UNIT4

In Business for You

MANAGING CUSTOMER RELATIONSHIPS

Contents

Overview

Client relationship management is nothing new. Nor is the technology to manage it. But the latter has moved on so much it pays to check up every few months these days (every few years is no longer an option).

So, let's check in. But first, some news.

A good but turbulent year in 2019

The global professional services industry is set for continued growth in 2019 after overall year-over-year net profit reached a record high of 18.5 percent in 2018, according to independent research,* which compares service execution metrics between The Best (the top five percent) and The Rest. But the analyst predicts turbulence lies ahead as it notes "serious cracks" are starting to show in underlying workforce productivity.

Meanwhile, this year's report shows The Best have recorded a success rate of 59.7 percent (a bid-to-win ratio of 5.97 wins to every 10 bids). That's 23 percent higher than The Rest, which have a bid-to-win ratio of just 4.86. A higher ratio here means a bigger pipeline, higher billable utilization, more on-time delivery of projects and higher revenue per employee.

So there's scope for The Rest to close the gap. If only they could find out what The Best are doing that gives them the advantage.

Let's find out >>>

Foresight through software

CRM is not enough on its own anymore.

It's no surprise that customer relationship management (CRM) is essential for sales and services excellence. The effectiveness of your organization's sales and services efforts determines the quality and size of your pipeline, the length of your sales-to-cash cycle, client satisfaction levels and your bid-to-win ratio.

But today, CRM not enough on its own. The Best professional services organizations (PSOs) are using the next level. Plus, technology has evolved, which means that 'next level' is no longer just for the elite.

Bidding for projects based on previous successes is vital

As a project-focused business, your organization needs to mend the schisms between sales and service teams so it can create more accurate proposals, deliver profitable projects and win more business. That's a given.

When your organization pitches for projects you need some degree of foresight to know which sales opportunities to spend time on and where to compete, so you save time and money and increase your bid-to-win ratio.

This is the game of opportunity management (OM). That's what this e-guide is all about — how you can use past project success to create accurate proposals and win more business. We'll talk about the pipeline, CRM, bid-to-win ratios, opportunity management and professional services automation (PSA) tools.

Impact - Commercial CRM Integration			
KPI	CRM Not Used	Used, Not Integrated	Used, Integrated
Survey responses (commercial CRM)	96	173	311
Year-over-year change in PS revenue	5.5%	8.7%	11.0%
Year-over-year change in PS headcount	3.6%	6.3%	9.5%
New clients	18.8%	24.4%	32.3%
Deal pipeline / quarterly bookings forecast	146%	184	186%
Annual revenue per billable consultant (k)	$192	$200	$207
Annual revenue per employee (k)	$157	$164	$166

Source: SPI Research, February 2019

All set? Let's go >>>

Win more business

Managing opportunity with transparency across silos.

Alignment and communication between departments and transparency across systems to access and share data is pivotal for the OM process.

OM is all about identifying who, where and how to compete by managing client information, sales activities, proposals and contracts. Done right, OM boosts the power of sales. But, no matter how good your sales and services teams are, it all falls down if there is bad comms and barriers between them, and everyone has to search for the data while staying updated across conflicting email systems, spreadsheets and CRM software. The larger your organization the harder this is.

Most organizations let a CRM system manage sales opportunities. This is a good start (as some don't even use one*).

Why The Best rely on CRM

One in six PSOs (16 percent) do not use a CRM. For those that do use CRM systems, their year-over-year revenue growth is almost double (92 percent) that of those which do not use a CRM. CRM users experience significantly greater revenue and headcount growth. They have larger sales pipelines, more revenue from new clients and many more active clients and projects. CRM users report larger, more profitable projects. All of the top five percent "rely on" customer relationship management (CRM) software to improve marketing and align sales and services.*

But using a CRM solution by itself brings limitations as it focuses more on resource management and forecasts, which leaves out part of the picture.

What to do?

Best-of-the-Best Comparison - Client relationships Pillar			
Key Performance Indicator (KPI)	Best	Rest	▲
Total annual number of active clients	2,166	1,328	63%
Revenue from current clients - Existing services	49.4%	53.1%	-7%
Revenue from current clients - New services	14.8%	17.5%	-15%
Revenue from new logo clients - Existing services	19.4%	17.6%	10%
Revenue from new logo clients - New services	16.4%	11.9%	38%
Bid-to-Win ratio (per 10 bids)	5.97	4.86	23%
Deal pipeline relative to qtr. bookings forecast	290%	175%	65%
Sales cycle (days: qualified lead to contract sign.)	97	88	-9%
Average service discount given	6.3%	6.7%	6%
Solution development effectiveness	3.90	3.62	8%
Service sales effectiveness	3.90	3.51	11%
Service marketing effectiveness	3.50	3.24	8%
Percentage of referenceable clients	84.0%	71.3%	18%

Source: SPI Research, February 2019

Learn from the best

Managing uncertainty – knowing where to compete.

The Best manage project opportunities before the work has been won. This kind of on-spec management is generally not supported within a standard CRM solution. So, how do you know which opportunities to spend time, money and resources on?

Automation = alignment

The answer is: you can't do all this with multiple, separate legacy systems; not without creating costly, laborious admin and duplication errors, and not without high-maintenance integration processes. The use of automated processes is still crucial to this, but things have moved on. You may already have a CRM system, but, according to independent research* it just doesn't seem to be enough anymore. Remember how we said digital technology is moving fast? This is the latest development: you CAN have ONE system that does it all. It really does exist. And, according to SPI*, it's one of the reasons why The Best are doing so well.

Proven success formula

"CRM and PSA applications continue to be 'one of the proven success formulas' for aligning sales and service delivery. This integration coordinates the entire customer lifecycle and 'shines a light on issues and opportunities,' enhancing both sales and service delivery effectiveness. For The Best that rely on a PSA application, their average revenue per project is 91 percent higher than The Rest. Interviews with the leaders of these companies revealed they do not have the schism between sales and service delivery which is so apparent in many PSOs.*"

No silo schisms? Higher revenue? A proven success formula?

Let's look at how it works >>>

Looking back to move forward

Using past projects to bid for future work.

Using project success in the past to bid for work in the future is fundamental to success. To help with this, PSA, CRM and OM have learned to work together. The OM process puts both teams on the same page. PSA brings transparency and understanding. Put them together and you get something very powerful indeed.

The right solution allows your organization to automate OM and give the sales team previous, similar (successful) processes to follow, making it a self-driving process with visibility throughout the pipeline in real-time.

No schisms?

A PSA solution builds synergy between sales and service teams. It creates a single source of truth and a 360-degree view of customer accounts by integrating software for managing customer relationships and project delivery. Using a PSA to manage opportunities aligns the elements sales use (budgets and plans) with the information the delivery teams care about (resources and other service needs). This builds buy- in and ownership, and breaks down walls. During the project handover phase, there is less toe-stepping.

From good to great

Opportunity management should be an automated, self-driving process that helps guide your sales efforts by following previous, similar processes. It should add visibility to your sales pipeline by providing you with a real-time overview of where all opportunities are in your sales cycle. A well-managed, transparent sales pipeline helps you understand your process and increase sales effectiveness.

More insight with Machine learning

The CRM-PSA combo gets more powerful still.

A complete PSA solution provides you with up-to-date insights about the profitable parts of your business such as profit per client, consultant or project. It helps your teams create more accurate proposals. Your organization can increase its bid-to-win ratio.

Here's how it does it.

With machine learning and predictive analytics, the system scans your company's entire project history to identify past projects that are similar to the one you are about to create. Based on clustered, relevant data, it will give you predictions on the estimated cost, time and effort involved, providing guidance for estimating and budgeting. This makes it easier for senior management to decide which projects to bid for, and which ones to let pass by.

UNIT4 TIP
Before sending a proposal to the client, we recommend you align teams on how to evaluate project risks consistently so you can manage them in the same way in comparable business units.

Time for a sum-up >>>

Summary – silver bullet

Client relationship management can be a silver bullet if you can make it an automated, self-driving process.

To do that you should integrate your solutions. This allows you to use machine learning and predictive analytics to draw on intelligence from past projects, which shows you where and when to compete.

An integrated application aligns budgets and plans in a common system, bridging the sales-services gap so your organization can create more accurate proposals, deliver profitable projects and win more business.

When your organization pitches for projects you need some degree of foresight to know which sales

opportunities to spend time on and where to compete, so you save time and money and increase your bid- to-win ratio.

All this leads to more accurate proposals, higher bid-to-win ratio and more profitable projects.

Bidding for projects based on previous successes is vital, and central to achieving this is the need for streamlined processes – automated where possible – together with decision-making enabled by access to a single version of the truth.

Organizational alignment on opportunity management creates a single view on the strength of the pipeline, and it enables a clear view on expected future revenue streams and/or expected future skills requirements.

Thank you for reading.

With the right partner, you can also integrate systems for managing human resources, project services delivery and finance into your PSA solution.

Read more about these performance pillars in our e-guides on talent, projects and finance. To read more independent insights from SPI, you can download the 2019 PSMB.

References

*Source: Professional Services Maturity Benchmark (PSMB) report 2019, by Service Performance Insight (SPI).

Ready for a demo?
We would like to get in touch to show you our solutions and answer any questions you might have. Click here to request a personal demo.

UNIT4
In business for people