

Selling services – the view from 2022

Insights around building client relationships and maintaining service excellence in this year's ***Professional Services Maturity Benchmark Report*** from Service Performance Insight on overcoming obstacles in the new world of work.



Professional services in 2021 – challenges breed growth opportunities

Service Performance Insight (SPI) have been publishing their **Professional Services Maturity Benchmark** for the past 15 years.

Following on from the disruption of 2020, this year's report provides a crucial strategic snapshot of an industry returning to growth.

Technology investment is higher than ever, and with clients increasingly unable to find skilled technical talent, there's a huge opportunity for your business to grow and thrive. Cultivating new and repeat clients continues to be the lifeblood for professional services organizations – and a successful firm is one that invests in sales, marketing, and service packaging.

In this eBook we'll be exploring key findings relating to **client relationship management and service execution**. And how you can understand their drivers to help your business perform at the same level as the top 5% in the market.



The Professional Services Maturity Benchmark

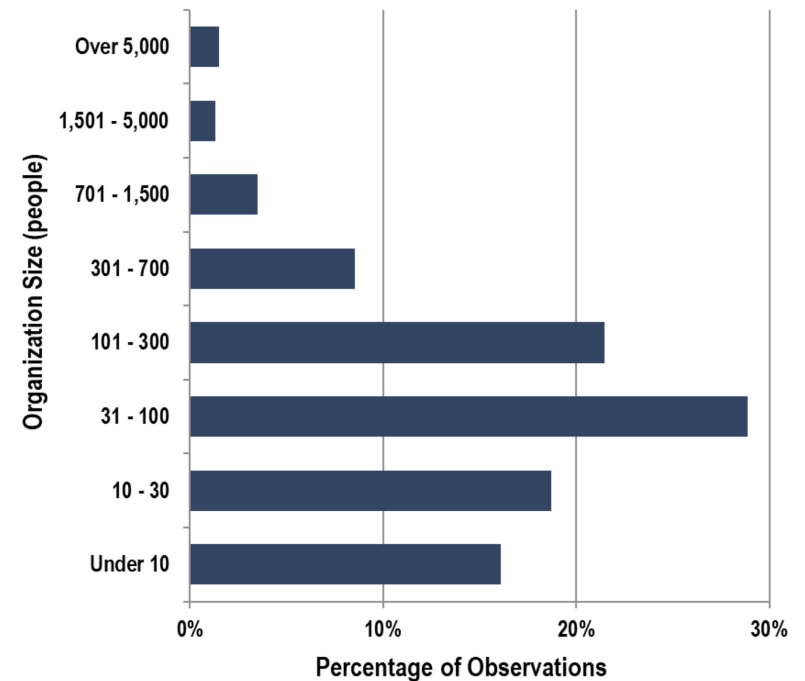
Let's take a quick look at the research behind this report.



About the research

SPI's Professional Services Maturity Benchmark was created by polling **540** firms – representing **160,000** consultants worldwide across accounting, architecture and engineering, advertising and marketing, IT services, and management consultancy.

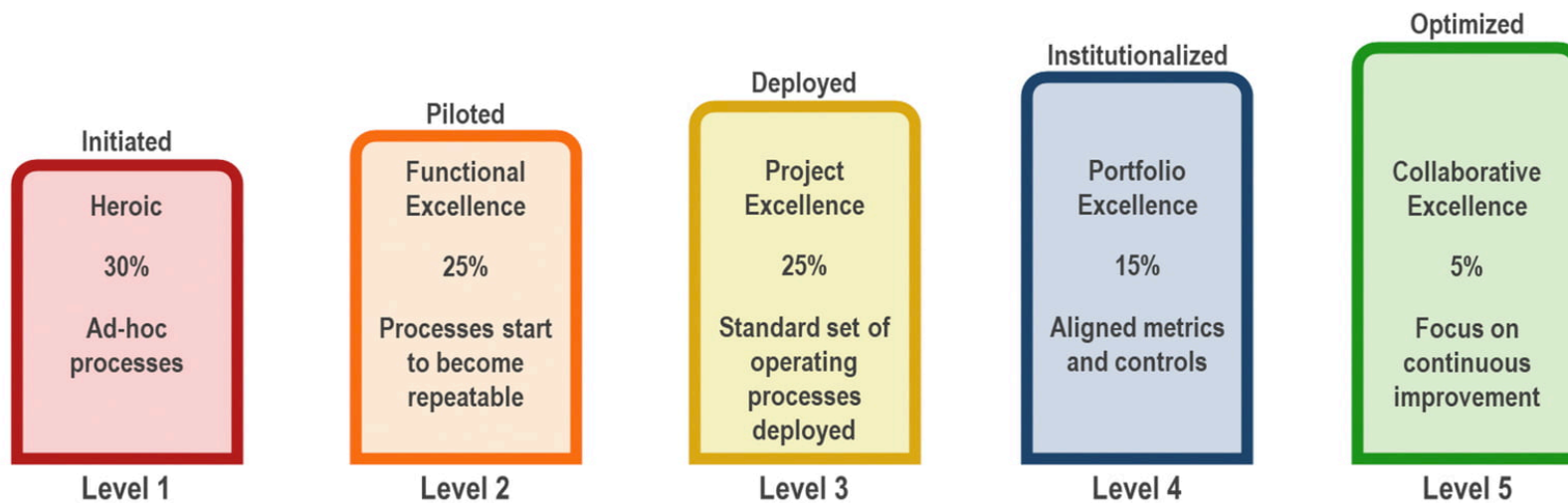
Figure 16: Organization Size



Source: SPI Research, February 2022

The maturity benchmark is broken into 5 levels (1 being the least mature and 5 being the most) to indicate “maturity” across individual pillars and the whole organization. A level 5 organization will exhibit a collaborative approach with firmly established processes and a focus on continuous improvement.

Figure 8: Services Maturity™ Model Levels



Source: SPI Research, February 2022

[Read the full report](#)

What makes a positive client relationship?



Relationships are key to service businesses, as what you sell is intangible. This requires carefully choosing your target prospects and positioning yourself accordingly, requiring marketing, sales, and your fee earning departments to work together to:

- **Be more selective and targeted** about the deals you pursue and the type of clients you serve – including pushing back on unfavourable terms and conditions or aggressive discounting demands.
- **Boost client referencability** through higher NPS, leading to a spiral of satisfaction, referrals, new business wins, and larger pipelines.
- **Pursue market expansion** by winning a higher percentage of revenue from new clients.
- **Increase deal pipelines**, win more bids, and build more backlog.
- **Improve financial results:** including achieving a higher % of sales forecasting, boosting forecasting accuracy, shortening sales cycles via better deal qualification, and optimizing revenue per account.
- **Ensure a profitable balance** of work that maintains high engagement to reduce churn and retain vital talent.



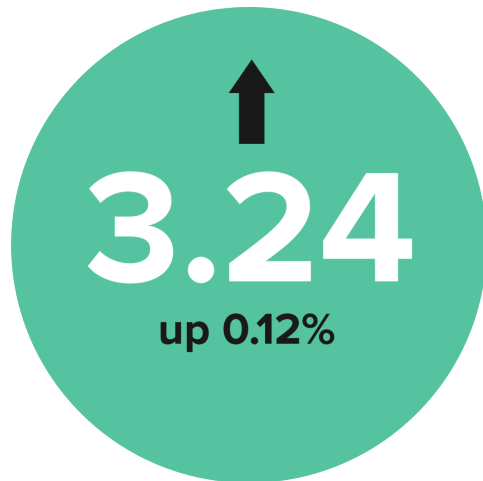
How client relationships look in 2021

Most client relationship metrics achieved their best performance to date in 2021. The market has gotten healthier as we've all learned how to market and sell remotely – and consulting demand has skyrocketed.



The core business processes of client relationship building are marketing, sales, and solution development.

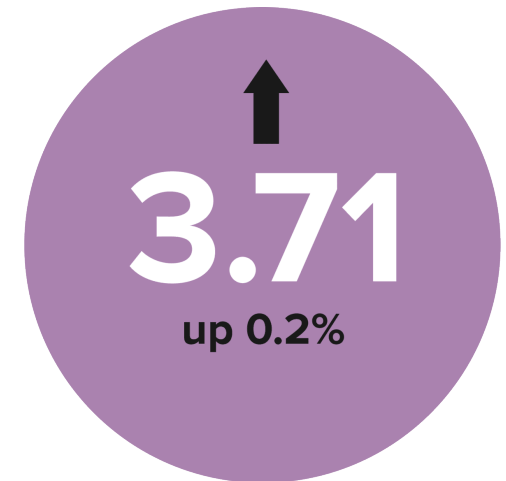
When asked how effectively they performed on the following metrics in 2021 on a scale of 1-5 (with 1 being “ineffective” and 5 being “excellent”), respondents scored themselves:



Marketing
effectiveness



Sales
effectiveness

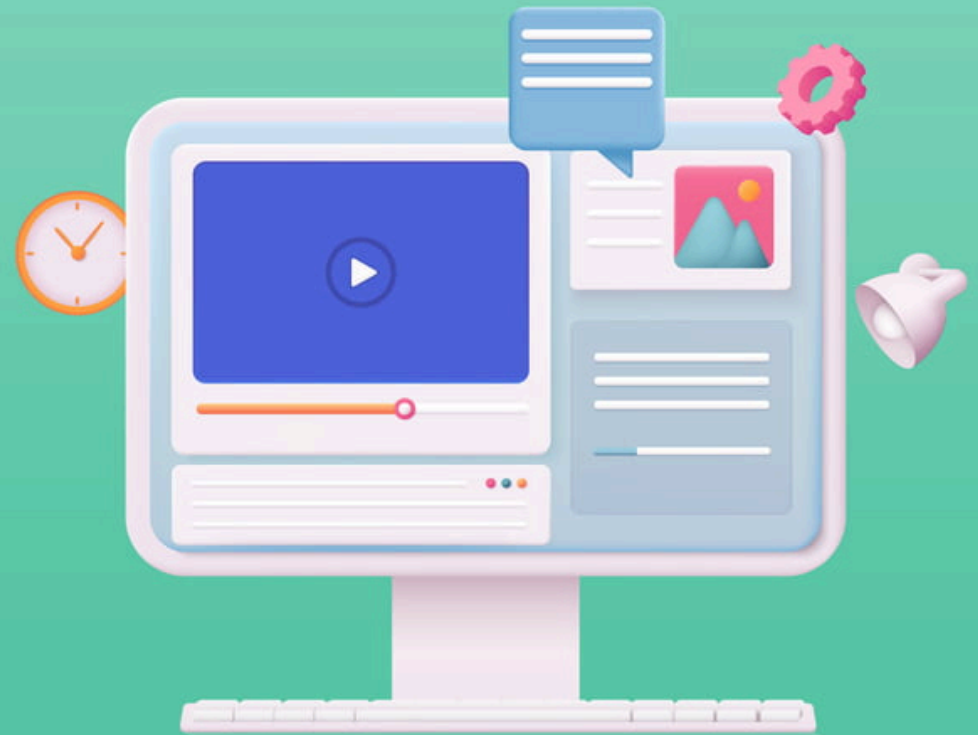


Solution development
effectiveness

All representing significant increases on 2020.

Marketing effectiveness

Service marketing is more complex and subtle than in many other sectors. An intangible “product” requires a greater degree of differentiation and ruthless commitment to customer profiling.



Service marketing's role is to identify target markets and clients and position the firm and its solutions while supporting the sales team with lead generation and client reference building activities.

SPI recommends organizations start with service marketing – building a compelling website and brand, creating lead generation campaigns, social marketing, sales tools, service descriptions/packages and value-based presentations. These will add value individually and collectively to build both pipeline and brand recognition.

After the organization gains some success and traction, it'll be in a better position to tackle lifecycle management – which not only involves sales and marketing, but also product management and service execution.



Sales effectiveness

As organizations enhance their solution selling capabilities, methods, systems, and tools, overall sales effectiveness improves.



There's a direct correlation between a firm's sales maturity level and its performance against multiple KPIs.

Figure 35: PS Sales Maturity Matters!

Key Performance Indicator (KPI)	Level 1	Level 2	Level 3	Level 4	Level 5
Size of PS organization (employees)	348	367	231	266	148
Total professional services revenue (mm)	\$56.5	\$36.8	\$47.2	\$57.4	\$32.4
Service sales effectiveness	3.40	3.52	3.60	3.88	4.00
FTE employees dedicated to service sales	9.09	9.79	8.18	9.43	2.92
Annual service sales revenue quota per person	\$1.05	\$1.23	\$1.49	\$1.88	\$1.98
Realized hourly bill rate	\$158	\$190	\$198	\$194	\$229
Win-to-bid ratio (per 10 bids)	2.90	4.21	5.54	6.41	7.54
Deal pipeline / quarterly bookings forecast	110%	165%	189%	213%	265%
Sales cycle (days: qualified lead to contract signing)	99	91	87	81	98
Net Promoter Score	37.9	51.3	50.7	56.8	53.2
Profit (EBITDA %)	0.6%	6.3%	14.6%	19.9%	30.1%

Source: SPI Research, February 2022

Sales cycles have reduced overall (by one day) since 2020 – suggesting that firms are adapting to selling in remote and hybrid environments.

What are the KPIs of successful client relationships?

The following six KPIs best indicate good client relationships – improving them boosts overall relationship strengths and business health.



1

Client references remain the most important KPI in the service market, being the leading indicator of both organizational success and client relationships. They're up **2.1%** year-on-year from 2020.

2

NPS remains a solid metric for quickly determining client satisfaction.

3

Service packaging is a surprisingly underutilized but highly effective KPI – a near equal number (40% vs 41.7%) of organizations have invested in a dedicated team and process for service packaging versus those who have no process at all.

4

Discount given is a solid indicator of your marketing and sales effectiveness and overall strength of offering. Firms that discount less show greater financial strength and client satisfaction.

5

Win-to-bid ratio represents the strongest indicator of overall company financial performance.

6

Solution Development KPIs also act as a reliable set of metrics for client relationships as good solution development defines the terms on which client relationships will function. These include everything from a well-articulated and understood strategy and offering to repeatable sales and delivery methods, tools, and templates.

Service Execution – measuring your ability to deliver

SPI's Service Execution pillar measures the quality, efficiency, and repeatability of service delivery – the areas that make or break profitability.



Successful service execution maximizes project margins (and done correctly, can make project margins of 60% or more possible), and creates the groundwork for continuous improvement. Poor service execution can easily lead to negative project profitability.

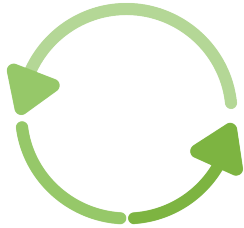
Successful service execution depends on the alignment of sales, service, and finance, the capturing and accurate analysis of all project data, and the implementation of effective resource and project management.

Service execution experienced the most improvement over the years, as firms have realized resource specialization and visibility are now critical to all facets of project delivery.

At the highest level of maturity, firms will have fully integrated operational management solutions (i.e. integrated PSA), continual checks and balances to assure good utilization and bill rates, and complete visibility into global project quality.



Service Execution best practice requires investment in three capabilities



Service engineering
creates consistent,
replicable delivery.



Project Management Office
(quality control and risk review)
ensures standards
are maintained.



Operational planning
ensures the business is
properly resourced to address
forecasted demand.

Professional Service Automation is cited as important for all three – helping unify every aspect of business performance into a single, cohesive process in which data visibility allows every part of operations to be monitored and improved.

The state of service execution in 2021

Every facet of service execution improved in 2021 – thanks to new tech and more enjoyable people experiences driven by reduced work-related stress.



The last year saw most Service Execution KPIs exceed their 5-year average, suggesting even better times ahead in 2022 and beyond.

- **On-time project delivery** increased from **79.7%** in 2020, to **80.2%** in 2021 – demonstrating greater alignment and visibility across the entire quote-to-cash process.
- **Project margin** increased from **35.4%** in 2020 to **36.5%** in 2021.
- **Project staffing time** fell from **9.7** days in 2020 to **9.6** days in 2021 – suggesting that firms are better able to mobilize to take on new business than before.
- Beyond this, firms reported **fewer project overruns** and increased adoption of standardized delivery methods and tools.

But amidst all of these improvements, there are still challenges to overcome:

Nearly 20% of organizations reported delivering less than 70% of projects on time. This suggests firms often don't have the resource visibility necessary to correctly staff projects (and thus miss out on their margin targets.)

Poor communication, miss-set expectations, lack of change orders, scope creep, and ineffective knowledge management and sharing are also cited as barriers to further service execution improvement.

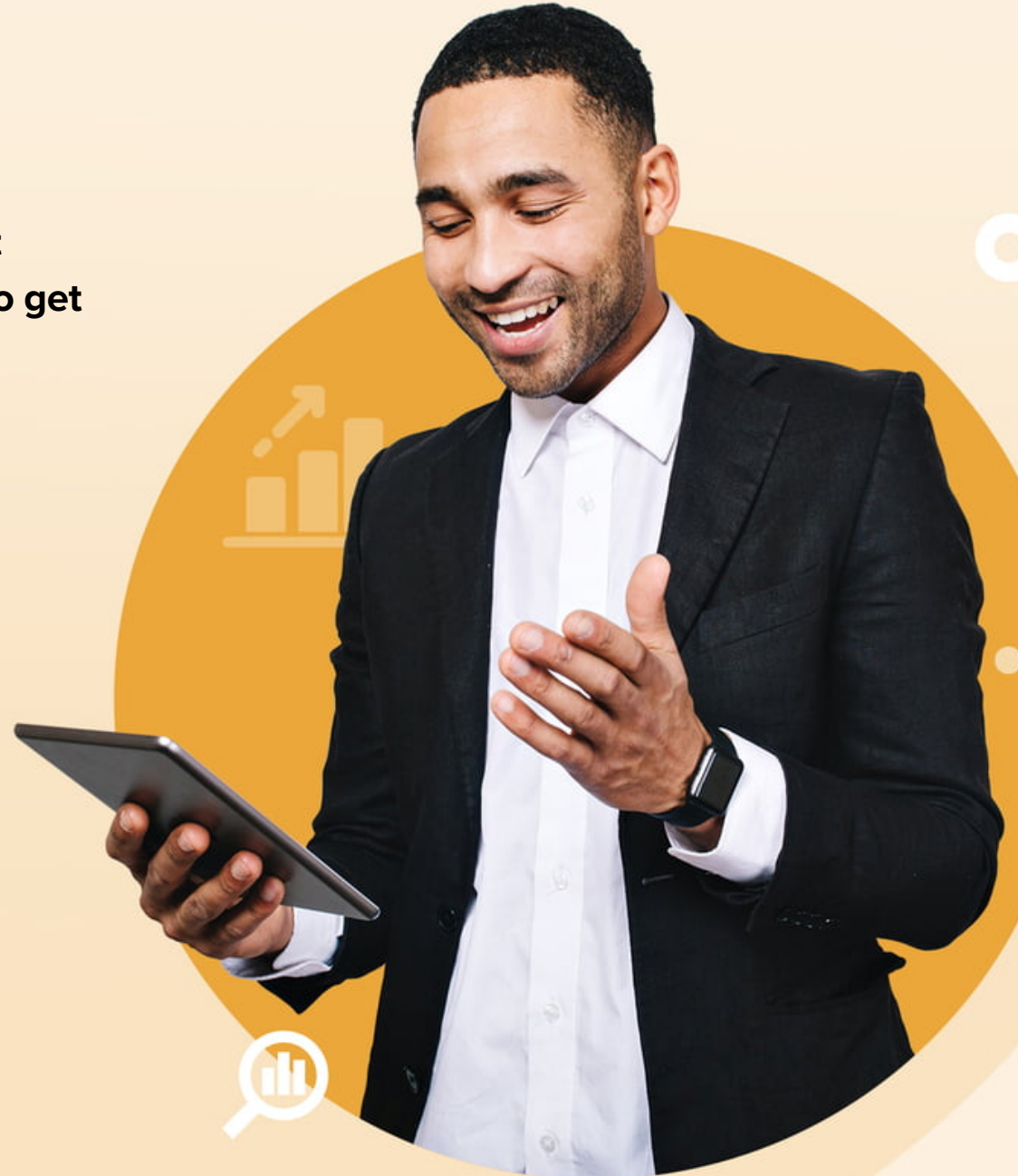
But luckily, tech can help you solve this.



Optimizing resource management

SPI cites resource management as the key to successful service execution. After all, if you can't manage your people, you're probably not going to get very far.

Here's how you can make it work for you.



Although there isn't a single magic bullet for resource management strategy, whichever approach you take, here are SPI's top these essentials for successful resource management:

- **Integrating your management solutions:** total project visibility is impossible without a single source of truth.
- **Break down silos between the sales process, HR process, and project delivery process:** all three of these areas hold data that can inform the decisions made by others as to how projects are pitched, won, staffed, and billed.
- **Automate and virtualize workflows** to improve flexibility, simplify business processes, and boost project forecasting accuracy.



The Unit4 verdict

2020 allowed organizations to take a break from focusing on growth to hunker down and bolster day-to-day operations. As we return to growth, it's important to continue following up on these improvements to ensure growth remains profitable.



To come out ahead, firms should now focus on three things:

1. **Resource management is key to service execution and client relationships.** The better your resource management, the higher your utilization, the more easily you'll handle bigger projects with less overrun, the more likely your clients are to offer references, and the higher your revenue-per-head will be.
2. **Focus on predictable and repeatable performance and execution.** Many firms are failing to pick the low hanging fruit available to them by not creating replicable processes throughout service delivery, sales, and marketing.
3. **Invest in your IT infrastructure to support both of the above.** Many firms polled for this study lack the visibility and information they need to make real time decisions. Leveraging cloud technology (like ERP and PSA) helps to ensure this level of visibility while breaking down internal silos and providing support for both customer relationship management and service execution through new capabilities like AI, machine learning, and smart automation.



Ready to learn more?

Read the full report [here](#).

