



ServiceTitan®

# WHICH KPIs SHOULD YOUR TRADE BUSINESS MONITOR?

OUR ULTIMATE GUIDE

***Picking the benchmarks and data to follow closely in your home and commercial services business can be hard. Using those key performance indicators effectively can be harder. ServiceTitan asked the experts to help. This is what they said.***

## SERVICETITAN + WHERE TO START ON KPIs



**Keith Mercurio**, a prominent leadership consultant in the trades, has a message for those in home and commercial services looking to become better at tracking the key performance

indicators (KPIs) for their company.

Good.

"KPIs are going to give you that picture of what's going on in the world outside of your purview," he says. "They are indicators of what's going on out there, and they fundamentally tell us the health of the business."

But the numbers alone, he cautions, can't get your company where you want to go. They're just part of a broader leadership plan.

"The thing about KPIs is that they're ultimately the indicator of our behaviors," Mercurio, Director of Leadership Development at [Radiant Plumbing & Air Conditioning](#) in Austin, Texas, and ServiceTitan's Director of Customer Experience, says. "Where we have to strike a balance is to make sure that we understand that they are indicators and that they're not the actual behavior themselves."

Here, some of the best in the industry have shared their thoughts on the best KPIs to consider, and we have compiled them in one place. Those whose expertise is shared here, in addition to Mercurio, include:

- [NexGen Air](#) CEO **Ismael Valdez**
- ServiceTitan Director of Customer Relations and [Hunter Super Techs](#) founder **Chris Hunter**
- ServiceTitan Director of Customer and Product Training **Angie Snow**, also the [CSR Coach with Go Time Success Group](#) and Vice President of [Western Heating and Air Conditioning](#) in Utah
- **Chris Yano**, CEO of [Ryno Strategic Solutions](#) and co-host of ["To the Point"](#) podcast

But knowing which KPIs to track is only part of the equation. We'll cover everything you need to know, including top KPIs for different roles in your company and benchmarks for dozens of indicators, but first it's important to understand how to use the data.

That's where Mercurio comes in.

## SERVICETITAN'S GUIDE TO KPIs – QUICK ACCESS GUIDE

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"What we want to remember from a coaching, leadership, and management standpoint is that we coach behaviors and we track KPIs," he says. "The first issue is that a lot of leaders don't even have these key performance indicators, they don't have the metrics to know on a daily, weekly, or monthly basis if they're winning. They're completely to the point where they're only looking at the P&L, the profit and loss sheet, the balance sheets, and that's the first time they're finding out how they've done."

Whether you're already tracking KPIs or just considering doing so, you're taking the right step, Mercurio says. But before we go any further, let's talk about why.

"For the businesses that don't yet track performance via metrics on a daily basis, that's the first move that needs to happen," he says. "People need to know whether they won the day or not, whether today was a successful day. And the only way I know that is by having definitive metrics that tell me I did my job and I did it well enough, not well enough, or exceptionally today."

Mercurio offered these 12 tips for choosing KPIs to follow, and how to fit them into your overall management strategy:

### 1. EXPLAIN TO YOUR ORGANIZATION WHY KPIs ARE IMPORTANT.

Leaders, Mercurio says, have to be careful about how they institute KPIs.

"You've got to be careful that you're not adopting

these new key performance indicators from some outside source and then taking them back to your company and saying, 'Hey, this is now what you're responsible for,' without your own team members understanding why, how it's possible, that they're not going to get fired because of this," he says.

"There's a lot that goes along with introducing KPIs into a business."

### 2. COACH PEOPLE ON HOW TO IMPROVE, NOT TO THE METRIC.

Mercurio uses a baseball analogy.

"In baseball, we measure success at the plate by batting averages, right?" he says. "You see that somebody's hitting .240, and they're just not getting it done. And as a coach, you look at their KPI, their batting average, and you just say, 'Look, I need you to go out there and get a hit.' And he sitting there going, 'Well, coach, what do you think I'm trying to do?'"

Telling someone they need to bring their average up isn't coaching, Mercurio says.

*"It would be absurd to coach that way in baseball, but we do that to our employees. 'I need you to get your conversion rate up. Guys we gotta get this average ticket up.' And we don't actually focus on the behaviors."*

### 3. DIG INTO THE NUMBERS TO IDENTIFY THE UNDERLYING BEHAVIORS.

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The KPI, Mercurio says, is just an indicator of what's going on. Dig deeper to find out what behaviors are contributing to the numbers. Mercurio continues the baseball analogy:

"I'm going to start with, 'First of all, what are you thinking about when you go up to the plate? Where is your mindset?' And you say to me, 'Well, I'm just thinking about not striking out.'"

"I'm like, 'Oh, wow. OK. So you're kind of focused on what you don't want to have happen. What would be a different way you might focus to think about what you do want to have happen? And I might just spend a couple of weeks working on his mental approach at the plate and I'm going to keep watching the batting average, and I'm going to see what's happening."

"We're going to coach a behavior and track the metric."

### 4. MAKE SURE YOU CHOOSE THE MOST IMPACTFUL KPIs TO FOLLOW.

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Mercurio points to author and podcaster **Tim Ferriss**, who wrote '4-Hour Work Week,' '4-Hour Body,' and Tools of Titans.

"He says the two worst metrics that you can track for your health are calories and weight," Mercurio says. "They're more effort than their worth and they don't really tell you a great story. But even just tracking those closely will result in weight loss and improved health."

The point? That what you track gets attention, so just by tracking the information, things will improve. Even if it's the wrong data to track, things will improve when we are measuring what we're up to."



The real impact of tracking KPIs though, is to understand what the process should produce—and what it shouldn't.

With a great KPI tracking program, those being tracked understand:

- Why the data is important
- Why it's meaningful
- Why they should care

### 5. DON'T USE KPIs TO "HOLD PEOPLE ACCOUNTABLE."

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Leaders in the trades must understand that KPIs are NOT about holding people accountable.

"That language is the death of more culture than nearly anything out there," Mercurio says. "KPIs are indicators of behaviors. If we're serious about being invested in people, we're going to coach the behaviors and track their metrics."

That doesn't mean managers shouldn't expect performance. Those who struggle after coaching might need a new seat at the company or a new career path that makes more sense.



"But it shouldn't be that we're constantly having to hold people accountable for a series of statistics," Mercurio says. "That's a dangerous space to find yourself in."

Instead, decide which behaviors you want to encourage, then track the KPIs that look at those behaviors.

## 6. DON'T FORGET CUSTOMER SERVICE KPIs.

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"We want conversion, No. 1, and average ticket, No. 2," Mercurio says. "I want to see, yes or no, did we convert the opportunity? And then, once we did, how well did we do it?"

But the tracking can't stop there.

"If I'm only driving average ticket and conversion rate, there's a good chance I'm creating a very high-pressure environment," Mercurio says. "So from there, what do I want to look at next? I want to look at five-star reviews. And I want to have those aligned, because if I have customers who are spending money with me, I want to make sure they're happily doing it."

"What I would say is far more damning to an organization than someone who says no to us is someone who says yes and then regrets it."



Tracking five-star reviews, call backs or complaints is essential, Mercurio says, because they help complete the story.

## 7. USE PAST PERFORMANCE AS A BASELINE FOR GOALS.

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Mercurio suggests the process at Radiant, which looks back to project forward, as a good way to set goals.

"We're going to look at their previous performance, and then ask them, based on their previous performance, 'What do you think you're capable of this quarter?'" he says. "We're not going to measure it against a goal that we've manufactured for them."

Then, Radiant leadership asks for two or three actions that could produce those results, and use those actions to identify coaching opportunities.

"We're going to explore what really makes sense and make sure that we're in alignment with honoring and serving our customers."

## 8. DON'T MAKE KPIs A PUBLIC SCOREBOARD.

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This is one of the real dangers of KPIs, Mercurio says. Doing so inspires some behaviors, but not all of them are good. "It's fine for the top 20-30% who like to compete, who are used to winning," Mercurio says. "What you're absolutely doing is, at best, disconnecting the next 30-40% and then, likely, completely alienating the bottom 20-30%. And people might say, 'Well, that's fine. We want them out of the business.' No, you don't. No, you don't. That's a ridiculous mentality. You want people to succeed in your business."

That doesn't mean taking away anyone's competitive spirit, Mercurio says.

***"Competitiveness can be drawn out of people in a lot of different ways without them competing against each other. They're on the same team, so give them some team goals. Let them compete against their previous month's success."***

## 9. REMEMBER TO PRAISE SUCCESSFUL KPIS.

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It's important to point out the positives while also coaching to KPIs that have room for improvement, Mercurio says. "We don't want to lose track of letting people know that we're seeing great things from them," he says.

As a follow-up, ask what are two things they are doing differently to bring about the improvement, Mercurio says, to tie the improvement back to the behavior.

"I think that's a really important factor in it," he says.

## 10. BE CAREFUL WHICH KPIS YOU CHOOSE.

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For instance, Mercurio cautions about putting too much stock in the revenue KPI.

"When we track revenue, there's a few things that are happening, but one, we might not be getting the whole story," he says. "They might be selling high material cost jobs that actually aren't any more profitable in paying down the overhead of the company."

"The key to this whole process is teaching the business fundamentals to the team members, so that they are truly understanding with open book transparency, where does this money go and why is it important? And that's what very few businesses do, but the ones that do it well, they're the elite."

## 11. DON'T OVERREACT.

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"What's incredible about ServiceTitan is the degree to which we're able to have consistent awareness, even when we're not in the shop, of what's going on in the business that day," Mercurio says.

"And we want to be careful not to overreact to a day. A day doesn't make a week and a week doesn't make a month. We have to be cautious that we start to be aware of three days as a trend. Low conversion rate one day, fine. Day 2, OK, I'm paying attention. Day 3, all right, what's going on?"

"We want to make sure having this information doesn't cause us to be hyperreactive and therefore overcoach people. Sometimes you have to just let stuff bear itself out. You just pay attention to it."

## 12. LEVERAGE SERVICETITAN TO PROVIDE THE DATA YOU NEED TO LEAD.

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"What ServiceTitan did for the majority of the industry was the company created that first baseline of actually making these KPIs available and presentable right in front of me," Mercurio says. "I'm seeing it every day, so suddenly there's something here telling me a story about how I'm actually doing out there. So many businesses in our industry didn't even have that."

# WHICH KPIs SHOULD YOU WATCH?

## KEEP IT SIMPLE



Taking a blended HVAC-plumbing business in Southern California from zero profitability to \$30 million in four years required smart, data-driven decisions, NexGen Air

Conditioning, Heating & Plumbing Owner **Ismael Valdez** says.

He also tried to keep things simple.

"We didn't overcomplicate anything," says the [NexGen Air](#) CEO. "Others add these complicated processes. We kept everything super simple, and we focused on marketing. It's the most important thing."

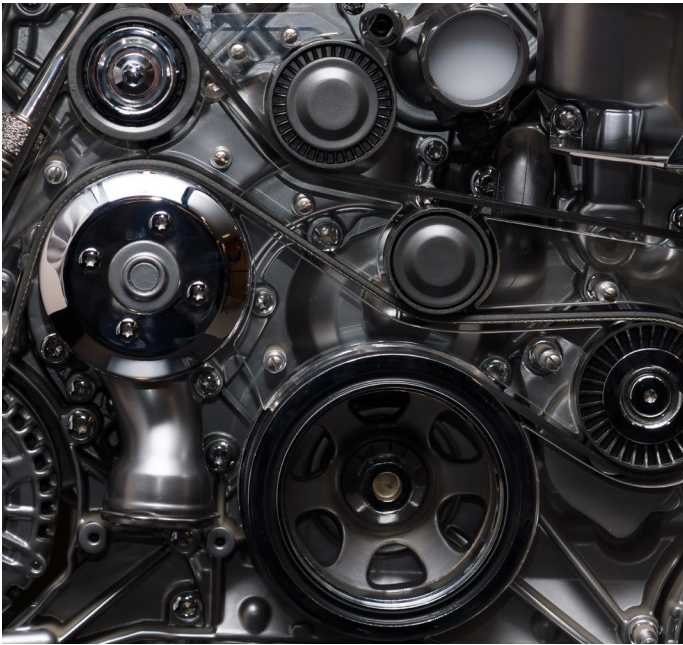
"You can have the vans, the financials, the people, the processes—you can have all of that," he adds. "But, if you don't know how to make the phone ring, nothing else matters."

Knowing which [Key Performance Indicators](#) (KPIs) to track is essential for contractors in the trades. ServiceTitan has gathered some of the best thinking on the topic from Valdez, ServiceTitan Director of Customer Relations **Chris Hunter**, ServiceTitan Director of Customer and Product Training **Angie Snow**, home services marketing consultant **Chris Yano** and others.

The key, of course, is to make data-driven decisions that propel your company forward toward greater efficiency and profitability.

Valdez compares that to building and maintaining a car.

"You're building a car as you're building a business, and all of your data is on your dashboard," he explains. "If you want to know how efficient, how good or how bad your car is running, it's your digital gauges that are going to tell you everything. Tune-up, brakes, low refrigerant, leaks, or engine check light—all of that data is inside the dashboard."



"That's kind of how ServiceTitan works in our home service industry," says Valdez, who signed on with the [digital software company for the trades](#) from the beginning and credits its powerful [reporting](#) capabilities for helping him grow NexGen Air so quickly.

"Everybody's business is going to be different, as for what you track. But it's not just about what we're extracting," Valdez says. "ServiceTitan has been amazing at building a platform that we can extract and collect all of this information. Half the battle is being able to extract that information, then display and showcase it."

"The second part is knowing what to do with those KPIs to strengthen your business."

[In a webinar hosted by ServiceTitan in 2020](#), Valdez outlined the important KPIs for every growth-minded contractor to know and track. He also discussed how to track that data in ServiceTitan, and leverage those KPIs to make strategic business decisions.

[ServiceTitan's cloud-based software](#) tracks the KPIs that matter to you in real time. Benchmark goals that make sense for your company let you know where your company stands in real time.

Your company's data provides an overall picture of performance and profitability, but it's imperative that you track multiple [field service performance metrics](#) to see how the results line up with company goals.

But which KPIs should you track? And what's a "good" performance on those metrics?

Valdez, ServiceTitan Director of Customer Relations and Hunter Super Techs founder Chris Hunter and others suggest tracking the metrics that make sense.

**The top KPIs for contractors tend to focus on five important areas of a service company: Technicians, Marketing, CSRs, Sales, and Financials.**

**We'll break them down by those areas—and give you performance benchmarks for those KPIs and some others.**



# TECHNICIAN KPIs



## AVERAGE TICKET

For every technician, whether it's one or 100, contractors need to know how many opportunity calls each tech handled per week or per month, and how much revenue each call produced. This includes tracking each tech's average ticket on all repairs and turnovers, as well as their closing percentage on both.

"That tells you how much value they're building inside the home," Valdez says. When trying to determine a healthy average ticket for each technician in your company, Valdez says it depends on your financials, overhead, marketing spend, and what it costs you to do business.

[ServiceTitan's mobile app](#) gives technicians access to a customized pricebook with various options they can show customers, and allows them to present customers with good-better-best options, accurate estimates and pricing within minutes.

Providing instantaneous information will likely increase your Average Ticket, as customers can

conveniently accept an estimate for installing a new product or additional services on the spot.

This KPI is so important for home services companies in particular that we will go into much more detail on it below.

## AVERAGE RESPONSE TIME

How quickly do your techs respond to customers' calls? Field service monitoring of this important metric informs your customer service goals—and, in turn, the average number of closed tickets. If your business responds to calls for emergency service, understanding your average response time can help you fit more jobs (and more revenue) into your workday.

## MEAN TIME TO REPAIR

This is the average time it takes for your techs to perform onsite repairs. This varies widely on a call-to-call basis, but giving your techs access to education, resources, and technology can help shorten this metric and increase tech efficiency.

Be sure to not shortchange the time your techs spend in a customer's home by scheduling too many calls in a day. A knowledgeable tech needs ample time to investigate other potential problems, and educate the homeowner about possible solutions.

## FIRST-TIME FIX RATE

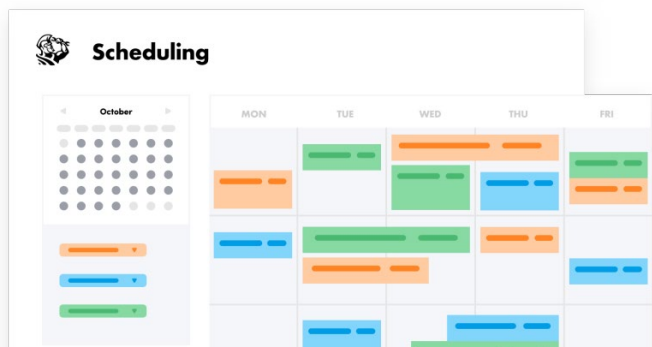
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Ideally, your techs should complete jobs in one visit and not need to return multiple times for the same issue or install. It may not always happen, but when it does, it's optimal for productivity. Determine your first-time fix rate to see if your team makes too many return visits, resulting in lost opportunities to profit from new jobs.

To improve this metric, ensure your [dispatch team assigns the right techs](#) to the right jobs based on experience and expertise. It's also important that techs arrive at a job with all the necessary tools and equipment to complete the work.

## REPEAT VISITS

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Repeat Visits show the number of times your tech returns to a job to finalize service within a set timeframe. A high rate of repeat visits could mean it's time to examine how jobs are dispatched and scheduled, and whether techs require more training.

Consider cutting the number of appointments technicians are assigned in one shift, so they have plenty of time to finish the job on the first

visit. Also cut down on unnecessary travel time by using [GPS-based dispatching](#), giving techs more time to work at each job site.

If one or two techs make significantly more repeat visits than your team's average, it's time to closely evaluate their skills and possibly provide additional training opportunities to get them up to speed.

## TECHNICIAN UTILIZATION FOR BILLABLE HOURS

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Technician utilization measures how many productive, billable hours your techs spend during their shifts—one of the most crucial field service monitoring metrics when it comes to tracking productivity.

Providing service to customers and making upsells count as productive time. Getting stuck in traffic or traveling back to the office to get additional tools does not.

If your tech utilization rate seems low, evaluate ways to improve scheduling and dispatching. Minimize time wasted between jobs and provide an integrated, mobile platform for instant communication between dispatchers and technicians in the field.

## CONTRACT UPTIME

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To calculate contract uptime, figure the percentage of problem-free operation for any piece of equipment, such as an HVAC unit, that's covered by a maintenance contract.

If your company makes an unusual number of service calls for equipment covered by a contract, it may be time to examine your company's installation practices, evaluate the quality of your supplier's products, or figure out how to [adjust your maintenance contract](#) terms for improved profitability.

## SERVICE CONTRACT ATTACH RATE

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How often do your technicians sell maintenance contracts or service agreements to customers? These [maintenance agreements](#) can provide a steady revenue stream for your business, especially during slower times of the year.

If your techs or CSRs don't convert contracts on a regular basis, revise your service agreement offerings to appeal to more homeowners and train your team on how to best pitch the benefits of your maintenance contracts to customers.

## TURNOVER RATE

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Service techs often turn over calls to a project manager or senior service technician to better educate customers about a high-cost repair or possible replacement options. Track the number of turnovers, how many result in sales, and the average ticket from those closed sales.

## ZERO TICKETS

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A "zero ticket" means "you've lost that customer for life," Valdez explains. He trains NexGen Air techs to always offer good-better-and-best options on every service call, which shows they've interacted with the homeowner, and often results in securing a future customer. If you're going to go into a customer's home, you

have to come out with something," he says. "If you leave with zero, the chances of them calling you back is probably slim to none."

## MEMBERSHIPS SOLD

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Valdez says "Memberships Sold" doesn't mean the same today as it did five, 10, or 15 years ago. Before the internet and social media, homeowners often waited around all day for one contractor to show up at their house. Today's communication tools, such as GPS tracking or texting a customer to let them know a tech is on the way, didn't exist.

"Now, members call to schedule a tune-up, and you tell them you can get there in two weeks. They can go online and get another contractor there in two hours," Valdez says. "We live in a whole different era now."

Track memberships, he says, but don't beat yourself up over how many your techs sell.

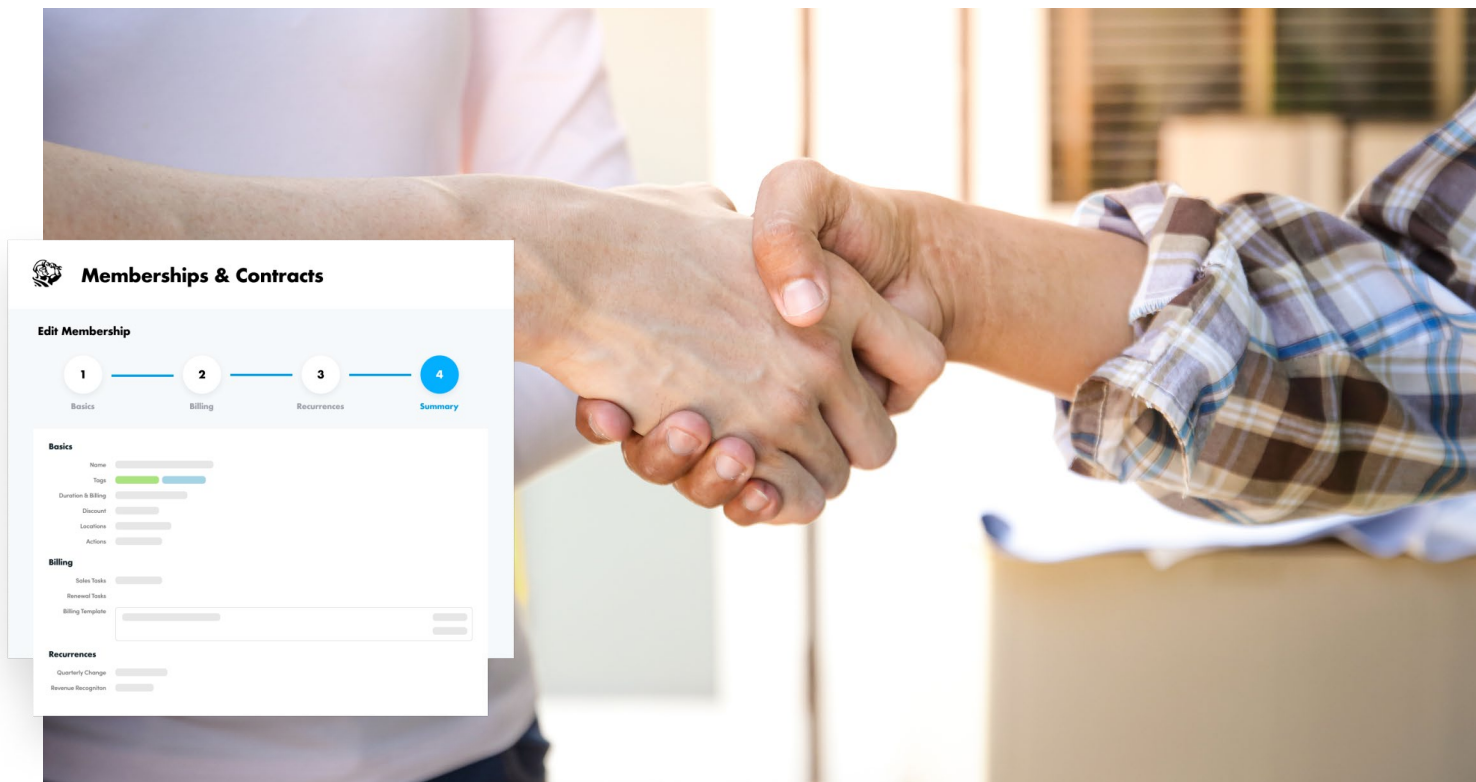
"I've been in business for nearly five years, and I don't have 100,000 members," Valdez says. "We probably have 80,000 to 90,000 people in our ServiceTitan customer database. That is what matters, not the memberships. It's the data that's inside ServiceTitan."

## MEMBERSHIP CONVERSION RATIO

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If building a club membership program is your goal, tracking membership conversion ratio is critical, and possibly a better KPI than Memberships Sold.

Technicians should maintain a minimum of 30 percent conversion ratio. If CSRs are allowed to sell on the incoming call, we've seen companies that are converting over 60 percent.



## CLOSING PERCENTAGE

Closing percentage on all jobs is a very important KPI, but it can vary greatly depending on the lead source. For example, consider the benchmarks below for an HVAC comfort advisor's Closing Percentage by lead source:

Sales closing ratios (on average)	>50%
Technician lead	75-85%
Current non-agreement customer	55-65%
Service agreement customer	70%
Self-generated	65-80%
Marketing lead	25-35%

By measuring Closing Percentage by lead source, technician/comfort advisor and geographic area, you can use the data to maximize opportunities and produce more sales. This KPI will also help you identify coaching opportunities for individual team members, and improve product offerings and pricing.

## CUSTOMER RETENTION

Repeat customers can dramatically increase a home services company's revenue. Use customer service surveys or ask for feedback on the day of service to gain insight on how many customers return for your services, and, if possible, why.

[Net Promoter Score](#), a tool used to gauge customer loyalty, asks customers to answer a simple question on a scale of 1-10: "How likely are you to recommend (this company, this product, this experience, this representative) to your friends, family or business associates?"

Customers who score between 0 and 6 are unlikely to give you repeat business, while customers who score between 9 and 10 are likely to be promoters of your business or service. If you find your business subsists on many one-time, low-scoring customers, look at your customer services practices or implement retention campaigns—such as discounts and other incentives—to bring customers back.



# MARKETING KPIs



Chris Yano doesn't mince words. A former race car driver who runs a digital marketing consulting business that works solely with the trades, Yano comes at you fast. And nothing gets by.

Yano, CEO of [Ryno Strategic Solutions](#) and co-host of ["To the Point" podcast](#), was a webinar guest of ServiceTitan in [May 2020](#).

His company focuses on lead tracking and reporting, because he believes those are key to success for digital marketing for HVAC, plumbing and electrical companies, and anyone else in home or commercial services.

"I believe it is what has made us not just a vendor, but a great partner for the trades," Yano says.

If a company is paying an agency to bring in customers, it should expect information beyond the numbers. Statistics on SEO, pay per click and direct mail are good to have. But knowing what's behind those stats is better.

"I need to know from search to sale how we're doing if I'm going to truly know how my team is doing," Yano says. "This is what you should

expect from your agency. It will allow you to make very good decisions. You need facts down to the dollar."

Using [ServiceTitan](#) makes that easier, Yano says. "Then we can see all of our data on the front end and what you actually closed on the back end, to make that return on investment really easy to find," Yano says. "Then it's very transparent on exactly what is happening."

Valdez agrees about the importance of tracking ROI on your marketing spend. He attributes much of his company's phenomenal growth in the first four years to "marketing and people."

***"Marketing is the most important KPI you want to track, because that's the fuel to your car," Valdez says. "You built the car. You want to go forward, you put fuel in it. Your marketing is your fuel."***

## Among the marketing KPIs to consider tracking:

### ADVERTISING ROI

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If you make the effort to invest in advertising—whether online, radio, print, TV, or elsewhere—make sure you measure the return on your investment. Customer surveys and CSR/tech inquiries to customers help you understand how new customers find you and nix costly and ineffective advertising campaigns.

If you run various online ads, via social media such as Facebook, Google Local Services, Yelp paid listings, etc., make sure you know which platform customers utilize when they encounter your ads. To calculate your advertising ROI, divide the returns (revenue) resulting from the campaign by the cost of the campaign.

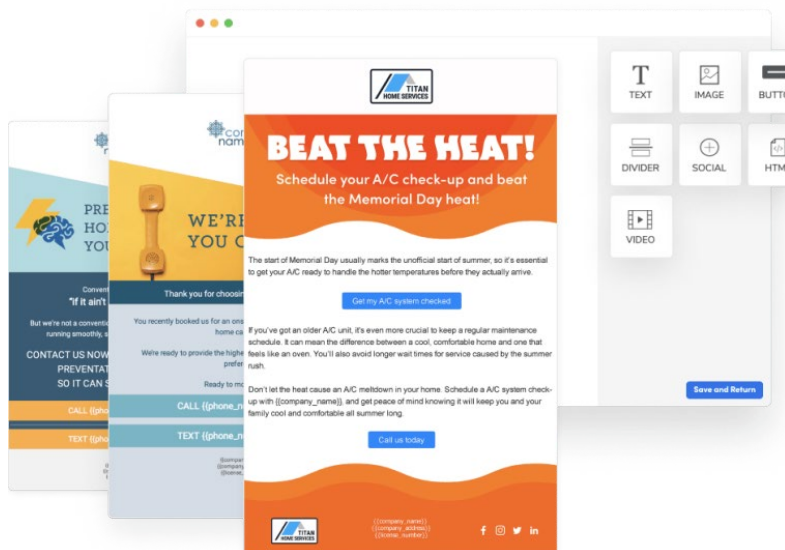
Use [ServiceTitan's Marketing Pro](#) to leverage customer data and easily track marketing campaigns, so you can focus on other business strategies to generate the most revenue.

### CUSTOMER ACQUISITION COST

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In the world of marketing, Customer Acquisition Cost (CAC) equals your ad spend divided by the number of booked jobs as a result of that spend, over a certain period of time. With ServiceTitan Marketing Pro, you can track all of your company's marketing efforts to determine ROI for each campaign, and see what's working and what isn't.

Aim for the lowest CAC possible, adjusting or abandoning any marketing campaigns with an excessively high CAC. Utilize targeted [email marketing](#) to get your message to the right customers at the right time, at a lower cost per acquisition than most marketing methods.



### GROSS REVENUE PER LEAD SOURCE

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This helps companies measure the effectiveness of various marketing channels, and inform the allocation of marketing dollars.

### LEADS GENERATED BY SOURCE

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Another measure of effectiveness, including the power of the message in the marketing.

### CLOSING PERCENTAGE BY MARKETING SOURCE

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This KPI provides insight into the quality of leads produced by each channel.

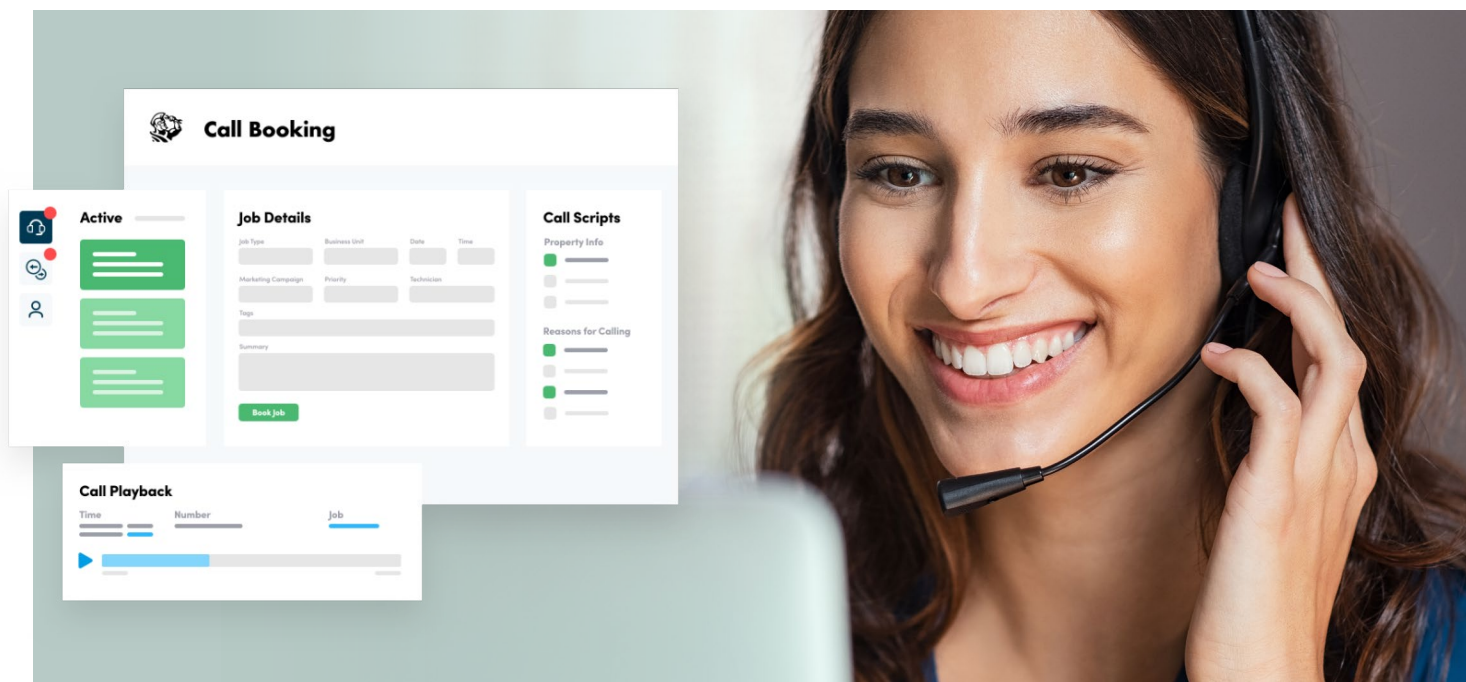
"Tracking what works now—that's the most important thing," Valdez says. "Three years from now, people may not go to Facebook for HVAC."

[Customer reviews](#) matter, too.

"We have 5,000 reviews across all platforms," Valdez says. "That's what is working right now, but it's because of the structure I built."

"Find out what works for you."

# CSR KPIs



Are your CSRs in the right mindset to make a good first impression with customers?

If you want your CSRs to book more jobs and grow revenue for your home service company, you must do more than simply hand them a script and tell them to follow it.

“There is so much more to it than just reading a script,” says **Angie Snow**, a ServiceTitan Director of Customer & Product Training, [CSR Coach with Go Time Success Group](#) and Vice President of [Western Heating and Air Conditioning](#) in Utah.

“You’re not just a CSR,” Snow says. “As CSR, you are the voice of the company. You have a great impression to make for the company.”

Measuring a CSR’s success, then, involves measuring a combination of efficiency and empathy.

Valdez uses ServiceTitan reporting combined

with [DataCube](#) to track company performance in real time, using computer screens to display live, up-to-date information for every department—including measuring the effectiveness of his CSR team. He says the live, computerized displays help to quickly expose weaknesses by a poor performer.

***“You’re not just a CSR,” Snow says. “As CSR, you are the voice of the company. You have a great impression to make for the company.”***

Take what you learn from KPI tracking, and apply it to coaching your team to perform better.

“That’s what you do with your KPIs—you coach people. You’re not there to write ‘em up, fire them, or tell them ‘you’re not doing this right’—

you're there to coach them," he says. "Give them as much coaching as you can, and if it's falling on deaf ears, then they gotta go."

"As business owners, we invest so much money in marketing to get the phone to ring, but if your CSRs are not capturing those calls and seizing those opportunities, you're wasting your money," Snow says.

*"You really have to start with the CSRs, because they get the ball rolling for everybody else."*

In a recent [ServiceTitan webinar](#), the CSR business coach breaks down the 4 Essential Steps to Helping CSRs Achieve a 95% Booking Rate:

1. Know your team
2. Know your questions
3. Know your schedule
4. Know your customer

**Key CSR KPIs to consider include:**

## GROSS DAILY CALLS TAKEN

This number will differ depending on the size of the company because of call volume, whether calls are filtered for telemarketing calls, and seasonality. Gather data for your baseline, then set targets accordingly.

## MEMBERSHIPS SOLD

This differs from business to business as well, and should be treated similarly to Gross Daily Calls Taken.

## CALL BOOKING PERCENTAGE

Average Call Booking is 70% (considering only

possible lead calls). A good CSR should be able to consistently book 85%+ of calls that are leads.

## EMAIL CAPTURES

This is a non-negotiable. If the customer has an email address, the CSR should capture it on every call that is a lead. Less the 15% of calls that are not booked, there will be another 5% of the population who don't use email. So an email verification or capture should be around 80%.

## OUTBOUND FOLLOW-UPS

Customer follow ups should happen with all residential service calls, and sales calls. It is not a common practice with commercial calls. Snow recommends keeping this KPI pretty high, at 90%.

## GROSS NUMBER OF CALLS BOOKED

Although not a percentage, companies have a capacity that needs to be filled. Snow's CSRs know how many calls need to be booked for each business unit to reach its goals. When inbound calls are lacking, the CSRs must make outbound calls to fill the board.





## CUSTOMER RETENTION

In a service business, you strive to gain and retain as many customers as possible. Examine customer retention to determine if your company consistently grows the customer base and increases the number of repeat customers. Study those long-term and repeat customer profiles to determine the key steps to keeping customers happy and providing quality service.

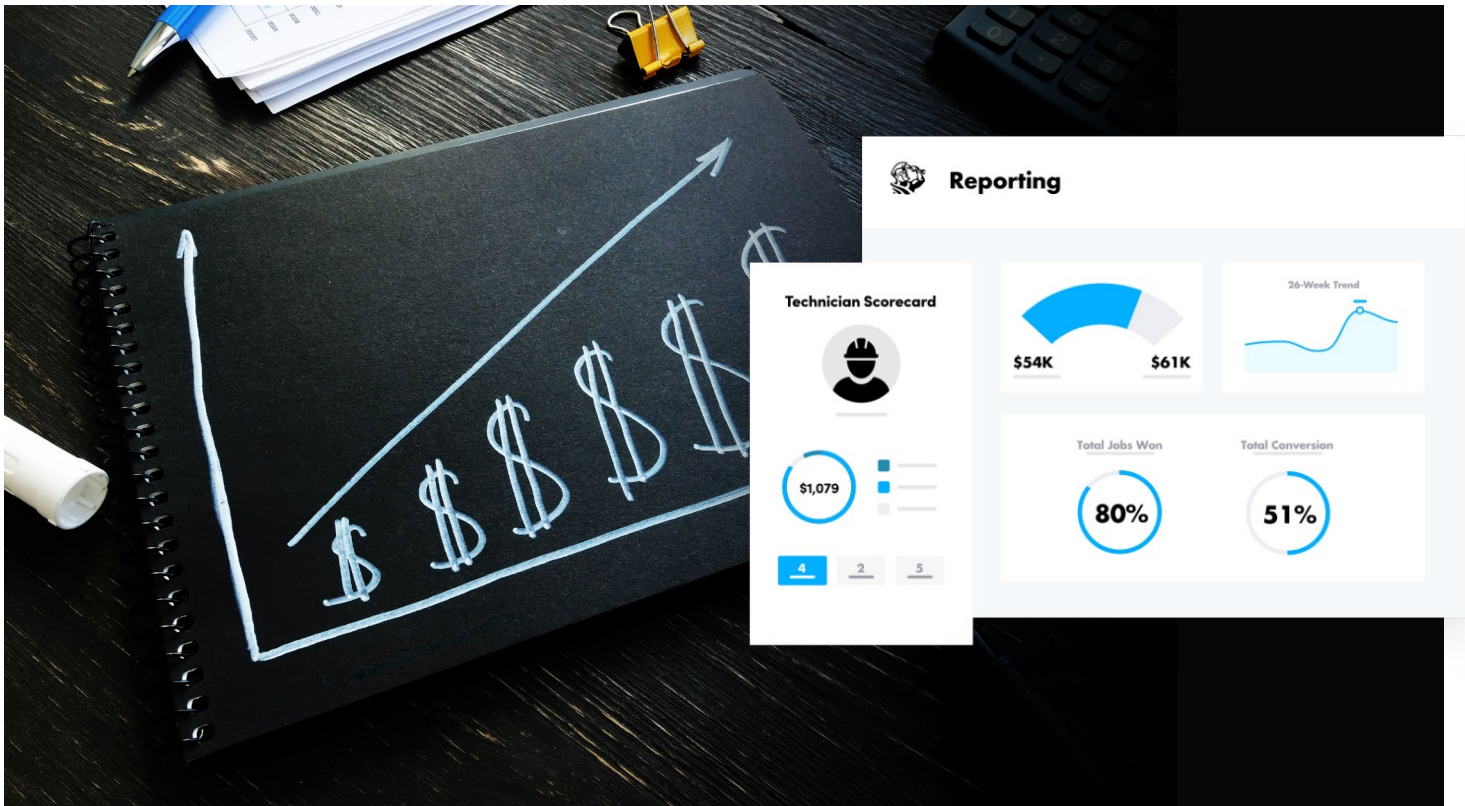
Be sure a CSR follows up after every job—whether through a phone call, email, or text—to immediately address any issues, and improve the overall customer experience, and thus customer satisfaction. Train CSRs and technicians to ask customers for [reviews and surveys](#) immediately following a job.

Focus on improving service to keep customers coming back, and increase the likelihood they'll refer your company to others.

Also, consider incentivizing your CSRs. Some companies, Snow says, bonus/spiff CSRs on memberships sold, as well as IAQ or other sales over the phone. One company will spiff their CSRs an additional spiff per call if they book over the recommended goal. For instance, over 125 booked calls/month = \$.75/call, over 150 booked calls/month = \$1.00/call. etc



# SALES KPIs



Trying to keep 72 installers busy every day, Valdez knows discounts remain common in the industry, but he expects a healthy project manager to run at least a 35- to 40-percent closing rate.

## Important Sales KPIs to track:

### SALES REVENUE

Sales revenue is simply how much money your company earns from providing services, installations, and selling any products you offer. A foundational metric essential for any company, you must keep close tabs on sales revenue to stay in business, hire staff, adjust inventory, and maintain steady growth.

Look for trends in your sales revenue. Do you experience spikes or slow periods during certain seasons? Do you know when customers tend to call for HVAC system maintenance or

air conditioning repairs? Distinguishing and anticipating these trends can help you maintain competitive pricing and make long-term financial decisions to ensure profitability for your bottom line.

Increase sales revenue by equipping technicians with effective strategies for upselling in the field. For instance, educate customers about the life cycle of their hot water heater or heat pump, so they know when it's time to replace for best system efficiency and energy performance. Customers concerned with their energy consumption or the energy efficiency of their systems may be open to upgrading equipment for best operational performance and energy savings.



## AVERAGE TICKET

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We'll delve deeply into this essential metric later.

## REVENUE PER LEAD

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To find your bottom line, look no further than revenue per lead. Revenue per lead is the total volume of sales divided by the total number of leads, including cancelled leads. As you look at field service performance metrics, it's important to examine the percentage of closed leads. If your company closes only a small percentage of total leads, it's time to re-examine key business practices.

## AVERAGE DISCOUNT

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Valdez says 80 to 90 percent of NexGen Air's revenue results from his project managers closing sales on marketed leads or turnover calls from service techs. For project managers, he tracks total opportunities, number of booked deals, and the amount for each job sold.

More importantly, however, he tracks each project manager's average discount. Valdez would rather see a low average discount of 3 to 5 percent on \$300,000 in total revenue, versus a 20-percent average discount on \$500,000 in revenue.

"What is your average discount?" Valdez asks. "That's all I want to know, because if you're giving stuff away, anybody can do that. If you've got an average discount of 20 to 25 percent, you're not doing me any good."



# FINANCIAL KPIs



Valdez says not paying attention to those three things nearly ruined his company.

"You've got to know your overhead. That's what got me in trouble last year," says the home services company owner. "I was spending so much on marketing. ... I was trying to go to \$50 million last year—without a plan."

He called in [Tom Howard](#), ServiceTitan Vice President of Customer Experience, for help, and they came up with a solid budget plan. Now, Valdez understands the need to closely track monthly expenses and gross profit to know exactly how much to target in revenue.

## Top financial KPIs to consider:

### GROSS MARGIN

Calculate gross margin by using this formula: Sales revenue minus the cost of providing services, divided by sales revenue.

Gross margin, expressed as a percentage, can help you track the growth of your business. This percentage represents the amount of every dollar from your sales revenue you retain as profit. A high percentage translates to good efficiency, but a low percentage indicates a need for increased productivity.

### LABOR AS A PERCENTAGE OF REVENUE

This is a good way to determine the efficiency and effectiveness of your departments. By monitoring this KPI and having a target, companies can determine whether they have an efficiency, performance, or pricing problem.



## PROFIT/LOSS

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To determine your monthly profit (or loss), fixed and variable operating costs need to be subtracted from your profit.

Fixed costs represent regular expenses you pay every month:

- Rent
- Utilities
- Payroll
- Advertising

Variable costs constitute unexpected expenses that may fluctuate month-to-month, such as fuel usage and vehicle repairs.

Subtract monthly fixed and variable costs from your revenue to calculate your company's profit for the month. If you find your total costs eat up a significant part of your revenue, identify areas where you can save money. Try to keep the total cost of operations (fixed + variable) at 30 percent or below.

## GROSS PROFIT PERCENTAGE BY DEPARTMENT

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Gross Profit Percentage by Department is critical, Hunter says, because different departments have different KPIs. If you don't "departmentalize" and know each department's gross profit, you could have one that is struggling and not even know it. Case in point: If your HVAC department as a whole had a 50% Gross Profit Percentage, you might assume it was doing well. But departmentalizing might reveal that the install department was carrying the service department. "It may have a gross profit of 60%, and the service department not be breaking even, with a 30% Gross Profit Percentage," Hunter says. "That wouldn't even cover the overhead expense." By understanding what each department is doing, you can fine-tune your operations.

## SET OVERHEAD

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Each month, your company should produce enough gross profit to cover overhead and profit goals. Without a firm grasp on Set Overhead, your company can't determine the correct pricing model and marketing goals to produce those gross profit dollars. By knowing your overhead cost, your company can price its services correctly and avoid "overhead creep."

## BREAK-EVEN POINT

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Understanding the point at which your company breaks even— and therefore being able to set prices to achieve the desired profit margin—is a complex calculation. [This ServiceTitan calculator makes that process easier.](#)

# MULTI-FUNCTION KPIs



## MEAN TIME TO COMPLETE JOB

Mean time to complete jobs is the average time it takes your business to complete an entire job cycle – everything from the initial dispatch call to scheduling, service, and billing. Understanding this field service performance metric will help you analyze your company's workflow and see where you can improve efficiency. Utilize [ServiceTitan Payments](#) to conveniently collect customer payments in the field using an online payment portal. It will reduce paperwork and make closing invoices more efficient, and your company gets paid faster, too.

## TITAN SCORE

Find out if you're fully utilizing the capabilities of ServiceTitan software by assessing your company's [Titan Score](#). The Titan Score, built into your ServiceTitan account dashboard,

compiles existing performance metrics into seven business practices.

A company's score goes up each time it implements good business practices, indicating the ServiceTitan platform is being utilized to its full potential. Explore ways to improve your Titan Score, which will give you a better understanding of your company's field service performance metrics.

*ServiceTitan data shows that a higher Titan Score, which signifies higher adoption of the features available in the cloud-based software, leads to significantly higher revenue.*



# THE BOTTOM LINE



Closely tracking field service KPIs will accelerate company growth, while also revealing areas where your teams need improvement to achieve profitability goals.

While revenue certainly factors into growth, it's important to consider all aspects of the business and look at a variety of field service performance metrics. Analyzing your company's data in real time allows you to accurately gauge everyone's performance, and make measured changes to grow successfully.

## CHRIS HUNTER'S GAME PLAN FOR INCREASING AVERAGE TICKET

**Chris Hunter** says average Ticket is a great KPI because it measures how each team member is performing relative to the opportunity available.



By focusing on this KPI, ServiceTitan customers on average will increase their average ticket by 6 percent year-over-year (and significantly higher the first year they are on ServiceTitan).

***"Even an average of 6 percent could make a significant difference in the business," Hunter says. "Tracking the Average Ticket uncovers other opportunities for your business, and identifies areas that need to be addressed."***

**Here are the steps Hunter says should be taken to improve Average Ticket at any home and commercial services company:**

# HOW TO INCREASE AVERAGE TICKET

**There are 4 areas you need to address in order to raise your average ticket:**

1. Start measuring and set targets
2. Analyze and correct pricing
3. Put systems in place ...
  - A. To determine the best tech for each call to maximize profit
  - B. To standardize steps for sales and service calls, including complete inspections, offering options, closing
4. Train diligently on the systems above

Pricing, training and process issues most commonly affect Average Ticket. Low Average Ticket could be solved by more training for technicians on presenting multiple options, utilizing financing, using the complete inspection process to uncover needs, etc.

Training could also be needed on dispatching for profitability – by sending the right tech to the right job.

Benefits of measuring Average Ticket include:

- It helps technicians understand where the bar is. Most are competitive and want to exceed the standard.
- It provides instant feedback into their individual performance.
- It creates a culture of performance instead of a culture of tenure.

## » WATCH

[Video on how culture and average ticket correlate](#)





# HOW TO TRACK AVERAGE TICKET

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ServiceTitan provides multiple metric options for Average Ticket, depending on how a contractor views the number. Once a company defines how Average Ticket will be measured, their ServiceTitan account will be set up to display the defined KPIs.

## OPPORTUNITY JOB AVERAGE

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Most best-practice companies track technician performance with the Opportunity Job Average. That metric measures the average ticket of all your opportunity jobs (any jobs that are NOT marked as no-charge jobs, warranties or recalls). This is the preferred metric and the one that is highlighted in the company metrics section of our Updated Dashboard.

Opportunity Job Average is figured by dividing the sum of completed revenue from opportunity jobs by the total number of opportunity jobs.

## TOTAL JOB AVERAGE

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This version of Average Ticket of all jobs including no-charge jobs, warranties and recalls. Tracking this at the business unit level helps managers understand the impact of the no charge, warranties and recalls to the overall ticket average.

Total job average is figured by dividing the sum of revenue from completed jobs by the number of completed jobs.

For tracking Opportunity Job Average, it is very important that only jobs that are intended to be opportunities are reported that way. The best and most efficient way to ensure this is through job types settings. Any job type can be made a “no-charge job by default” by clicking a checkbox within each job types setting.



## TWO IMPORTANT NOTES

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- Multi-day projects that will by nature have \$0 jobs that should not be factored into the Opportunity Job Average metric.
- For accurate reporting, ensure ALL of your jobs type have a sold threshold of at least \$.01 if no dispatch fee, or \$.01 more than the dispatch fee amount if one exists for the job type. A \$0 invoice on a job with a \$0 sold threshold will count as a conversion and therefore make the job an opportunity (even if it is marked no charge) and count the job toward the average.

### » WATCH

[Video on how culture and average ticket correlate](#)

### » SET-UP ARTICLES

- [Set up and use job types](#)
- [Mark jobs as no charge or non-opportunity by default](#)
- [ServiceTitan Glossary](#)

# HOW TO MONITOR AVERAGE TICKET

In ServiceTitan, Opportunity Job Average can be found on the updated dashboard as well as the prebuilt "Revenue" report in the Business Unit Dashboard and Technician Dashboard sections.

All of these metrics are located in our the Business Unit Performance and Technician Performance report template for custom reports at the individual business unit and individual technician level, respectively.



## » WATCH

[Tracking Average Ticket in ServiceTitan](#)

## » WATCH

[Mapping BUs to the dashboard to show accurate Opp Job Average](#)

## SETTING A TARGET FOR AVERAGE TICKET

The most important part of this KPI is setting the target goal. Many things go into what this target should be and each company may have different KPIs. Geographic location, types of work performed and labor rates factor into this.

# CHRIS HUNTER'S RECOMMENDED KPIs BENCHMARKS

BUSINESS PERFORMANCE METRICS	TARGET
<b>HVAC Service and Maintenance</b>	
Service labor	≤20%
Service cost of goods sold parts and supplies	≤18%
Service gross margin	≥60%
% of total sales	25%
Average calls needed to generate replacement lead	≤10
Maintenance labor	≤18%
Maintenance cost of goods sold parts and supplies	≤10%
Maintenance gross margin	≥60%
% of total sales	15%
Average calls needed to generate replacement lead	≤18
Repeat visits	≤1%
<b>Plumbing Service and Maintenance</b>	
Service and maintenance labor	≤21%
Cost of goods sold parts and supplies	≤15%
Callbacks	≤1%
<b>Plumbing Service and Maintenance</b>	
Service and maintenance labor	≤21%
Cost of goods sold parts and supplies	≤15%
Callbacks	≤1%

<b>HVAC Residential Replacement</b>	
Replacement labor	≤9%
Equipment and materials	≤35%
Gross margin (after support wages and commissions)	≥45%
IAQ & home performance	≥65%
% of total company sales	60%
Warranty expense	≤2%
<b>Marketing- Sample Budget</b>	
Target Range	6-10%
Branding	40-45%
Call to action	30-35%
Internal	30-35%
<b>Leadership – time spent</b>	
Recruiting, retaining and building career pathways	30%
Developing best practices	30%
Vision and company direction	30%
<b>Other</b>	
Average revenue per team member per year	≥\$170,000
New service agreement customers per day	>35% of new customer opportunities
Service agreements per million dollars of service sales	≥1,000
5 Star reviews per tech per day	>40% of calls ran



Earnings before interest, taxes, depreciation and amortization	>10% target of >20%
Operating cash and or credit days of operating expense	≥20%
Overhead as a percent of sales	≤30%
Field to office ratio	3 to 1
Company annual growth rate	≥10%

RESIDENTIAL FIELD STAFF KPI'S	TARGET
<b>HVAC Service Technician</b>	
Average ticket	≥\$350
Leads set per service call	≥20%
Closed calls	≥85%
Service call to maintenance agreement conversion rate	≥30%
<b>HVAC Maintenance Technician</b>	
Average tune-up ticket	≥\$175
Leads set per maintenance call	≥15%
Closed calls	≥50%
Tune-up to maintenance agreement conversion rate	≥70%
<b>Plumbing Service Technician</b>	
Average ticket	≥\$450
Closed calls	≥92%
Service call to maintenance agreement conversion rate	≥30%
Tankless water heater leads	≥15%

<b>Electrical Service Technician</b>	
Average ticket	≥\$500
Closed calls	≥85%
Service call to maintenance agreement conversion rate	≥30%
Generator sales leads	≥15%

COMFORT ADVISER	TARGET
Replacement system (average install ticket)	>\$8,500*
Sales closing ratios (on average)	>50%
Technician lead	75-85%
Current non-agreement customer	55-65%
Service agreement customer	70%
Self-generated	65-80%
Marketing lead	25-35%
Commission	9%
Annual sales	≥1.5 mill
*This figure fluctuates highly per market area. Adjust accordingly.	

CUSTOMER SERVICE REP (CSR)	TARGET
Call conversion ratio	≥80%
Capacity/Arrival windows	
1. Service and maintenance calls per tech	3
2. Sales leads per comfort adviser	2
3. Happy calls	≥60%
<b>Service Coordinator/ Dispatcher</b>	
Percentage of productive time booked per day dispatched	≥50%
Total service dept. club memberships sold	≥30%
Total service dept. leads turned in	≥20%
On time percentage	≥95%
Service dept. revenue	100% of monthly revenue target
Maintenance calls booked per maint tech	4 per day

