

## What does mechanical engineering have in common with big game hunting?

### Curious what After Sales has to do with it?

Some truths are uncomfortable because they contradict the self-image. A large number of machine builders are still convinced that they make the most money from tailor-made machines. This is usually wrong, because these machines cause a lot of effort in the engineering department and the entire manufacturing.

Mechanical engineers achieve the highest margins with what appears to be a small side business: **After Sales**.

Most machine builders are like big game hunters. They spend a lot of time and energy to sell a machine to a customer for a large amount. However, they are exposed to strong competition and therefore high price pressure and are usually comparable, which ultimately also affects the possible margin. Once the deal is done, the next customer starts the game again.



In addition to the successful big game hunters in sales, there is always a small department in all companies in mechanical engineering that works according to a completely different pattern: **The Service or After Sales**.

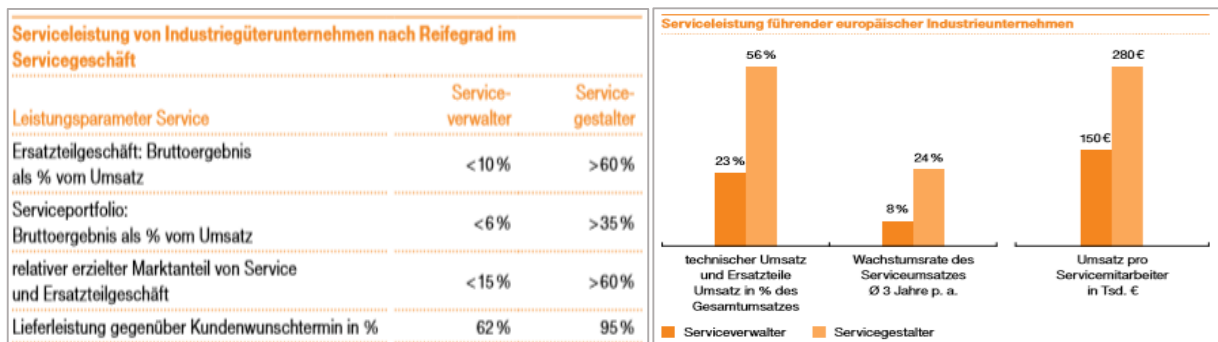
This area takes over the fields of the installed base ordered by the sales department and regularly harvests their fruits or pursues the hunt for small animals such as upgrades. They don't have trophies on the office walls, but they earn unobtrusively good money. The emphasis is on inconspicuous, because as a rule, the management pays attention to big game hunting and takes the service income with them as a by-catch.

Even though mechanical engineering is increasingly emphasizing the importance of after-sales and that it is of course supported, there is usually a lack of understanding and real support. In places, individual projects (e.g. data glasses) are heavily advertised and highlighted as modern digital products without being really successful, and accordingly, its significance quickly goes down again.

Although mechanical engineering is increasingly stressing the importance of after-sales and supporting it, there is usually a lack of understanding and real support.

A large order in the new machine business - regardless of the final contribution margin - has a higher value in the company than the small "annoying" after sales orders with their high margins.

Especially in the After Sales with a little more attention, appropriate active approach plus a look beyond the edge of the forest, the yield could be increased quickly and permanently.



Source: <https://www.pwc.de/de/consulting/management-consulting/assets/serviceinnovation-wachstumsmotor-und-ertragsmaschine-vf.pdf>

According to a study by PwC, in an actively managed after sales (service and spare parts sales), gross results as % of sales, of more than 60 percent are possible. In addition, the study shows that active "service designers" generally achieve a result that is more than twice as good as that of the "service administrators".

Become a "service designer" with our support!

With more than 25 years of practical experience in the After Sales from various industries, we see ourselves as a source of ideas, sparring partners, consultants and active project attendants for dealing with complex issues.

Willemsen & Dr. Scholl are available to interested companies for in-depth discussions on above described topic.

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