

Conducting an Organizational "Health Check" Pays Off!

Four steps to success

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It's common knowledge that at least once a year you should visit your physician, insurance agent, stockbroker, CPA and attorney to potentially rebalance your life at the start of a new year. So why do so many people fail to follow this common-sense idea when it comes to assessing your business health?

One could assume that perhaps common sense is not very common. Clear planning, prevention and pure self-interest are usually the payoff for these types of efforts.

Much like the professionals you reach out to each year on a personal level, their trusted advisors and professional services consultants should also provide you with much needed information to determine how your professional services (PS) business is performing against best practices. The benefits derived from gathering this type of information are many:

1. A clear picture about specific legacy services that are not selling, are highly duplicative and should be rationalized, as well as which new services you need to develop to be competitive.
2. Objective feedback from an outside source as to the gaps that are in your PS business; you'll learn what must change so that you can target best or world-class operations with your business.
3. Realistic targets and metrics for improvement can be established, based on the same targets and metrics other high-performing professional services businesses use and consider in developing their goals, objectives and revenue targets.
4. Internal stakeholders' involvement can be fostered as you probe and question those who have an ultimate stake in the future of your PS business.
5. More engaged customers because you understand their needs, wants and expectations for the future; this gives you a strong foothold as they ponder continuing working with your PS group.

A case of disappointment

I recently learned of a software company that bears out the necessity for a yearly professional services assessment and check-up. Fourteen months had passed since the company had launched its new services business to support a very profitable product-centered business. A new organizational structure had been put in place, new revenue targets had been established and several staff members had been reassigned to new roles in the services business.

There was also the belief that people in other functional areas of the business were well aware of the new company direction; it was assumed that everyone supported the new vision and the urgency for such a change.

Originally, the services group provided feedback that the product sales force was not fully positioning services with customers and that it would be a good idea to interview customers. However, the sales force was quite adamant that it was unnecessary to interview customers — as the sales persons knew best what the customers really needed. They said they were selling professional services, and to “trust them; all is well!”

The management team of the company had commissioned an outside consulting firm to find out from employees how their current initiatives were progressing. Several focus groups were conducted consisting of services delivery employees, account managers and product sales professionals. To management’s surprise, they heard some disturbing feedback:

- The product guys would not sell services, even if you put a gun to their heads.
- Customers are quite upset that the only time they see company management is when a billing problem occurs, never just to talk about how they could better partner with them in the future.
- Consistency in delivery is a huge problem, with lots of quality problems occurring at every point in the customers’ life cycle.
- Technical specialists and engineers are not being invited into pre-sale situations.
- Very unrealistic expectations are being placed on the PS staff, without adequate resources, support or skills training.
- The service organization is supposed to be partnering with sales, but they are kind of at war with one another, and a review of the roles between the two groups is way overdue.

Armed with this pre-assessment information, the management team recognized that perhaps a more robust assessment process should be undertaken in order to get a realistic picture on the state of their professional services business. Therefore, a four-pronged approach was begun:

Step One: Interviews with the executive team

The first step in the renewed assessment effort is to have all members of the executive team go through in-depth interviews. The goal is to determine how the executive team views the strategy of the organization and specifically what role the professional services group should play in helping to meet those goals.

This particular company had 12 executive team members. Other questions asked include:

1. What are the two or three critical business issues (problems that must be solved or opportunities that must be capitalized upon) for the executive team to achieve its strategic goals?
2. From a customer perspective, where do the executives feel customers would place them on a 2x2 matrix that identifies four potential options: vendor, specialist, total solution provider or game changer (see figure 2). And how would they like to be seen by customers two to three years into the future.
3. What are their thoughts on PS branding and how would they like the marketplace to see them in the future?
4. What do you see as the PS group's biggest challenges and services opportunities?
5. What changes would they like to see in the services business by the end of the current year and in two to three years?

The interviews with the executive team taught the professional services organization that there was very little consensus and alignment amongst the executive team, and some very large gaps existed related to how best to position the new services orientation to the marketplace. It also became apparent that if the company pursued a total solutions approach, (some executives thought that made the most sense), a different marketing and sales strategy needed to be developed. Others, however, felt that the company should continue to position itself as a specialist, and the investments and risks were just too high to make a move to total solutions.

Step Two: Additional focus groups

In addition to the executive team, it's critical to get other players involved in the assessment process. For this company, although some focus groups had been conducted in the pre-assessment process, the management team recognized that other important stakeholders needed to be involved as well. Consequently, homogenous groups of CRMs, services business advisors, consultants, marketing professionals and sales managers and directors were included in the process.

In this particular case, ten things were learned from the focus group feedback:

1. The rationale for the professional services business change was not understood and believed by most groups.
2. Communication about the change was not working.
3. Some very positive efforts had been undertaken such as training on consulting skills and how to conduct client meetings.
4. The staff felt hopeful that with this new PS effort finally on management's radar screens, they would recognize that change was needed and start to take some new actions.
5. The sales and the services organization had very similar goals, but the compensation system and metrics were counter-productive to both groups.

6. CRMs and account managers had been assigned to the wrong accounts, and larger, more strategic accounts were not covered by this process.
7. Most groups measured customer satisfaction but not loyalty, quality and team collaboration.
8. Field service technicians were being asked to help in business development while out in the field with customers but lacked the training and skills to do that effectively.
9. Focus group members were happy about the fact that the company was trying to be more customer centric in all its actions and strategies.
10. The marketing group had 50 product people; yet, no one had responsibility for services marketing. Consequently, very little services marketing was taking place.

Step Three: Riding along on customer calls

The third step in the expanded PS assessment is to have the external consultant accompany product sales professionals on customer calls. The role of the consultant is strictly to observe the business development process in action and provide feedback to management as to the overall effectiveness of its existing business development efforts.

The company had 10 sales professionals, and this process was accomplished over a four-week period of time with five high-performing and five average-performing product sales professionals.

Along with the positive outcomes observed in the sales-ride-alongs, some services-specific areas for improvement emerged:

- The product sales force tended to position mostly support services to the customer, leaving out more comprehensive service offerings such as assessments, desktop migration and security in the discussions, even when the customer asked about those services.
- Sales was quite adept at engaging customers in discussions about the product but had a tendency to throw in free services to close any deal. Sales lacked thorough knowledge about all the service offerings and, consequently, only focused on commodity services that were easy to explain.
- Much of the discussions with customers focused on features and benefits around products; very little discussion focused on service features, benefits and value.

Overall, the ride-along exercise proved quite valuable to the company in that it helped it refocus its service business-development efforts. As a result of this exercise, the following sales support was put into place: specific sales training for the product and services group on topics like "How to Sell Professional Services and Solutions,"; a method to better align with the performance management system; and a redefined client engagement process that had more technical and team support. Bottom line: Although

sales would often say, “Yes, we sell services,” the truth was that in too many situations, services were given away to close product sales.

Step Four: Asking customers the right questions

The last leg in the assessment process entails conducting a “Voice of the Customer” (VOC) market study, which involves interviewing customers. In this case, 30 of the company’s customers at three levels of relationships were interviewed: senior management, middle management and users of their services. The resultant one-hour interviews were tape recorded and transcribed.

The goals of the VOC process are to:

1. Gather quality information to help define and prioritize high potential (high value to the customer and good profit to the company) services that could be introduced quickly with minimum hassle.
2. Build a business case for the need for a stronger service emphasis.
3. Deepen and expand customer relationships.
4. Determine how customers currently use the services offerings.
5. Find out customers’ critical business issues.
6. Determine if customers are interested in new services.
7. Ascertain the value drivers and price points that the customers look for in new services.
8. Identify their decision-making process — how they buy services.
9. Gather feedback on the importance and effectiveness of the services the customer currently utilizes.
10. Look for any other areas of improvement or recommendations to develop more of a partnership relationship with the customer.

What was learned from the VOC process was quite beneficial. Specifically, customers liked the fact that the company reached out to them to obtain its feedback related to critical business issues and how the company could move more in a direction of becoming a trusted advisor and partner in working with them. Customers also learned some significant gaps existed in how services were delivered and supported. Additionally, many customers expressed a strong interest in the emerging services the company was considering offering and wanted to learn more about them.

This specific feedback enabled the company to start new sales cycles and to prioritize which of the potential new services to bring to market.

Post-assessment actions

After all of the assessment information is collected and analyzed, an off-site planning meeting is usually conducted. The goal of the meeting is to understand how the services group stacks up against 10 areas of consideration: strategy, sales, marketing, operations, delivery, talent, culture, service design, markets and customers and to create action teams to address low performing areas of service performance.

For this company the meeting lasted three days, and Strategic, sales, delivery processes, business and people development initiatives were undertaken as well. A two-year master services plan emerged — with specific strategic initiatives to address services and sales gaps as well as how the new services would be launched. The process also served as a vehicle to better align the executive team, and each executive became a process owner for a component of the master plan with specific targets, objectives and accountabilities.

In addition, the organization developed a change management communications plan to share the assessment findings throughout the organization through a series of small group meetings organized to foster feedback and rich dialogue across functional parts of the company.

Prevention pays off in the long run

Someone once said, “An ounce of prevention is worth a pound of cure.” Take the time to conduct an effective professional services assessment at least once a year, and your optimal professional services health will keep your organization vital, healthy, agile and strong — even during turbulent times of change.

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