

White Paper

“We Already Have a Process – Why doesn’t it Work?” **Aligning Process with Technology to Maximize ROI**

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Introduction

Most PS practitioners have heard the “process” story more times than they care to remember - and many have even taken proactive steps to evaluate and implement appropriate processes, but with few (if any) meaningful results to show for their efforts. In this whitepaper, RTM Consulting CEO Randy Mysliviec shares proven strategies for aligning key processes with your PSA and other tools to drive greater adoption and achieve maximum value from your process investment.

The Process Paradox – ‘why doesn’t it work?’

Despite the various processes that most Professional Services teams have in place to drive quality and consistency, many organizations still struggle with overall project performance. To better understand this challenge, we must first examine the highly complex ecosystem in which today’s PS teams operate:

The following exhibit illustrates the complexity of today’s PS Ecosystem.

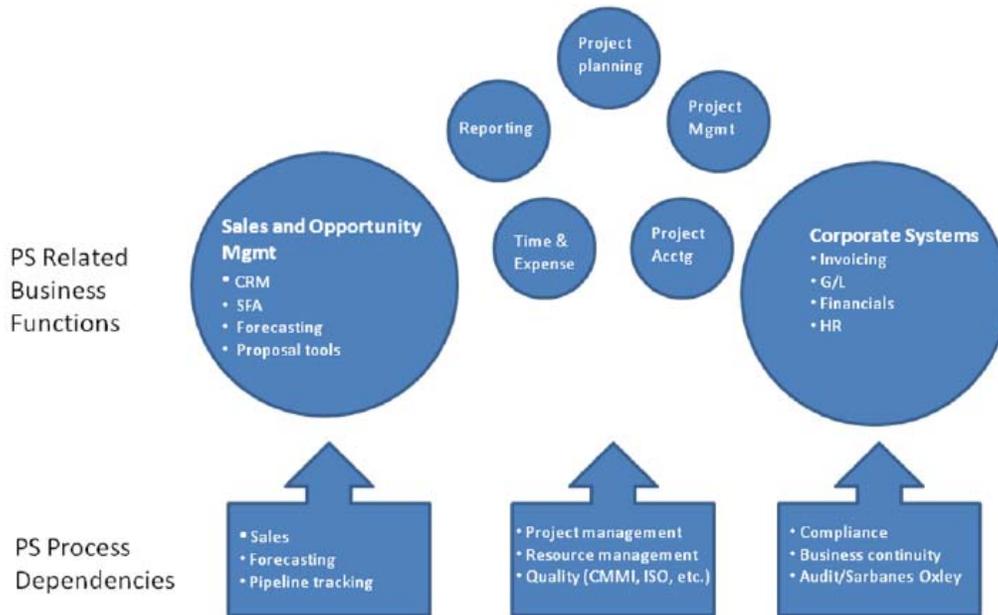


Exhibit 1 - Complexity Inherent to the PS Ecosystem

As demonstrated above, we all operate in a highly complex business environment. First we have all of the PS related processes and business functions that we work with on a daily basis: things like project planning and accounting, time and expense management, and reporting - all of which tie directly to our ongoing project management efforts. Next, we see the front office applications and business functions that the sales force depends on: most notably Client Relationship Management (CRM) or Sales Force Automation (SFA), and forecasting. And finally, there are the back office functions that the corporate office is concerned with. Not surprisingly, these are largely financials: invoicing, G/L, accounts receivable, etc...

Ideally, these functions are linked via interdependent processes that help each of those operations manage their workflows in a structured, consistent manner. Very often however, they are supported by legacy or ‘off-the-shelf’ applications, and disconnected or sub-optimized processes - which do not enable a true end-to-end services process or workflow.

In both cases, legacy systems and processes that were adopted as the business grew are often insufficient to meet today’s more sophisticated, integrated business requirements - but the resistance to change can be great. Technology investments can be restrained by the time and cost necessary to implement a new system. With process improvements, the required turnover of key personnel, resistance to the transparency of information, or even just the failure to recognize the value of integration can all impede progress. And these are just the challenges we typically experience at the team or departmental level. Corporate resistance to change can also stifle efforts to create deeper alignment between departments and systems, particularly in matrixed organizations.

So despite the fact that there are great technologies like Professional Services Automation (PSA) available to help you automate these processes, and myriad processes which have been developed to help manage resources and the quality of projects, too many companies are still struggling with project overruns, quality challenges, and sub-optimal utilization.

As a result, a popular myth has arisen that “It’s a people business, and therefore you cannot mechanize the process like you can a factory.” Based on our experience however, we know that many companies have already been able to break through that barrier to achieve significant operational and financial improvements - so examining the root cause of these process failures and taking the necessary steps to drive greater organizational alignment is absolutely essential to remaining competitive in today’s marketplace.

Common Reasons Process Failures Occur

While every organization is different, and there are certainly many reasons why process failures occur, in our experience working with many PS firms and consulting organizations dealing with project performance challenges, there are two key issues that are almost always at the top of the list.

The first of these issues is the mis-prioritization of process investments, most often exemplified by a heavy focus on Project Management and Quality, with little or no focus on Resource Management. The second most common reason behind process failures we’ve seen is simply the lack of functional alignment between process and technology.

Because of their relative importance, this paper will focus primarily on addressing these two issues, but it’s worth noting that there are several additional reasons process failures can occur, including poorly designed or outmoded processes, metrics, or training, and lack of organizational support or buy-in from senior management.

Reprioritizing Process Investments

In order to better understand and address the mis-prioritization of process investments, consider these two case studies:

Case Study #1 - Critical expert shortage causes project delays, substantial rework

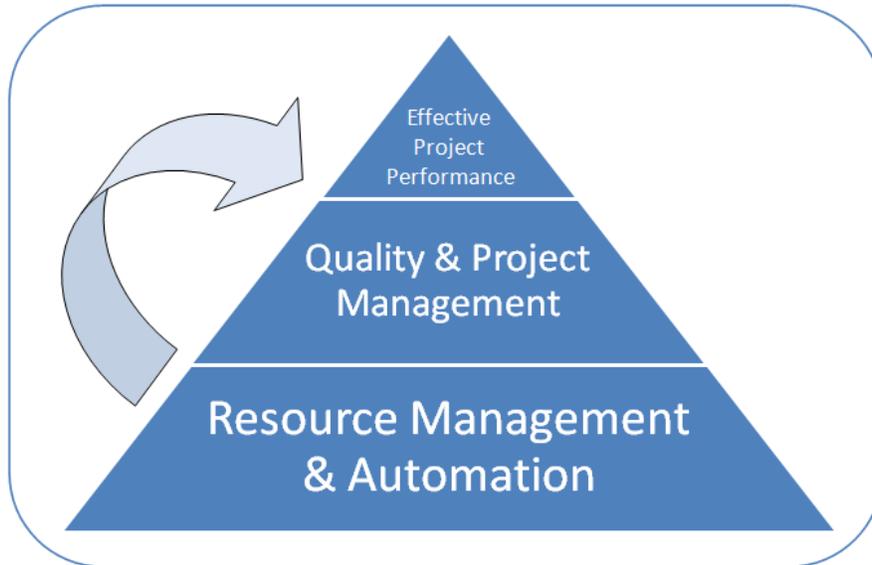
- Large multi-national technology company with more than 5,000 consultants
- ISO/9000 certified
- Regional PMO’s staffed with PMP’s
- Six month hardware/software integration project
 - Formal project plan developed
 - Tight timelines, fixed bid, 15% contingency
 - Executed project using documented quality processes
 - **Project completes 70 days late, \$600K over budget**

Case Study #2 - Wrong mix of project skills causes timeline overruns and scope management challenges

- • Medium-sized technology company with 125 consultants
- • CMMI level 4 achieved
- • Documented PM processes
- • Four-month customization and integration project
 - Formal project plan developed
 - Tight timelines, fixed bid, 10% contingency
 - Executed project using documented processes
 - **Project completes nearly four months late, >\$1M loss**

These were two solid companies with experienced management, both with documented quality and project processes, and both without a formal Resource Management process. The clear result in both cases was inconsistent project performance based on the failure to get the right person in the right place at the right time. And while these are just two examples, they are highly representative of the project performance challenges we’ve seen throughout the industry.

The Lesson: Start with Resource Management, and then layer on PM and Quality processes.



So how do you bridge this process gap? As demonstrated above, getting the right person in the right place at the right time is essential to making any project management or quality process successful, so the key is to begin with an industry-recognized RM approach like Just-in-Time Resourcing® before establishing your project management and quality processes. Automation is critical to this process, so you will also need to select a Professional Services Automation (PSA) tool to help implement and automate your RM process. With these two solutions established and working, you will be able to reap the true value of your existing PM and Quality processes, which will be much better enabled and effective once layered back in.

Functional Alignment and Integration

As discussed earlier and alluded to in the lesson above, the second most consistent roadblock that prevents firms from achieving their goals in PS is the lack of disciplined fusion of process methodology and integrated services automation tools like PSA. While both the processes and tools are extremely important, one simply will not work without the other.

The state of the PS industry today is similar to where the manufacturing industry was in the 1970’s - not enough process discipline tightly integrated with automation tools. First came the tools for material requirements planning, production planning, inventory control, and more, but process disciplines lagged behind. Over time, as process and quality methods became more available along with the tools to teach people how to use them, the industry finally recognized the need to marry technology to process, and real progress in the form of just-in-time manufacturing became a reality.

In the PS world however, there has been very little discussion around the need for holistically tying services automation tools to services processes. The marriage and alignment of application integration, automation, and process discipline can enable extraordinary gains in effectiveness and competitive advantage. In the opinion of the author, the integration of process methodology and PS information management tools like PSA is mission critical to PS and Consulting business operations.

Opportunities and Benefits

Highly effective PS operators who have aligned and integrated their process and technology enjoy many benefits including:

- Consistent achievement of benchmark levels of resource utilization
- Lower operational costs
- High quality project delivery and associated high customer satisfaction
- Higher gross margins
- Improved product pull-thru enabling larger more profitable deals

All PS automation workflows are available out of the box and can be configured to suit organization-specific requirements during the implementation process.

Establishing a Single Point of Data Entry

Many legacy environments that hobble together numerous operations have at their heart an inherent need for duplicate data entry of project, time and expense information, HR, and other operational data. From the moment a sales person or consultant enters information into a CRM or SFA tool, opportunity exists to reuse that data for many later stages of the project when sold and delivered. The same is true for project execution, and information relevant to

resources which may be needed for other projects, financial data for billing, cost information for accounting, and more. Most enterprises have processes around many of these areas, especially where compliance issues are relevant, but are the workflow processes complemented by their PSA solutions? Clearly elimination of duplicate entries makes the entire process more efficient, reduces cycle time, improves accuracy, and makes the job of providing an audit trail much easier.

Forecasting and Resource Management

While there are many dimensions to the job of keeping a PS workforce fully utilized on a consistent basis, a major factor in doing so is dynamically linking the view of future demand to the resource plan. The forecasting process in most companies is a multi-functional task with implications for sales, finance, operations, and HR. Meanwhile many companies try to fit their existing process to a new technology (usually producing a less than optimal result), or they try to customize the technology to fit their existing processes, which normally takes too long and costs too much. Unfortunately, by the time a company realizes neither approach really solved the problem, the blame game begins and nobody wins. The exhibit below provides a vivid reminder of the value of effectively managing your resources.

Exhibit 1 - Complexity Inherent to the PS Ecosystem

# of Billable resources at \$150/Hr.	Annual Revenue from 1% Increase in Billable Utilization	Annual Revenue from 7.5% Increase in Billable Utilization	Annual Revenue from 15% Increase in Billable Utilization
1	\$3,120	\$23,400	\$46,800
25	\$78,000	\$585,000	\$1,170,000
100	\$312,000	\$2,340,000	\$4,680,000
750	\$2,340,000	\$17,550,000	\$35,100,000

Business Continuity

Planning for disaster is a growing discipline in companies, and is critical in many respects to regulatory compliance. The complex environment many companies operate in with a marriage of legacy systems and processes, to new processes and automation solutions is simply overwhelming to manage from a business continuity point of view. Creating the documentation, training, and testing required for business continuity are easier when the process and automation solution were developed and implemented in tandem.

Improved Market Responsiveness Capabilities

Information is power - and the more timely, accurate, and complete your information is about sales, projects, resources and costs, the better prepared you will be to deal with the ever-changing dynamics of your business. Too often, it seems that senior management is more interested in simply getting the process in place, and running the business, than gaining real competitive advantages from the integration of their PS operation. To achieve real competitive advantage requires a fundamentally different approach to business transformation of the PS operation and how that operation integrates with other parts of the company (e.g. products.)

Critical Success Factors and Best Practices

While there’s no doubt that integrated PSA enables an optimized enterprise workflow, advice on how to integrate process and technology will naturally vary between firms of different sizes and with different goals. That said, there are a few critical success factors and best practices that we have found to be applicable in most situations.

- **Gain Management Buy-in**
Define clear management objectives and gain senior management commitment to a collaborative business transformation plan. Educate the management team on PS and how it affects the enterprise ecosystem and then establish a business transformation plan to align the end-to-end service process with enterprise processes and IT capabilities.
- **Build the Right Metrics**
The key to success here is strong inter-departmental collaboration. Set goals that recognize the interdependencies of the cross-functional teams responsible for the result, and then develop metrics that provide sufficient incentive for each team to contribute to the broader organizational goals.
- **Automate Data Capture and Presentation**
Once you’ve gained senior-level commitment to the principle of information transparency, leverage your PSA to establish a corporate dashboard to display cross-functional metrics to key stakeholders throughout the organization.
- **Create a Governance Model to Ensure Ongoing Adoption and Adherence**
Important aspects of your governance process are determining how information will be disseminated, evaluated, and acted upon as needed. Once you’ve implemented the right metrics and established visibility, create an oversight entity made up of cross-functional management to review progress, discuss issues, and prioritize corrective actions as needed.

Summary

Combining process methodology and requisite enterprise applications with modern PSA tools is the next wave of innovation necessary to compete in the PS space of the future. In order to achieve this state, here are the key points to remember:

- Begin with Resource Management
- Take a holistic view of PS for all company functional dependencies
- Leverage today’s best-of-breed cloud solutions and integration technologies to eliminate manual dependencies and automate applications and processes
- Define clear management objectives
- Gain senior management commitment to a collaborative business transformation plan
- Establish meaningful metrics and a governance plan

Then, knowing when you have achieved success will then come down to a few simple and measurable business goals:

- Are PS operations predictable from both cost and quality perspectives?
- Are PS results consistently achieving financial goals for revenue and margin?
- Are PS capabilities responsive and highly adaptable, and providing a fundamental tool to make the business more competitive?

About Tenrox

Tenrox is a premier provider of cloud-based professional software automation software for globally dispersed project-based businesses. With extensive domain knowledge and more than fifteen years of experience, Tenrox for Professional Services Automation has demonstrated all of the efficiencies and benefits highlighted in this white paper that one can obtain by deploying an integrated professional services automation solution.

The main differentiating factors of Tenrox for PSA:

Tenrox software keeps what works for you and what you already know

You already have a great financial system, HR and CRM apps, and you have invested in various carefully selected technologies to run your business. You are looking for a PSA tool that fully leverages your existing investments. You do not want to disrupt your business, to rip and replace your enterprise systems with on-premise or cloud alternatives. Keep what works, what people are already familiar with, and achieve the benefits of an integrated PSA by leveraging a best of breed solution.

Tenrox is designed for [out of the box](#) integration with your existing enterprise systems. The connections are built-in. No custom programming is required for standard integration. Data can be exported to and exchanged with leading systems for accounting (Great Plains, Navision, Axapta, Solomon, Sage ACCPAC, SAP Business One, QuickBooks), payroll (ADP, Ceridian, Paychex), ERP (SAP, Oracle, PeopleSoft), project management (Microsoft Project), CRM (Salesforce.com and Microsoft CRM), HR (Taleo), and much more.

Visual workflows to design, manage, and configure your work processes

Tenrox leverages Microsoft Workflow Foundation to provide a visual representation of your business processes. Tenrox graphical workflow engine allows you to draw your business processes, similar to how you would design a chart in Visio. The difference is that as you draw the process, the workflow engine actually enforces and manages the process and all of the business rules for you. Visual audited workflows increase work process adoption, break down some of the barriers of interdepartmental collaboration, improve accountability, transparency and traceability (who did what when and why) throughout the enterprise. Click [here](#) to find out about the benefits of graphical workflows for work process management.

Tenrox fully leverages the Microsoft technology stack

Tenrox is [built](#) on a set of core Microsoft technologies: .NET Framework, Microsoft Workflow Foundation, Silverlight, SQL Server, OLAP, and Reporting Services making it the first turnkey PSA solution to fully leverage the Microsoft

technology stack. Tenrox is a premium Gold Certified Microsoft Developer with quick and easy to setup connectors to all major financial, HR and CRM applications, as well as secure sign-on to SharePoint.

Keeping it simple and fun is not our goal. It is our passion

Even PSA software can be simple, a pleasure to use, require minimum training and be fast to deploy. Tenrox has invested in significant R&D resources to pioneer many industry innovations that dramatically improve the software’s usability and performance. Here is a very short list, for the full list of our innovations and productivity enhancers please contact us:

- Reduced Movement (RM) user interface paradigm: Tenrox entry and management pages and typical use scenarios have been designed such that the user can get his/her job done quickly, with minimal mouse movement and with the least number of clicks; this is a user interface technology we call RM (Reduced Movement).
- Projects get bumped, resources get bumped.. Our Date Shift Function automatically shifts resource and project plans, so you don’t have to do it manually
- Time and expense policy enforced at point of entry, color coded timesheets and expense reports that highlight exceptions, in place next/previous navigation for approvals help your management team zip through reviews and approvals
- Tenrox customers have to bill many customers every month for millions of dollars of billable work. Scheduled multi client invoicing allows you to schedule a batch of invoices. You click a button and go about your other tasks. The Tenrox system creates all the invoices for you in the background, based on your invoicing cycle and criteria, and sends you an email when the invoices are ready for review.
- And much more , ...

With Tenrox on-demand you get to keep using the same enterprise systems, Microsoft technologies, document management and reporting tools that you are already familiar with while you gain the maximum benefits of deploying a powerful intuitive best of breed cloud based PSA system that is totally integrated with your existing CRM, financial system and other enterprise software investments.

About RTM Consulting and the Author

Cincinnati-based RTM Consulting provides strategic and operational advice to assist technology companies with increasing revenues and margins by leveraging professional and consulting services more effectively. Specializing in Resource Management and Professional Services Business Optimization, RTM Consulting helps IT hardware, software and pure consulting businesses achieve the benefits associated with successful professional and consulting services portfolios. With its unique Just-in-Time Resourcing® solution and Business Acceleration Services, RTM Consulting helps large, medium and small firms move beyond theory to practical application of industry best practices and achievement of exceptional results in the shortest possible period of time.

Randy Mysliviec leads RTM Consulting, providing high impact advisory services for technology companies’ professional and consulting service businesses. Acknowledged by industry sources as an expert in Global Resource Management (GRM) and author of the Just-in-Time Resourcing® brand of solutions, Randy helps multi-national companies with the complex challenge of operating professional services teams serving the global market.

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