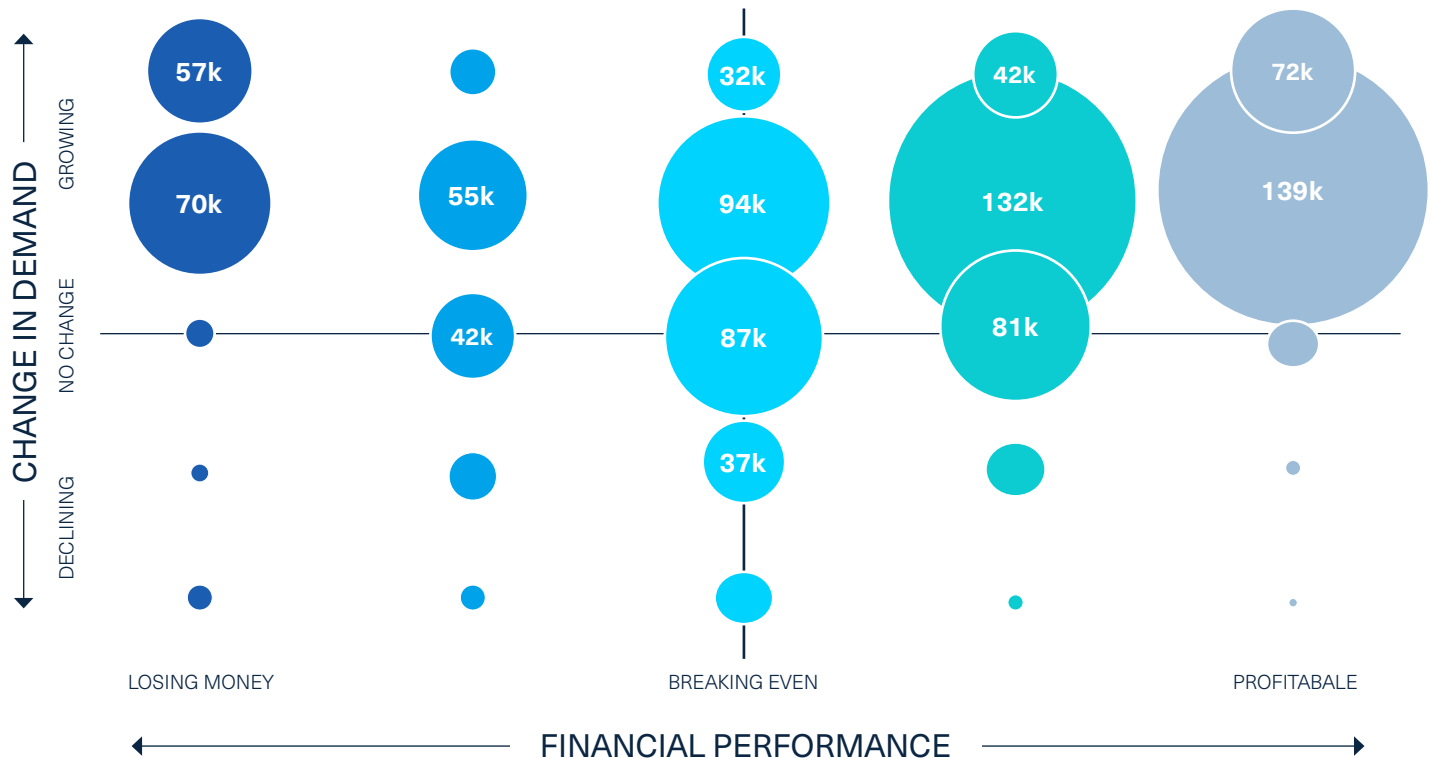
- > 26% of leaders, the equivalent of 323,000 UK firms, reported their businesses were succeeding in making a small profit each year
- > Workloads increased by 57%, on average, ahead of both turnover (49%) and profit (43%)
- > These businesses plan to increase prices by 42% over the next year to offset rising costs
- > They expect to increase employee numbers by 37% and investment in technology by 42% in the year to July 2022

Breakeven Businesses

- > A further 26% of field service businesses – 330,000 across the UK – broke even over the last year
- > On average, these Breakeven Businesses put up prices by 31% to stay on top of costs, and increased turnover by 57% from a 39% increase in workloads
- > Employment in these businesses rose 26% on the year and is predicted to grow at a similar rate (29%) over the next 12 months
- > The businesses plan to increase their investment in technology by 36%

BIGCHANGE'S GROWTH MATRIX

How the UK's estimated 1.3 million field service firms are performing based on demand and financial performance



Loss Making Turnaround Firms

- > Around one in every eight leaders (13%) said their firms were currently losing money but expected to be able to turn their fortunes around over the next year. We estimate that 161,000 field service firms nationwide are in this situation
- > Increases in workload of 46% in the last 12 months were met by a 55% increase in employee numbers
- > 83% of these businesses said higher labour costs had hurt their businesses last year

Significant Strugglers

- > Another 13% of leaders told researchers their firms were struggling to the extent that they could go out of business within the next year. This equates to a further 161,000 businesses across the UK
- > However, meeting this demand required a 92% increase in employees, a factor that 91% price increases couldn't offset
- > 97% of strugglers said they were severely impacted by Covid-19, while the rising cost of materials, fuel and people were negative factors for more than 80% of these firms
- > Their struggles aren't due to a lack of demand. Struggling businesses took on the highest average increases in workload (146%) and turnover (151%) of any segment

BUSINESS PERFORMANCE

FIELD SERVICE BUSINESS PERFORMANCE BY ACTIVITY



This chart shows the proportion of companies reporting each financial strength level across the field-service sector as a whole and by their specialist activities.

GROWTH BUSTERS

The factors most field service leaders said were harming their business.

81%

SAY GROWTH OR PROFITS HIT BY COST OF COVID-19

76%

FELT IMPACT OF RISING MATERIALS AND FUEL COSTS

53%

BREACHED COMPLIANCE REQUIREMENTS

5 ENEMIES OF GROWTH: WHAT IS HITTING FIELD SERVICE FIRMS HARD?

Despite rapid growth, businesses with field based teams reported three key issues that had materially hit their business in the past 12 months.

1. Covid-19 and its consequences

81% of businesses said the pandemic had hit turnover or profits in the last 12 months. Four in ten reported that it had led to staffing difficulties.

2. Expensive materials and fuel

Three-quarters of companies say the rising cost of materials (76%) and fuel (74%) are hurting their business. In the 12 months covered, pump prices for petrol rose by 18% to near-record levels; diesel leapt by 16%.

Firms expect the same factors to dampen or even eliminate profitability in the next 12 months.

3. Staying within the rules and regulations

Compliance challenges – including those stemming from the pandemic – are hurting firms. Two-thirds of field service companies say that new regulations hit their profits in the year to July 2021.

In the last 12 months, more than half breached industry regulations in ways that led to a fine, loss of reputation or loss of work. A quarter (25%) incurred financial penalties for breaches.

The risk of accidentally contravening rules and regulations increases as companies expand rapidly. Two further issues for firms also emerged in our analysis.

4. The productivity pinch point

When it comes to employment, the trades have outperformed the rest of the economy in the last year. The number of people working in field service firms increased by 48%.

But this increase was slower than the 70% rise in workloads.

Firms anticipate further growth in workloads (74%) in the next 12 months, and a lower increase in the extra employees they will take on (54%).

There will be pressure on already-busy field service teams to work even more efficiently.

5. Rising debt levels

The amount of debt taken on by field service businesses increased by 50% over the last 12 months.

While some businesses have used finance to underpin their expansion activities (average debt increased by 43% at firms reporting good profit and growth prospects), the biggest increases in debt levels were among loss making firms borrowing for survival.

Average debts were up 117% over the last 12 months at businesses that said they were struggling and feared going out of business, and increased by 61% at loss making firms where leaders believed a turnaround was possible.

Access to Government-backed finance made it easier for most businesses to borrow last year. This debt will add an additional cost burden to some already struggling firms.

STATE OF THE FIELD SERVICES SECTOR

Demand and workloads are soaring. Essential costs are on the rise. And recruitment is challenging. Many firms in the survey have addressed these challenges by pushing hard to improve productivity.

Where is time and money lost in field service businesses?

- > Poor management oversight: 27% said difficulties getting complete and up-to-date management oversight stops them from working as efficiently as possible. 82% want oversight of all parts of operations in real-time.
- > Outdated technology: Clunky legacy workforce-management systems that couldn't keep pace with the demands of today were an efficiency issue for 27% of firms.
- > Poor planning and workflow: 24% say that wasted time between jobs, including travel, is harming efficiency efforts.

As a result, many are now looking to optimise operations with technology.

Less strain, efficiency gain: The rise and rise of job-management technology

- > 73% of field service businesses increased investment in technology in the last 12 months. Technology spending increased by an average of 54% year on year.
- > Firms expect to keep up these rates of tech-spending growth into 2022 as they turn to technology for management oversight, process automation, job scheduling and route planning.

Year on year company growth was faster, on average, for users of field service management technology. And those growing quickly are doubling down on technology: they are more likely than other firms to invest in it over the next year.

PRODUCTIVITY

Where is time and money lost in field service business?

27%

SAY DIFFICULTIES GETTING REAL-TIME INSIGHT HARMS EFFICIENCY

27%

OF FIRMS FELT OUTDATED TECHNOLOGY WAS AN EFFICIENCY ISSUE

24%

SAY WASTED TIME BETWEEN JOBS IS HARMING EFFICIENCY

CUSTOMER SERVICE 2.0

USER EXPERIENCE AS COMPETITIVE ADVANTAGE

The field service sector is incredibly competitive.

Fewer than half of field service firms are currently profitable. A quarter of reported losing money in the 12 months to July 2021 and one in eight fear they could go out of business in the next year.

With costs rising, especially for fuel and materials, the scope for field service businesses to compete on price is getting smaller.

Businesses are instead looking at customer experiences as a new source of competitive advantage.

Our survey looked at what 'good' looks like in the sector, and the evidence suggests that standards are getting more exacting.

The Amazon effect means customers are demanding better. Rapid progress in online retail has created an expectation for quick, reliable, effective services and real-time digital updates in all walks of life.

> Two-thirds (68%) of leaders say 'Good' customer service now means same-working-day fixes for reactive jobs. And nine out of ten say within 24 hours is the minimum.

> Two-thirds (65%) say good service involves the customer being kept fully informed digitally with precise arrival-time updates, details of who is doing the work, confirmation of work completed, and instant invoices.

> More than half (54%) say that, when it comes to operations, a 'good' system is one in which every part of operations – from job scheduling to invoicing – is automated and optimised within a single system.

When it comes to customer service, the bar is rising quickly.

AMAZON EFFECT

What does it take to deliver good customer service for field service firms?

68%

OF LEADERS SAY 'GOOD' SERVICE MEANS SAME-DAY FIXES FOR REACTIVE JOBS

65%

SAY GOOD SERVICE INVOLVES THE CUSTOMER BEING KEPT FULLY INFORMED DIGITALLY

54%

SAY A SINGLE SYSTEM OPTIMISING ACTIVITIES IS ESSENTIAL FOR GOOD OPERATIONS

LET'S GROW STRONGER

Contact us on 0113 457 100 or visit
bigchange.com

About BigChange

BigChange is the complete Job Management Platform that's helping field service businesses across the UK to win more work, take control of their operations and deliver winning customer experiences. Bringing together job management, mobile workforce applications, CRM, finance and business intelligence into one simple to use and easy to integrate platform, BigChange liberates you from inefficient paper-based processes and the complexity of multiple different technology systems that hold your business back. Loved by office and field teams alike, our customers are achieving industry leading results and return on investment. The BigChange team is committed to customer success and no matter your sector or whether you have a mobile workforce of 10 or a 100, we're here to make a big difference to the way you work and to help your business grow stronger.

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