

SELECTION CRITERIA FOR A PARTNERSHIP IN AFTER SALES SERVICES

in professional electronic industries

This document provides useful viewpoints for implementing a successful outsourcing strategy for after sales services. How to choose a partner that adds value and reduces cost of after sales services in professional electronic and robotic industries.

Right partner secures the success of the after sales strategy

After sales services is a key driver for the growth and profitability of the professional electronic and robotic industries. It is also an effective mean to succeed in competition. These services complement the offering and ensure successful life-cycle for the products. As many after sales service strategies include use of partners, the key question is how to choose the optimal partner.



1. Partner's role in providing after sales services

A good partner delivers value through improved efficiency of the after sales services. Additional outside resources also provide room for identifying new service concepts and product improvements, which in turn helps to increase the business volume and profitability. Outsourcing also simplifies the management of many regularly needed services, e.g.

- Volume repairs
- Normal, standardized service work
- Installation and de-installation services
- Warehousing and logistics
- Warranty management

2. After sales service provider options

The potential outsourcing partners usually focus on their own core competencies. This means that the these competencies and the strategic goals of the partnership should have an ideal match. Common focus areas are:

- **Volume focus:** This type of partner provides mainly labor and space (within agreed conditions). The actual competences and sometimes also equipment are often arranged by the outsourcer. Such after sales service partners are usually rather large corporations, aiming to handle low service mix with high volumes. This secures low cost level of the services.

- **Specialization focus:** This type of partner is skilled in processes and techniques which they develop by themselves. Personnel has high technical skills. This partner type is usually small or mid-sized, providing high service mix with low volumes. This means higher cost per service case, but also capability to react fast for the changing requests. Specialized partner can develop the services further and proceed without the outsourcer's constant support.

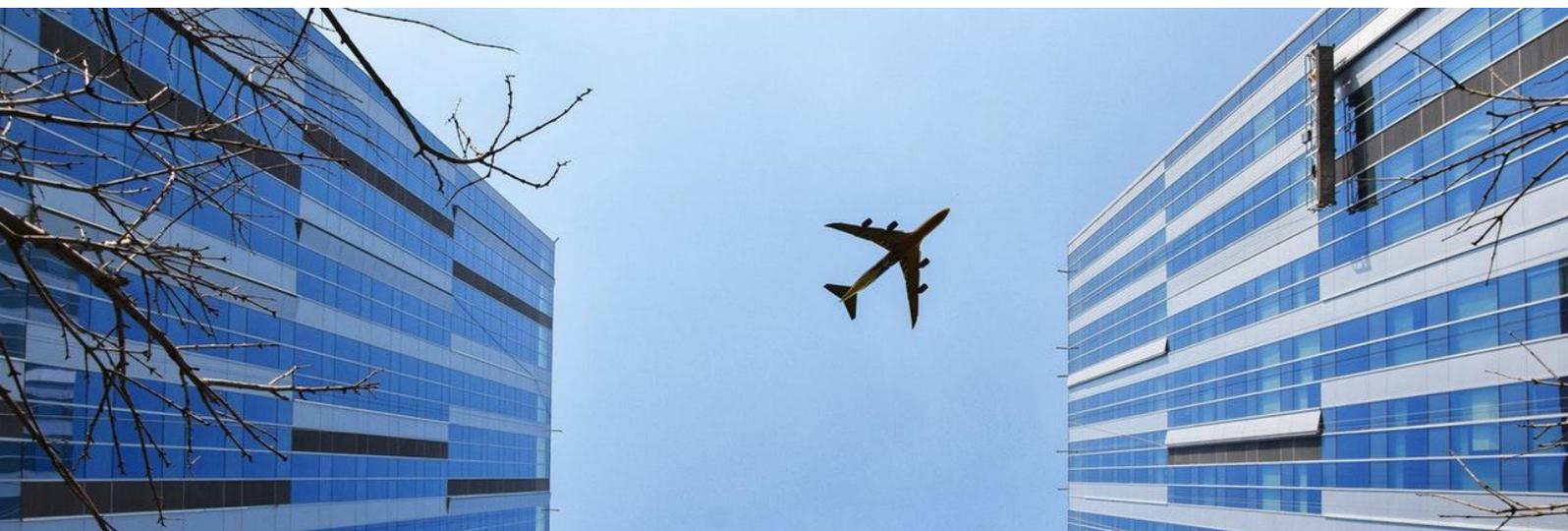
- **Partner focus:** Both above mentioned partner types can have an additional partner focus. The difference is, that the partnership includes clear sharing of the risks and revenues.

3. Selection criteria for a fruitful partnership

In addition to the optimal focus areas of the potential partners, there are other aspects to consider. First of all, they must have the needed resources. Generally, a good partner candidate also commits to the cooperation, acts openly and transparently, shares expectations, has the willingness and has the possibility to change the way of operation in case needed.

These issues should be evaluated against the chosen after sales service strategy. The key considerations are:

- Has the partner enough resources and capability to grow at the same speed with the outsourcer?
 - Competent personnel
 - Facilities in suitable locations
 - Financial resources
- Are the long term strategies aligned with unified goals and expectations?
 - Basis for trust, transparency, mutual necessity and desire
- Are the pricing and contract models suitable for reaching the goals



Compare partner candidates against features relevant to your business

Feature	Partner A	Partner B
Global presence		
Technical experience		
Current capabilities		
Management commitment		
Competent resources		
Suitable physical facilities		
Suitable immaterial resources		
Financial soundness		
References		
Certifications		
Price level		
Contract model		

This table is a general example of preferred partner features in miscellaneous order. Select the ones that are most important to your business and your after sales service strategy and compare candidates.

A good partnership model is fair for both parties, as it secures the positive drive and development of the cooperation. A win-win situation helps both parties to grow their business. In case risks are realized, a loose-loose situation is a fair result of unsuccessful cooperation. The contract model should also secure the consequences in case either of the parties is not acting as agreed. Then the win-win / loose-loose results should be realized on the basis what actually has happened.

4. Strategic partnerships in high tech after sales services

TDR focuses on providing unique advantages for brand owners in the demanding electronics and robotics industries. The technology neutral approach provides flexibility, efficiency and reliability of repair, testing and spare parts handling.

The focus on increasing the products' lifetime with faster turnaround time and lower cost of repair provide strong customer benefits in today's severe competition.

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