Using Professional Services Automation (PSA) Technology to Exceed Customer Expectations

Sept. 24, 2015
2:00 pm-3:00 pm EDT
Featured Speakers

Mark Hordes
Principal

Larry Kading
VP, Sales Consulting

Bob Caruso
Client Partner
Creating a Trust-Based Professional Services Relationship

Mark Hordes
Principal

MARK HORDES MANAGEMENT CONSULTANTS, LLC
A PS Trusted Business Advisor since 1990 with over 300 training/trust building projects training/s completed throughout the U.S., Asia and Europe, South America, Mexico, Middle East, Sweden, China.

The company’s broad services portfolio includes:

**PS Trust-Building Training & Programs**: Training and coaching on building trust/internal and external customers, trust development, trust based selling, coaching for performance, handling conflict, culture scans, employee surveys, building the high performance teams, Leadership development, services management and organizational development interventions.

Sample of the Industries We Serve:

- Oil & Gas
- Financial Services
- Charitable Orgs.
- Engineering & Construction
- Chemicals
- Pulp & Paper
- Specialty Chemicals
- Food & Beverage
- Non-Profit Organizations

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My Target Today...

Share with you approaches, ideas and benefits that can be obtained when you build and create Professional Services trust-based relationships with all your customers and client relationships.
PS Trusted Advisor Definition ...

A professional services professional whose thoughts and actions are grounded in the principles of customer/client respect and mutual collaboration.

To the trusted PS advisor the relationship experience is paramount and is based upon caring about the customer’s/client’s long-term business interests.
The Demand for Professional Services Continues to Grow

(Source: Dataquest [Developed by Bob Johnson])

The PSA Trust-based Services Opportunity

PSA Technology Complexity

Rate of New PSA Technology Introduction

PSA Technology Assimilation Gap

Rate at Which Market Can Assimilate New PSA Technology

Time
## What’s So Different About Services?

(Source: *S-Business: Reinventing the Services Organization*. Alexander and Hordes, Select Books)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Products</th>
<th>Services</th>
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<tbody>
<tr>
<td>Production</td>
<td>Built</td>
<td>Performed</td>
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<tr>
<td>Production Goal</td>
<td>Uniformity</td>
<td>Uniqueness</td>
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<td>Scalability</td>
<td>Capital Intensive</td>
<td>People Intensive</td>
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<td>Preferred Channel</td>
<td>Low Touch</td>
<td>High Touch</td>
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<td>Customer Involvement</td>
<td>Rarely</td>
<td>Trust based</td>
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<td>Quality Control</td>
<td>Output to Spec</td>
<td>Expectations to Experience</td>
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<td>Poor Quality Procedure</td>
<td>Recall</td>
<td>Apologize &amp; Atone</td>
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<tr>
<td>Morale &amp; Skill Level</td>
<td>Important</td>
<td>Trust is Vital</td>
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*Source: S-Business: Reinventing the Services Organization. Alexander and Hordes, Select Books*
What Professional Services Trusted Advisor Behaviors Do Your Top Performers Exhibit That Your Average PS Performers Don’t? (MHMC, LLC Client Research 2014)

1. Great Communications Skills
2. Seizes the Initiative
3. Puts the Customer First
4. Big Picture PS Thinking
5. Strong PS Business Acumen
6. Confidence, Courage and Strong Expertise

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In a PS Relationship: Trust is created by 6 actions

- Reliability
- Credibility
- Commonality
- Respect
- Caring
- Transparency
# PS Self-Assessment

**“C”=Clients or Customers**

**Your PS Customers or Clients:**
1. Think you consistently deliver value.  
2. Believe you genuinely care about them.  
3. Care about you as a person.  
4. Often ask you for advice.  
5. Enthusiastically recommend you.

**You and You Colleagues:**
6. Think about your “C” long-term business interests, challenges and needs.  
7. Care about your “C” as individuals.  
8. Frequently approach customers with unsolicited ideas to make their life better.

**You and Your Customers and Clients:**
10. Collaborate extensively to get things done.

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**Total Score**

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In Summary...

- Everyone can learn PS Trust building skills
- PS Trust is essential for long-term services business relationships
- When confronted with a difficult PS situation with a customer/client ask: What would a Professional Services trusted advisor do in this situation?
Professional Services Automation: A Direct Path to Customer Satisfaction

Larry Kading,
VP, Sales Consulting
Make smarter business decisions, accelerate innovation, successfully adapt to rapidly changing market conditions, and achieve better business outcomes with Changepoint.
Business Execution Management™

Actionable Insight for Optimal Business Agility and Performance
A Direct Path to Customer Satisfaction
Professional Services Automation (PSA)

Customer Life-Cycle

Whether a single system; or multiple integrated applications, ultimately PSA software suites allow users to integrate industry-appropriate metrics in order to better understand operations and, in turn, improve efficiency and profitability.

PSA software is used to provide visibility into mid-project profitability, while focused on delivering to customer satisfaction.
Common Business Challenges

- Customer dissatisfaction
- Resource bottlenecks
- Project over-run
- Disjointed customer experiences
- Lack of executive visibility
- Inefficiencies, redundancy, waste
- Financial rear-view mirror
- Lack of automation

“We need to ensure strategies align with work planning and customer success…”

“We need better visibility to make smarter decisions…”

“We need to know the best way to get the work done…”

Professional Services Automation (PSA)
Responsibility to the Customer life-cycle

Customer Satisfaction from the first ‘Hello’

**CRM**
Activity Driven to close

**PSA**
Operational visibility to increase financial performance

**Financial System**
Financial Health on completed results

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**CRM**
First experience with your company. Failures here impact sales velocity

**PSA**
Continued relationship of ask to deliver. Failures here directly affect customer satisfaction

**Financial System**
Creates a smooth transactional relationship with your customer. Failures here will impact willingness to continue relationship

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Customer Lifecycle – Continued Value Experience
Importance of Operational Visibility

Customer Satisfaction has a key role in company health

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Revenue
- Increase Sales Productivity 10% - $200K per rep
- Increase Utilization 1% - $2-3K per consultant per year
- Increase Bill Rates $10/hr. - $14K per consultant per year

Client Satisfaction
- Improve on-budget project delivery 1% - $2K
- Wildly satisfied clients > 10% revenue growth
- Increase service product attach rate 1% - $200-500K

Margin
- Focus on higher margin deals
- Improve subcontractor margin 10% - 1% to 3% margin improvement
- Reduce non-billable expense - target $2,500 pp per quarter

Resource Plan
- Reduce employee ramp time - $50K revenue improvement
- Reduce admin hours 1 hr/week - $10K pp per year
- Reduce attrition - $150K expense saving pp
```

“Professional services is a balancing act requiring both effective selling and project delivery. Client satisfaction is the ultimate goal to ensure clients pay their bills, continue to buy and provide great references and referrals.”

Metrics that Matter for Professional Services
Jeanne Urich – Sept 18, 2015
# A Direct Impact to the Business

Research continues to show that...

<table>
<thead>
<tr>
<th>Metric</th>
<th>Companies NOT Using PSA</th>
<th>Companies Using PSA</th>
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<tbody>
<tr>
<td>Average Project Margin</td>
<td>38%</td>
<td>40%</td>
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<tr>
<td>Average Net Operating Income</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Average Field Costs</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Average G&amp;A Expense</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Average Total Costs</td>
<td>23%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: TSIA 2013 PS Benchmark.
Why It Just Makes Sense

No one would question the need for supply chain management software for a manufacturing company.

While finance systems provide a detailed, retrospective “record of truth” for financial performance, Professional Services Automation systems provide visibility, levers and controls to optimize key performance drivers of the daily operations.

This current and future view into the organization helps to manage and improve overall financial performance, both are required with CFO’s finding an active role in real-time financial guidance.
A Partnership of Value

Finance System Alone

- Information focused on chart of accounts which may not reflect actual process & work.
- Financial performance measure retrospectively in cycles. (Monthly, Quarterly)
- No detail on work plans. Lack of drill down visibility into work plans; work performed and diagnostic detail to predict issues.
- Hours; cost and revenue estimates are disconnected from detailed activity.
- Does not support or enforce standard methods, practices and operational decisions.
- Little detailed information to resolve disputes, leads to credits and reversals.

with A PSA System

- Information organized how work and resources are divided.
- Financial performance is planned in advance and tracked daily.
- PSA system provides performance analysis at any level in the portfolio providing advance alarms and insights in potential causes.
- Hours, costs and revenue estimates are at the detailed level, and provide roll-up views.
- Supports work assignment, methodologies, standards and operational best practices.
- Detailed records reduce invoice disputes, which results in fewer credits and greater accuracy of reported revenue.
Project Management alone is not PSA

So while you can buy a non PSA enabled PPM solution for a bit less than an enabled one - the reality is that its never going to achieve the same value to the organisation, or your objectives.

To run a Professional Services Firm, you need to not only do the main pieces of a Project Management tool, but there are additional functions and features that your system will need.

All PPM systems are not created equal. At last count, there were 734 PPM tools in the market, all looking for your money. Most are inadequate, many are minimalistic, and some are "mutton dressed as lamb".
While effective opportunity and project management will see efficiencies, the order of magnitude value realization comes from enabling fact based real-time decisions affecting margin and revenue objectives, with a focus on Automation, 360 visibility and Customer focus on satisfaction.

Potential for greater gains in multiple areas
From Effective Forecasting, Delivery and Utilization Process Improvements
INDUSTRY
IT Services

CHALLENGE
An IT services provider with European-wide clientele, 1eEurope Deutschland GmbH needed a software suite to manage its core business functions, from time-tracking to accounting.

SOLUTION
Changepoint for Professional Services Automation (PSA)

RESULTS
• Cultivated an organization-wide standard process
• 100% of invoicing is now streamlined and generated with the help of Changepoint
• Reduced monthly billing cycle to only 3 full days of work

“Changepoint is an end-to-end solution for us, from marketing to finance. It’s the backbone of our company.”

- Patrick Soenke, Research and Development Manager
Slalom PSA Case Study

“Changepoint’s ability to manage the entire lifecycle of an engagement is critical to us. Through the entire process of setting up the engagement, staffing, invoicing and recognizing revenue, we needed a solution to manage it all. The extensive data we are able to extract from Changepoint into our reporting and BI tools allows us to analyze any engagement in detail.”

- Mike Heffernan, CFO

INDUSTRY
Business and Technology Consulting

CHALLENGE
• Streamline and automate the engagement life cycle
• Better manage billing, utilization, and cash flow
• Mitigate risk of lost revenue and invoicing delays

SOLUTION
Changepoint for Professional Services Automation (PSA)

RESULTS
• Improved billing efficiency, accuracy and timeliness
• Automated revenue sharing among teams and across markets
• Improved expense reporting and time keeping
• Increased visibility into revenue
What to look for in choosing a PSA

Key Roadmap Components

- Mobility Investments
- Globalization Focus
- BI Reporting
- Integration Flexibility

- 360-degree view of customers
- International currency support
- Project Management and Resource Management in a single application
- Customer Relationship Management
- Real-time resource financial forecasting
- Time tracking for project and non-project activities
- Flexible revenue recognition
- Financial performance analysis
- Sophisticated currency and tax handling
- Full audit support
- Full service PSA; avoiding multiple systems with multiple integrations
Key Drivers to Improving Performance, Customer Satisfaction & Profitability

Bob Caruso
Client Partner
Tribridge at a Glance

• HQ in Tampa with 600 team members **averaging 20 years** of experience in consulting and industry

• **Worldwide Offices** and Partnerships

• One of Microsoft’s top partners – **Microsoft Dynamics Worldwide Partner of the Year** 4 times in 6 years (2008, 2010, 2012 and 2013)

• **Cornerstone On Demand** top partner

• **Largest Microsoft Dynamics customer** base in North America
Challenges & Opportunities

→ Growth in Professional Services of 10% or more for the third consecutive year

→ 28% report 90% or higher client “referenceability”

→ Shortfall of 248,000 workers with prerequisite analytic reasoning skills

→ Average project staffing time in 2014 is 9.41 days

→ 53.6% report either Substantial or Comprehensive real-time visibility of KPIs

→ 5% of PSOs achieved an average earnings of 25.3%

→ Most reported an average 12.2% earnings

Source: Service Performance Insight, February 2015
Align to Perform

Professional Service Organizations (PSO) success requires alignment. Processes, employee behaviors & technology must be aligned around client expectations.

Enable your employees to provide a delightful client experience with technology designed around customer expectations.

Understand your clients’ expectations and desired experience, designing them into your processes and technology.

Employee engagement (internal culture) and brand promise are linked through the experience your employees deliver.

Align your employee behavior with your processes and technology to create a consistently positive client experience.
**Level 5 organizations are visionary and collaborative both internally and with clients and external business partners.**

<table>
<thead>
<tr>
<th>PERFORMANCE PILLARS</th>
<th>LEVEL 1 INFORMAL</th>
<th>LEVEL 2 FUNCTIONAL EXCELLENCE</th>
<th>LEVEL 3 ALIGNED</th>
<th>LEVEL 4 ORGANIZATIONAL EXCELLENCE</th>
<th>LEVEL 5 CONTINUAL IMPROVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>PSO is opportunistic</td>
<td>Repeatable processes</td>
<td>Standard processes across organization</td>
<td>Precise measurements, metrics and controls in place</td>
<td>Focus on continues improvement</td>
</tr>
<tr>
<td></td>
<td>Revenue generation is top priority</td>
<td>Best practices deployed within functions</td>
<td>Consistent, repeatable delivery methodology</td>
<td>Processes aligned to achieve leverage</td>
<td>Controls in place to measure and optimize performance</td>
</tr>
<tr>
<td></td>
<td>Processes are fluid and informal</td>
<td>Un-integrated processes</td>
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</table>

**Evolving Maturity Intentionally**

Level 5 organizations are visionary and collaborative both internally and with clients and external business partners.
Bid-to-Win (*Client Relationships*) impacts margins and revenue growth (*Finance and Operations*).

Leadership issues (communication, well understood vision, mission and strategy,) can impact the ability to grow (*Finance and Operations*), staffing levels (*Human Capital*) and the ability to effectively deliver projects (*Service Execution*).

If a project is delivered late (*Service Execution*) it can negatively impact relations with the client and future sales effectiveness (*Client Relationships*), revenue growth and project profitability (*Finance and Operations*).

*Source: Service Performance Insight, February 2015*
→ Proactive Project Management
→ Accurate Forecasting
→ Aligned Resources
→ Comprehensive Visibility
→ Integrated Automation
Fully-integrated professional services solutions align sales, marketing, services, billing and resource management functionality in a single cloud-based platform.

End to End Business Management for Professional Services Firms

Simplicity of Outlook

The Sophistication of Microsoft Dynamics

Private Cloud or On-Premise Deployment
Takeaways

→ Professional Services Organizations opportunities abound

→ Align customers, people, processes and tools

→ Flexibility and delivery excellence are enabled by the right technologies
Thanks for Your Participation

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