



# Scaling in Modern Professional Services

How to Successfully Grow  
In a Changing Industry

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The dream of every professional service (PS) company—from small startups to global enterprises—is to experience long-term, sustainable growth and profitability. During both the best and worst times, sustainable growth requires PS companies to develop and execute a detailed expansion plan to maintain internal balance and ensure future readiness.

To this end, a shift in the professional services industry is taking place toward caution around growth plans, which creates the need for greater efficiency to maintain profitability. Being future-ready relies on scaling effectively to keep pace with unrelenting industry-specific challenges and to support continued growth.

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# Scaling vs. Growth

Growth and scaling may seem the same and are often used interchangeably by companies, but they differ. Growth can often happen organically through new or increased sales or acquisitions to increase revenue. Scaling, on the other hand, goes beyond companies simply getting bigger. As companies grow, scaling provides the structured approach necessary to ensure all business areas are adequately prepared to support sustainable growth.

There are implications associated with growth that make scaling necessary. Growth alone isn't enough. Nearly 40% of CEOs don't believe their organizations will be economically viable in 10 years if they do not transform, which involves effectively scaling. Scaling is strategic, intentional growth that focuses on ramping up and managing resources to sustain efficient growth and maintain business integrity.

“Scaling is not luck,  
scaling is a decision.”

**Daniel Marcos** CEO of Growth Institute

Knowing when to scale is important for any PS company looking to evolve and keep pace with the acceleration of products or services. This whitepaper outlines the modern-day professional services landscape, the industry-specific challenges businesses face, and healthy scaling tactics to become future-ready for sustainable growth and increased profitability. Knowing when and how to successfully scale starts with understanding the industry's current landscape.



# Understanding the Modern-Day Professional Services Landscape

The PS industry continues to experience substantial growth. Findings by Forrester's analysis of 485 acquisitions by 24 leading providers show that [PS companies have grown far faster than GDP](#) for over a decade.

As the industry grows, there are many [factors transforming the market](#), forcing professional services companies to reimagine their operations, according to findings from American Express. With talent, clients, and technology at the forefront, PS companies must make strategic plans and investments and carefully manage process changes to become and remain future-fit.

## Talent

Professional services is all about people—the skilled experts who deliver services to clients—and the 2020s have represented a massive change in how businesses relate to and attract and retain the talent instrumental to their success. The modern professional services workforce has shifted dramatically in the last few years, and talent is empowered to demand more than ever before. Businesses are struggling to keep up. Research from Kantata shows that [61% of business leaders spend at least a third of their time each day solving employee turnover issues](#).

Accordingly, more emphasis is being placed on providing employees with greater work-life balance, remote or hybrid work arrangements, increased flexibility for independent contractors, and career support and advancement opportunities. These have shifted from employee lifestyle bonuses to table stakes for agreeing to new contract work or signing on as a full-time employee. When scaling, businesses need to be sure that they are not inadvertently removing or negatively impacting those things that team members value, from a tight-knit culture to flexible working practices. Losing sight of these talent-friendly ways of working can easily push new and desirable talent to your competitors.

## Clients

As PSOs scale beyond the point where everyone in the business knows each other—and then past the point where everyone in a department or team knows each other—the impact isn't just felt internally. Clients' needs are always evolving, and businesses that can't scale while maintaining alignment on client success across an expanding organization risk losing personal connectivity between clients and PS teams, which is the lifeblood of a services-oriented business. In a time and place of change, rapidly evolving client expectations and the need for more flexible service delivery make these growth milestones a significant barrier to success if not navigated successfully.

With that said, PSOs can never stand pat because their clients never do. PS companies face increasing pressure to improve customer experiences as more clients seek access to web-based platforms that provide customized professional services or the convenience of self-serve features to meet their unique and changing needs. This means PSOs must make faster data-driven decisions and adopt newer, more intuitive digital platforms that automate processes and augment traditional service delivery.

## Technology

Just as the professional services industry is in a constant state of transformation, the technology landscape that serves the industry is always evolving. Yesterday's ideal tech stack is tomorrow's barrier to scalability and sustainable growth. And businesses that don't scale their technology alongside their business risk getting left behind, mired in challenges that their competitors are using technology to overcome.

Findings in ["Vertical SaaS For Professional Services Is Driving Material Benefits: How Professional Services Firms Can Overcome Key Business Challenges With A Purpose-Built Solution"](#) show that leading businesses with a mature tech stack have a dramatic advantage over laggard organizations when it comes to their ability to grow sustainably while retaining clients and employees. This Forrester research study, commissioned by Kantata and Salesforce, highlights a significant gap between Leaders and Laggards (identified by how well they accomplished key tasks with tech stacks that did not require significant customization to meet their needs), as shown in the graphic on the next page.

# PS Business Challenges Have the Highest Impact on Laggard Organizations

(Showing “Very Challenging” and Extremely challenging”)

● Leaders ● Transitioning ● Laggards

## Unsustainable Growth



## Poor retention of employees



## Inability to predict project resource needs in advance



## Poor retention of clients



## Lower-than-expected profits




**Base:** 383 global technology decision-makers for professional service firms

**Source:** A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022

Optimizing operational efficiency, meeting changing client demands, and balancing resources necessitate using human resource management, project management, and workforce planning solutions that are purpose-built for the unique needs of the professional services industry—this is the key to boosting productivity, balancing workloads, relieving worker stress, and securing valuable, sensitive information from cyberattacks.

Business leaders know that initiatives supporting these three key focus areas need to be prioritized - in [“Vertical SaaS For Professional Services Is Driving Material Benefits,”](#) decision-makers said their top priorities included growing and retaining their workforce (86%), creating loyal customers (87%), and investing in new technologies to meet evolving needs (84%). But even when these priorities are in the spotlight, businesses often struggle to keep scaling initiatives aligned with the pace of change surrounding talent, clients, and technology.



# 5 Common Challenges in Professional Services Scaling

According to Justin Ferrabee's Forbes article, "Navigating The Unique Challenges Of Scaling Up," PSOs face unique challenges at each of the three growth phases: startup, scale-up, and grown-up present different challenges for the leaders of small PS companies versus global PSOs when scaling. Naturally, a small business experiencing its first growth spurt from 15 to 50 employees will have to overcome different challenges than those facing a large, established, multinational enterprise seeking paths to continued growth.

Still, regardless of company size, operational efficiency and profitability are always on business leaders' minds. But decision-makers don't always act on signals that indicate it's time to optimize and scale, even as recognizable growing pains emerge across the organization. Economic and political uncertainty, time-consuming and complicated operational changes, increased financial investment, leadership or talent gaps, and the lack of a clear path forward, among other things, often discourage leaders from scaling to keep pace with growth.

Whether your business is a startup or a global enterprise, these common challenges will have the potential to impact performance when scaling:

## 01

### Poor Client Retention

Client needs and expectations continue to evolve as economic, political, financial, and other business-impacting factors change, and they waste no time in seeking other PS companies when dissatisfied with your services.

## 02

### Poor Talent Retention

Talent needs and goals are evolving rapidly, making it challenging to provide a satisfying work-life balance and the right amenities that ensure your business can hire and retain the right people with the right capabilities to serve the growing demands of your clients.

## 03

### Leadership Gaps

As PS companies scale, bridging leadership gaps is critical to an organization's survival in an ever-changing market as communication between departments becomes more challenging, and the size of both internal and external work grows in size.

## 04

### Inability To Predict Project Resource Needs

Identifying where to scale is key. As PS companies grow and look to scale, it's vital that a company has people who have the in-demand skills needed to meet changing client demands and that your teams are consistently the right size for your changing client base.

## 05

### Outdated Systems With Limited Visibility

Many PS companies are still working with older, outdated systems—research shows that [77% of companies utilize spreadsheets](#) to manage and enforce workforce collaboration—and business leaders may be reluctant to invest in newer, more flexible systems. This, however, is essential to keeping up with changing client expectations and the need for faster, more efficient service delivery. Many professional services businesses also miss the opportunity to leverage real-time analytics to make effective and timely decisions based on the right data to increase organization-wide visibility.



## The Majority of PSOs Are Facing These Challenges

(Showing “Very Challenging” and “Extremely Challenging”)

59%

Inability to predict  
project resource needs  
in advance

54%

Inefficient processes

58%

Lack of visibility into  
plan/baseline vs. actual  
performance of projects

53%

Poor retention of clients

56%

Lack of data/insights  
needed to engage in  
robust forecasting

53%

Poor retention of  
employees

55%

Lower-than-  
expected profits

**Base:** 383 global technology decision-makers for professional service firms

**Source:** A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022

Properly addressing these challenges provides a solid foundation for long-term growth, profitability, and operational efficiency. Professional services leaders must develop and execute a strategic scaling plan to address industry and company-specific challenges, which requires intentional scaling.



# Benefits of Scaling With Intention

Scaling takes intentionality—that's the only way to navigate the goal-setting, planning, change management, and execution that will be needed to reshape your business so that it is set up for success. When done right, intentional scaling helps companies reap the following benefits:

## Renewed or Expanded Vision, Mission, and Values

A company's vision is often viewed as static, but the world around us is anything but static - it is ever-changing. Today's [mission, vision, and values must change to match today's context](#). Intentional scaling provides a means to re-evaluate and support a renewed or expanded vision, mission, and values.

## Operational Efficiency

Intentional scaling takes a business from out-of-control growth to calculated, manageable, measurable, and sustainable strategic growth and operational efficiency.

## Ability to Accommodate Changing Customer Demands

Intentional scaling ensures that changing customer demands can be met as circumstances and times change.

## Sustainably Serving a Larger Market

Remarkable growth often means serving a larger customer base, and intentional scaling ensures companies can meet increased demands without compromising on customer or employee satisfaction.

## Improved Brand Confidence

Because it helps companies achieve operational efficiency, meet customer demands, and expand their offerings to a larger market, intentional scaling also enables PSOs to solidify increased customer confidence in their brand.

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The benefits of scaling are many, but they are only achievable with effort, a plan, and the right process.



# Reimagine How Work Gets Done

Every business leader knows that the customer is always right and that growth is only possible if there is growing demand from happy clients—but it can be hard to walk the tightrope between client satisfaction and profitability. Managers must reimagine how work gets done to ensure teams strike the right balance between always delivering exceptional client experiences and consistently ensuring projects are delivering on financial goals. Many business leaders struggle to prevent margin dilution or revenue leakage while striving to satisfy clients, even without the added dimension of scaling. Remaining in this zone for too long while scaling can create an unbalanced way of doing business, which can hamper profitability and erode the health of your business.

Successful and sustainable growth requires a strong focus on intentional internal changes that ensure the right balance between financial, workforce, and client needs is always maintained. Senior leaders must evaluate the company's overall operational strategy and analyze the size and complexity of different departments and how work gets done.

Optimal service delivery rests on operational efficiency, and scaling in a modern PS company may require changing how work gets done—what worked before may not work going forward as your company scales up. More managers and departments may be needed. Resizing and balancing internal and external resources might be necessary, along with modifying how resources work together.

In “What Professional Service Firms Must Do to Thrive,” Ashish Nanda and Das Narayandas of Harvard Business Review assert that thriving and maintaining focus on internal changes rests on establishing a link between strategy, clients, capabilities, and digital transformation initiatives.

## Strategy

A PS company's strategy is closely connected to its clients and employees or partners who support each client. Every strategy must factor in hiring decisions since they impact the types of clients the firm can serve. Clients can also affect the evolution of professional skills as it relates to the work being done. The strategy must also factor in internal processes and change management, as external and internal changes impact work completion to meet goals.

## Clients

Client demands continue to increase as they look to social media, online advertisements, and website content for digitally savvy and progressive professional services companies that can personalize services to meet their specific needs. Achieving exceptional performance for clients relies on how well PS companies assess, track, and modify the development, execution, and management of client service delivery.

## Capabilities

The impact of growth on PS team capabilities and skills can vary. Leaders need to align hiring, training, and resourcing with their company's future goals. More focus should be placed on where the company will expand or cut back on skill sets and projects.

According to [Deloitte Insights](#), companies are migrating toward a whole new operating model for work that places skills, more than jobs, at the center. Professional services companies, where building and maintaining strong client relationships is key, need to utilize skills-based models to meet the demand for agility, agency, and equity.

## Digital Transformation

One report by Salesforce found that over one-third of firms expect [75% or more of their revenue](#) to come from digital sources. Digital transformation enables innovation and levels the playing field for PS companies regardless of size or location. As client thirst for emerging technologies increases and the workforce becomes more mobile, PS companies must embrace digital transformation initiatives to avoid losing ground to competitors.

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In linking these four initiatives, business leaders will have a strong foundation for healthy scaling, ensuring decisions that change how work gets done are informed by an agreed-upon approach to strategy, clients, capabilities, and digital transformation.



# 6 Tactics For Healthy Scaling In Modern Professional Services

The dream of long-term sustainable growth and higher profitability for PS companies can only be realized when your clients consistently receive value and reach their goals. Becoming future-fit in modern professional services, particularly in a changing industry, means developing a scaling framework built around these tactics.

## 01

### Identify The Triggers Driving Growth

Growth can happen organically or result from a merger or acquisition. Take the time to understand everything impacting plans to scale, as it can be time and resource intensive. Scaling effectively depends on knowing where the growth is happening and how the growth impacts which areas. Understanding the triggers driving growth ensures scaling will factor in all of a company's impacted people, processes, and technology. These triggers include:

- The drivers behind scaling
- The optimal operating model
- Where scaling is needed
- How scaling will enable sustained growth

## 02

### Determine The Maturity of Your Current Operations

Maturity matters. In ["Fast-track to future-ready: Elevate every decision your people make with Intelligent Operations"](#), Accenture presents findings that show a strong correlation between operations maturity and the "future readiness" of businesses, showing that "future-ready organizations are primed to capture performance gains and deliver excellent customer and employee experiences." Operational limitations

can prevent successful scaling in organizations—addressing these limitations carries transformational value for businesses. According to Accenture, there are four levels of operational maturity—**Stable, Efficient, Predictive, and Future-ready**—and moving up just one level, from Predictive to Future-ready, increases profitability by 5.8% and provides efficiency gains of 18.8%.

Because of this, developing a scaling framework necessitates senior leaders and managers to know where their company currently stands operationally—what is working well and what could be working better. To assess this, business leaders should benchmark the organization against other similar businesses and use the findings to determine where their organization might lack maturity and what the next step in the maturity journey might look like.

A useful tool you can use to benchmark your operations and performance against similar businesses in the professional services industry is Service Performance Insight's annual [Professional Services Maturity Benchmark report](#), which analyzes the performance of more than 700 professional services businesses of all shapes and sizes.

The report applies a Professional Services Maturity™ Model to businesses in the industry, gauging which maturity level businesses are at—from Initiated (Level 1) to Optimized (Level 5)—across five Service Performance Pillars: **Leadership, Talent, Client Relationships, Service Execution, and Finance and Operations**. As seen in the Service Execution example on the next page, the PS Maturity Model helps businesses understand what maturity level they might currently be at and provides guidance on how businesses can advance to the next level. Gaining clarity about where their organization stacks up across each of the five pillars will help leaders identify the end goals that need focus and prioritization.

# Level 1

## INITIATED

### Service Execution

No scheduling. Reactive. Ad hoc. Heroic. Scheduling by spreadsheet. No consistent project delivery methods. No project quality controls or knowledge management.

# Level 2

## PILOTED

Skeleton methodology in place. Centralized resource management. Initiating project management and technical skills. Starting to measure project satisfaction and harvest knowledge.

# Level 3

## DEPLOYED

PSA deployed for resource and project management. Collaborative portal. Earned Value Analysis. Project dashboard. Global Project Management Office, project quality reviews and measurements. Effective change management.

# Level 4

## INSTITUTIONALIZED

Integrated project and resource management. Effective scheduling. Using portfolio management. Global PMO. Global project dashboard. Global Knowledge Management. Global resource management.

# Level 5

## OPTIMIZED

Integrated solutions. Continual checks and balances to assure superior utilization and bill rates. Complete visibility to global project quality. Multi-disciplinary resource management.

Source: [SPI Professional Services Maturity Benchmark](#)



## 03

### Uncover Inefficiencies

Inefficiencies that present seemingly minor hurdles today can become showstoppers when magnified by scaling initiatives. That means it's important to identify challenges that stand in the way of efficiency and account for them in your scaling plan. Are client satisfaction initiatives bottlenecked by a process that requires one person or team to intervene in all escalations? That inefficiency will be exacerbated if plans to expand your client base by 15% come to fruition. Part of the scaling journey should involve overhauling the processes, technology, or people involved in that workflow.

As you look for inefficiencies that might be slowing down your business, keep the list of tasks below in mind – these are tasks the majority of organizations surveyed for [“Vertical SaaS For Professional Services Is Driving Material Benefits”](#) said were very challenging to perform in their current tech stack.

- **Resource planning and project team collaboration** across the entire internal and external services workforce.
- **Collaborating directly with clients on engagements** with the ability to route relevant approvals to client stakeholders and control what is shared with them and what isn't.
- **Setting up service opportunities and engagements to reflect how work will be delivered**, with support for multiple service models (e.g., fixed price, capped time and materials [T&M], annuity, etc.) and templating capabilities.
- **Project budgeting and project accounting** with visibility into plan/baseline vs. actual performance.
- **Integrating solutions seamlessly** so that relevant information can be shared across the organization in an accurate and timely manner.

## 04

### Focus on the End Goals

Effectively scaling to address challenges requires leaders to look toward achieving goals that align with the future direction of the business rather than just operating at high-performance levels. Businesses that aren't goal-oriented may lack direction and may not remain at peak operational performance for long. Before embarking on scaling initiatives, start with the end goals first. Without knowing the destination, it can be virtually impossible to navigate scaling. Too many businesses dive into resizing parts of their organization or reorienting processes without understanding the long-term goals those changes will influence.

When [SPI](#) asked leaders of global PSOs which goals they were most focused on, they identified these four:

- Revenue Growth
- Organizational Profit
- Client Satisfaction
- Employee Optimization

Whether scaling is motivated by the need to increase revenue, profit, client satisfaction, or employee retention (or all of these), be sure everyone involved in planning a scaling initiative is aligned on which goals your business needs to achieve and why, as well as what success will look like.

## 05

### Develop a Successful Scaling Plan

After identifying the triggers driving growth, defining your company's goals, and assessing how work is being done and how it should change, a plan to scale effectively should be developed. Here's how you can develop a functional scaling plan:

### **Engage the Right Expertise**

Ensure Subject Matter Experts (SMEs) are involved in all business areas from start to finish. Remain flexible and adjust throughout the process to bring in more people as needed to ensure scaling considers everything.

### **Evaluate the Impact of Scaling Triggers**

Involve SMEs and other stakeholders in closely evaluating every trigger and the impact each might have on operations, clients, and long-term strategy.

### **Set Clear and Measurable Goals**

Before jumping into the planning and execution, ensure there's clarity around the goals behind scaling. Each goal in a scaling initiative will need to be S.M.A.R.T (specific, measurable, attainable, relevant, time-sensitive).

### **Develop a Solid Plan Before Acting**

This is also a vital step. Make sure the plan is solid, and take the time to get input from everyone on the team and other stakeholders to ensure all aspects of the business and changing internal and external factors are incorporated.

### **Rethink Internal Processes**

Processes are almost inevitably impacted by planned changes. A 1,000-person company can not successfully operate using the same processes that supported a 100-person company, and too often, legacy processes are left in place, inhibiting growth and scalability. Revisiting existing and proposed processes allows relevant stakeholders to evaluate working practices that might be overlooked.

### **Assess Existing Employees and Leadership**

Scaling will require a closer look at existing leadership and employees, focusing on intentionally scaling leadership capabilities and reskilling to align talent with the company's long-term vision.

## Reevaluate Existing Technologies and Data

Business leaders should reevaluate existing technologies and their value when looking to scale. Poor quality data increases the complexity of data ecosystems and negatively impacts decision-making.

## Execute

After understanding the drivers, planning, reevaluating processes and technologies, executing the plan, monitoring the results, and making necessary adjustments, scaling can finally proceed.

## 06

## Measure Success

This is often an overlooked but crucial step as PS teams race to the finish line on scaling initiatives. Monitoring and measuring results is the only way to determine whether scaling was successful. Make sure to follow through on the established S.M.A.R.T. goals, identify emerging gaps, and make necessary adjustments.

By understanding the factors transforming the professional services industry, as well as common challenges standing in the way of success, managers can determine ways to improve how work gets done; a successful scaling plan can then be developed, executed, and measured. Client satisfaction, employee optimization, sustainable revenue growth, and higher organizational profit require a well-thought-out scaling plan supported by technology purpose-built to help professional services businesses to balance resources, surface insights into business performance, and gain more control over scaling efforts.

Together, a well-designed scaling plan and the right team and software solution can help your business actualize the ideal size, structure, and future for your organization.

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## About the Author

Moiria Alexander is the founder of PMWorld 360 Magazine and Lead-Her-Ship Group and has been named a top global female B2B thought leader on EdTech, Project Management, SaaS, future of work, and customer experience. As a certified Project Management Professional (PMP) and IT practitioner, she has over 10 years of experience helping companies create, market, and lead with engaging digital content.



## 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.