

2009 The Professional Services Maturity Model

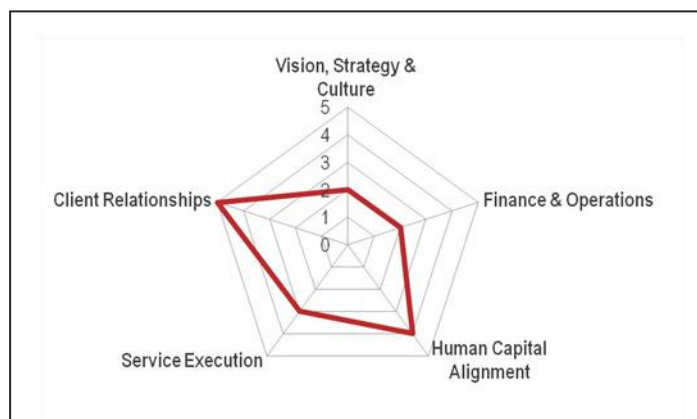
Report Abstract — February, 2009

We all know that best in class professional service organizations (PSOs) are based on exceptional consultants. We also know that it takes effective leadership to inspire organizations to achieve greatness. But what we haven't known until now is the absolute monetary effect of professional service (PS) leadership on the bottom line. We think you will be as astounded as we were to discover that great...or poor leadership permeates every facet of professional service organizational performance.

These insights and many more are provided in "The Professional Services Maturity Model – A Comprehensive Framework to Assess Organizational Efficiency and Effectiveness across the Five Service Performance Pillars", a 168 page benchmark report developed by Jeanne Ulrich and R. David Hofferberth, P.E.

This is the second annual PS Maturity survey report produced by SPI Research, and it now contains an analysis of 170 billable PSOs — 52 taken in 2007 for the 2008 report, and 118 taken in 2008 for the 2009 report. Despite changes in economic conditions, the organizations working with SPI Research continue to invest in ways to measure and optimize organizational maturity.

SPI Research presents this study and the latest version of the Professional Services Maturity Model to provide an important framework for assessing and improving all elements of a professional service organization. This report shows how professional services organizations can begin the process of establishing a maturity roadmap. It provides information that will enable PSOs to compare themselves to industry benchmarks and focus on priority improvement areas.



These organizations, whether independent consulting firms or the embedded professional services arm of product-driven organizations must invest in the five core pillars of success: Vision, Strategy and Culture, Finance and Operations, Human Capital Alignment, Service Execution and Client Relationships. These dimensions are termed "pillars" because they provide the structural foundation for all service organizations and without them the PSO will not survive. Each of these pillars defines core functions and operating processes within a billable professional services organization. For each service performance pillar, we have defined approximately thirty-five key performance measurements as the basis of the maturity model.

Among the most surprising findings the study surfaced was the fact that organizations with a high confidence in their leaders delivered over twice as much margin (23.4% compared to 10.4%), higher revenue growth, lower attrition and almost double the number of projects delivered on time. The following table highlights the importance of PS leadership.

Attribute	High Confidence	Low Confidence
Revenue Growth	15.9%	11.3%
Contribution Margin	23.4%	10.4%
Employee Attrition	5.5%	20.0%
Project on-time delivery	75.5%	44.2%

The newly published SPI Research report also identifies real-time visibility as a key enabler. Best in class professional service organizations have real-time visibility into all facets of their operations, and deploy consistent processes for the management of projects and resources. They establish their differentiation through effective sales and marketing campaigns, which translate into higher bid/win ratios and a lower level of discounting.

Among other findings examined in the report, SPI Research concludes “Strategic alignment of goals and measurements”, “Ease of getting things done” and a culture that empowers teamwork and collaboration mark the difference in high-performing organizations.

