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The Keys to Driving Success at Every Phase of the Professional Services Value Chain

How a focus on value can transform professional services operational success

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INTRODUCTION

For professional services organizations, quantifiable value used to be something that was only considered during the delivery phase at the end of a project. But with powerful trends reshaping professional services, firms are now faced with an increasing need to demonstrate the value they can deliver at every step. However, building a strong profit/value chain is very different when you're selling services rather than products. Even for SaaS companies with an embedded services organization, measuring and communicating that value demands a unique approach.

For services-centric companies, each engagement is tailored to specific client and project needs. As a result, every engagement demands a focused effort to quantify the impact you're providing. Critical factors such as fluctuations in demand, scaling limitations, and the relentless challenge of tailoring your offerings to meet continuously evolving client needs introduce unique pressures, making it incredibly challenging to achieve predictable outcomes.

Delivering value hinges on a firm's ability to find the ideal mix of resources that will yield optimal outcomes across every project, in every practice area, for every client, on every engagement — and knowing exactly what the client's measure of value is. This is no small task. And unlike in the past, there's no singular measure that's expected at a

single point in time. In today's value-focused market, every engagement has a value chain that aligns with each step of the professional services lifecycle. Think of the value chain as the activities that need to be managed efficiently and effectively to deliver optimal value. Companies must look for every opportunity across the lifecycle to contribute, and highlight, value for the client.

The Professional Services Value Chain

Sell   **Resource**   **Deliver**   **Bill**   **Analyze**

It's also critical to remember that the value chain is two-sided—it benefits both the client and the bottom line of your business through your ability to deliver projects profitably. Companies need a clear, reliable view of current and future talent requirements, ways to optimize operational efficiency, and what's needed to deliver remarkable client experiences. And you must be able to extend this visibility across multiple projects at scale, simultaneously.

This paper breaks down the actions and approaches that can help you optimize both the client experience and bottom-line performance at every step in the value chain .

Sell

Setting your team up for success

During the preliminary phase of any engagement, the primary focus is on setting up forecasting and estimating processes for accuracy and success. Sales teams must acquire a deep understanding of project needs, craft client proposals, and set realistic expectations around scope, timelines, and costs from the very beginning. Another essential step, and one that's often overlooked, is to make sure there's a clear, shared definition of the value that the client wants to realize from the project. Not only is this critical to ensuring client satisfaction, it also enables services organizations to develop segmented, personalized implementation plans that directly connect to desired outcomes.


Clearly defining value is key to client satisfaction, but only **28% of sales teams** are required to capture their clients' desired business outcomes

SOURCE: TSIA R3 Poll, Expectations for Selling SaaS

Managing expectations

In a product-led growth world, free trial models are everywhere. In fact, they've become so common in technology sales that they're now expected in other segments. This makes selling services a bit more challenging. Companies want the same simple, quick-start solutions they're used to getting with new products — but that doesn't work when your people are your product. Understanding value expectations can take time, which
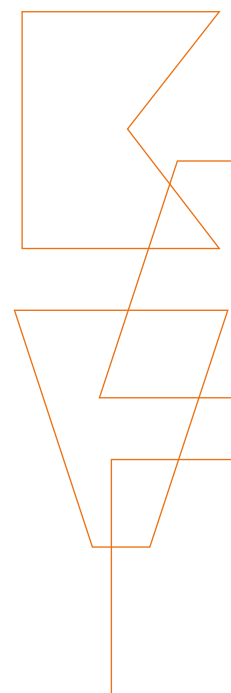
means services-based businesses have to manage client expectations from the start. Having a more complete picture here will help to streamline project planning, ensure accurate forecasting, and strengthen client relationships.

Realistic scheduling is also essential. Knowing exactly when a project can start and when it can wrap up has key financial implications for the client that firms must consider from the outset. To ensure successful delivery on desired outcomes, be sure to manage client expectations around timing. One of the most common contributors to revenue leakage for services-based businesses is selling projects that are incorrectly priced, inaccurately scoped, or make promises about resources on timelines that simply aren't available.

39% of TSIA members have a documented methodology for developing professional services offerings that are intended to increase the adoption of products by existing clients

SOURCE: TSIA Professional Services Benchmark

Maximizing efficiencies

With the success of subscription-based software (SaaS), it's not surprising that more services organizations are also starting to offer a subscription model for value-added services. According to a recent TSIA survey, 26% of companies have already had some success selling subscription services while another 29% are currently piloting concepts[1].

Whether you're introducing this new model or working within a traditional engagement-based framework, services firms should take steps to maximize proposal efficiencies and impacts. Build on all the expertise you've gained from prior engagements. Take advantage of easy-to-use templates that you know work well. And use Compare, Price, and Quote (CPQ) systems to streamline proposals.

According to the TSIA Professional Services Benchmark, it takes an average of 31.6 business days to deliver a proposal[2]. Any time you can save by simplifying processes and amplifying efficiencies can help increase client satisfaction while also accelerating time to value — and revenue. Forecasting techniques and market analysis can assist with more accurately estimating requirements.

The bottom line:

Putting in the work in this initial phase will pay off dividends in the long run.

Accurate forecasting = **Predictable reveneue**

For embedded services organizations, being seen as a value center hinges on the ability to drive predictable revenue through accurate forecasting. While the product is an essential part of the value chain, the services organization plays a key role in ensuring recognition of that value at every step.

Value realization is the #1 charter of the professional services team, which means asking:

- How do we maximize adoption?

- How do we accelerate time to value?

- How do we ensure a client fully understands everything we can do and everywhere it can benefit their business?

It starts with the hand-off from sales, ensuring that the client's value expectations are clearly documented and well defined. A tailored implementation experience is a strategic imperative in fostering the perception of value for the client. This is key because rapid adoption is essential to value realization. At the same time, it's important for the services team to surface their role in client value realization across the organization, making their services a key differentiator.

Resource Management

Strategic resource planning and efficient allocation

Once a project or engagement has been handed off from sales, the primary objective is strategic resource planning, which is done via forecasting and demand analysis. Services firms must assign the right resources to projects based on their unique skills and availability to ensure you can deliver what you've agreed to. While it may sound simple, making the most of all available talent at scale demands two-way visibility and deep collaboration between sales and resourcing.

Strategic resource planning allows you to optimize your talent pool, maximize operational efficiencies, and achieve the client's desired outcomes. The key here is ensuring both forecasting and demand analysis are accurate, otherwise you risk leaving money on the table. Annual professional services backlogs leave behind significant revenue opportunities. In fact, there's an average of $41.8 million in deferred services revenues at the end of the fiscal year because firms lack the resources to deliver on secured projects.

Reliable, accurate forecasting requires a complex balancing act between skills and availability — not only across projects, but across the entire firm. For growing businesses, the visibility to leverage a global talent pool can be a key value driver. Likewise, expanding the necessary skill sets across your staff will be a virtuous circle, contributing to employee happiness, which in turn impacts client success.
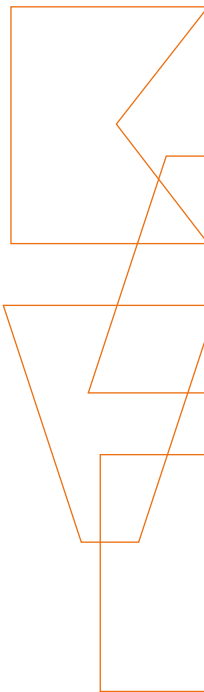
The #1 driver of positive employee engagement?
Opportunities to grow at work.

SOURCE: 451 Research, Voice of the Enterprise Workforce Productivity & Collaboration, Employee Engagement, 2021

As AI enables increasing automation of lower-level jobs, upskilling staff will become even more critical. Ensuring your teams continue to grow their skills in lockstep with changing market needs will be an essential part of making sure you have the resources necessary to deliver value at every interaction — today and tomorrow.

PHASE 3

Project and Delivery Management

Staying one step ahead of the curve

This phase is all about robust project management methodologies and real-time tracking tools. To realize value, you have to keep projects on track in terms of both schedule and costs. To keep projects on track, you must effectively monitor project milestones and proactively manage any conflicts or changes that arise within your allocated resources. It's vital to identify potential conflicts before they impact your work, plan for extensions or changes as needed, and manage your staff's capacity on an ongoing basis. In short, you must always stay one step ahead of both demand and availability.

To ensure value is brought forward at every touchpoint and projects are successful, services organizations should focus on effective execution, transparent progress

tracking, and efficient conflict resolution. This requires clear lines of sight, both into and across projects, and access to accurate, real-time insights that let you make better decisions and optimize results. The tools you use have a direct impact on your abilities and outcomes.

For your teams, it's also important to remember that their ability to deliver value for the client directly affects their job satisfaction, which in turn affects their work — and your profitability. For success in both project management and ongoing relationship management, soft skills are key, including communication, empathy, and emotional intelligence. Even if you have a client services team, these capabilities need to be developed across your entire workforce. Because your people are also your product.

Account and Relationship Management

Building partnerships that last — and succeed

No matter what phase of a project or engagement you're in, managing the client relationship contributes significantly to value realization. Staying actively engaged with clients and prioritizing exceptional service will help to extend your firm's value and keep you top of mind for future needs. Keep project information and schedules up to date and accurate and increase efficiencies by standardizing processes and automating key tasks. Having accurate insights at your fingertips will help to build strong client relationships and effectively manage expectations.

For people-centered businesses, purpose-built solutions that facilitate scheduling and project management all in one place are critical. The overarching goal is to keep clients satisfied and nurture enduring partnerships. By continuously demonstrating the value being delivered to clients and focusing on outcomes, customer success teams can optimize the experience based on a client's pre-defined goals and objectives. This helps to set the stage for expansion and renewals.

> On average, only **26%** of engagements involve a post-engagement project review and only **25%** of engagements receive a project satisfaction rating/score
>
> **SOURCE:** TSIA Professional Services Benchmark

Measuring client satisfaction is a key tool for assessing value delivery. But according to a recent TSIA survey, only about a quarter of engagements involve a post-engagement project review or a project satisfaction rating/score. Sitting down with your clients at the end of a project to assess their overall satisfaction levels, or conducting a simple survey, can help to strengthen the relationship and ensure clients understand how the project outcomes align to their stated objectives

Who should handle renewals and expansions?

For companies with embedded services teams, a key consideration is where renewals and expansions should sit within your organization. Rather than having customer success focus on nurturing client health and being responsible for negotiating renewals, many companies are creating dedicated renewal teams. This shift is driven by the realization that it's hard to have credibility as a relationship builder when they simultaneously have to be selling something. However, when customer success is doing a good job managing the account, including finding and understanding issues for the client, it makes the renewal conversation that much easier.

Accounting and Billing

Adding it all up — revenue, profit, value

When you're wrapping up a project or period, it's important to quantify and communicate value to the client. Accurate, prompt accounting, cost tracking, and revenue realization can also directly impact client satisfaction. Professional services firms can boost revenue generation by automating invoicing and collections processes to increase speed and accuracy. Plus, effective oversight of financial transactions improves visibility both into and across projects and makes it easier to manage cost rate changes smoothly.

> For services-based projects, the average time it takes to receive payment is **45 days**
>
> **SOURCE:** Digitek Solutions

Prolonged days sales outstanding (DSO) is often due to billing issues, such as insufficient detail in statements, inaccuracies, or poor visibility into project delivery. These factors can leave clients asking more questions or requiring more information.

Gaining better control over and visibility into resources and needs across the entire services lifecycle allows firms to ensure more accurate, timely billing, which leads to faster payment. For example, streamlining workflows makes it easier to raise change orders when scope changes arise, rather than eating the cost and burden. Implementing governance around time, expenses, and approvals, along with error-

preventing rules, keeps project burn rates accurate. And measuring effort to complete/ effort at complete is a more exact approach to monitoring project burn and recognizing potential overage before it becomes an issue.

Accurate, timely forecasts aren't possible without a streamlined process for closing the books at the end of each period. If you don't know what was done and what has been pushed into which period, you don't know where the business is going. Any time that lapses between the close of a period and closing the books is time you're flying blind.

Performance Analysis and Improvement

Looking back, and looking forward

In the final phase of the value chain, the focus is on tracking KPIs to gauge overall project performance and profitability. Real-time dashboards and reporting tools help to streamline project assessment and facilitate adherence to budgets and timelines, as well as revisions to earlier forecasts based on actual performance. This creates a culture of continuous improvement, timely adjustments, and ongoing enhancement of project delivery and profitability.

55% of PS leaders say they achieved lower than expected margins in 2022

SOURCE: Forrester

Don't overlook this crucial final link. As they say, you can't improve what you don't measure—analysis and refinement are essential to optimizing performance, and maximizing value, moving forward.

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1   TSIA Survey, Moving to PS Subscription Model

2   TSIA Professional Services Benchmark

The Role of Technology

Invest strategically to optimize value delivery at every step

Many services-based businesses still rely on a disparate stack of point solutions. But operational silos stand in the way of value realization. To overcome this common barrier, it's essential to adopt a services-specific approach when it comes to technology. People-centric businesses need a solution that integrates all the essential processes

to bring visibility across the professional services lifecycle, facilitating value realization and communication.

A solution that's purpose-built for the unique needs of services-based firms enables data-driven decision-making to focus on developing the areas of your business with the greatest returns and making improvements where they're needed most. Integration with your existing technology stack is also important in order to make the most of your current and prior investments.

The goal today should be to accelerate value at every phase of the professional services lifecycle — not just delivery. Getting it right positively impacts both employee and client satisfaction, which positively impact your business.

Clients in particular are hungry for more visibility and transparency. This is what's driving the widespread adoption of client portals for services firms. A robust portal allows clients to self-serve — they can do things like track project progress and check the status of various steps, facilitating a higher level of collaboration. There's also an emerging shift toward building communities that enable clients to talk to each other and solve challenges, which takes pressure off both customer support and customer success teams. At the same time, this inter-client collaboration organically drives adoption, retention, and expansion.

The right technology solution allows for alignment of teams and processes across the entire organization, not just project by project — making it possible to deliver faster, and smarter. Plus, it makes your employees' lives easier, too, which makes them more likely to stay with you.

> Providing the tools and technologies employees need to succeed is the **#2 driver** of positive employee engagement
>
> **SOURCE:** 451 Research, Voice of the Enterprise Workforce Productivity & Collaboration, Employee Engagement, 2021

Remember, it's not just about productivity. A range of business outcomes depend on your technology—which can be a strategic differentiator, with the right investment.

Delivering Value Results

Building a professional services value chain allows people-powered organizations to deliver projects successfully, gain a clear understanding of how clients measure value, and clearly communicate how that value is realized across the lifecycle. It all adds up to more long-lasting business partnerships with clients, and a more robust bottom line.

Always keep in mind that in any services-centric business, you must focus on people to elevate the employee and the client experience. It's essential to arm your team with technology solutions that address their unique needs, so everyone can plan and execute with fluidity and flexibility. This opens up the opportunity for transformational value at every step in the chain.

About Kantata

Kantata takes professional services automation to a new level, giving people-powered businesses the clarity, control, and confidence they need to optimize resource planning and elevate operational performance. Our purpose-built cloud software is helping over 2,000 professional services organizations in more than 100 countries focus on and optimize their most important asset: their people. By leveraging the Kantata Professional Services Cloud, professionals gain access to the information and tools they need to win more business, ensure the right people are always available at the right time, and delight clients with project delivery and outcomes.

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