

GROWING SMARTER

Core Growth Strategies & Metrics for Professional Services Firms

Presented by: Andrew Dietz & Sarah Gonnella



Agenda

- I. Welcome
- II. Additional Resources
- III. WebEx Instructions

- IV. Presentation: *Strategies and Systems that Drive Growth for Professional Services Firms*
- V. Question and Answer Session

- VI. Presentation: *Steps to Drive Growth*
- VII. Question and Answer Session

- VIII. Thank you



Other Resources from Full Sail Partners:

Videos

- <http://www.fullsailpartners.com/resources/archive/>

Articles

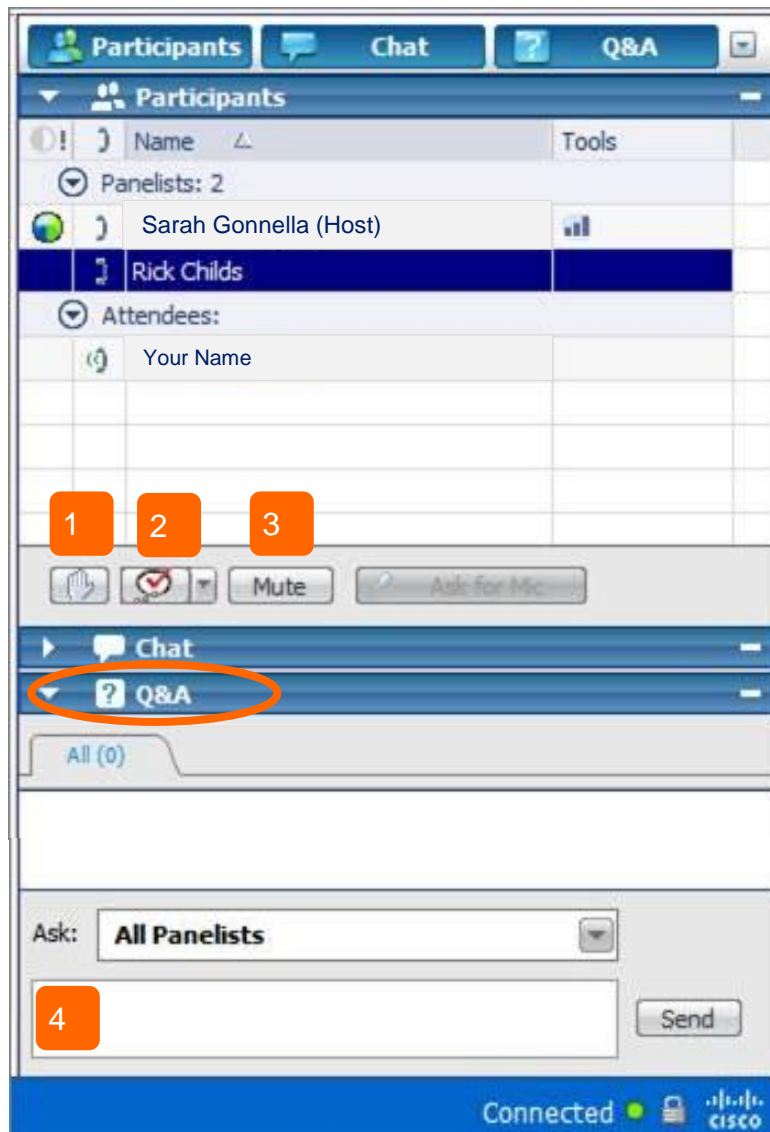
- Deltek Vision Timesheet Activity Automation:
<http://bit.ly/15tRb51>
- “I Just Love Working with You..” Client Evaluation Fallacies:
<http://bit.ly/1bbNp5a>

Whitepapers

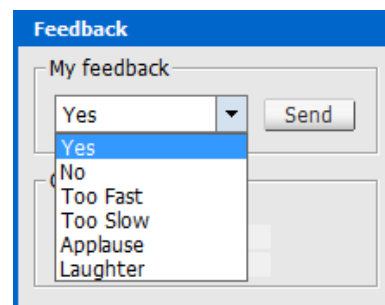
- <http://www.fullsailpartners.com/resources/whitepapers/>



WebEx Instructions



1. **Raise Hand** (be sure to click again to remove raised hand or feedback information)
2. **Feedback Tool** (use for yes/no questions or to provide the speaker feedback.)



3. **Mute** (mute yourself when you need to talk to someone in your office or put the line on hold)
4. **Q&A** (Type in the Q&A dialogue box [Not Chat] to ask a question. Be sure to choose All Panelist)



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Opening Smarter Growth

Strategies and Systems That Drive
Growth For Professional Services Firms

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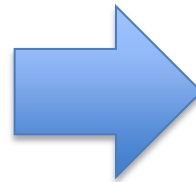
Things That Terrify Me



Things That Terrify Me



Things That Terrify Me: Solution



Things That Terrify Me



Things That Terrify Me: Solution



Things That Terrify Me

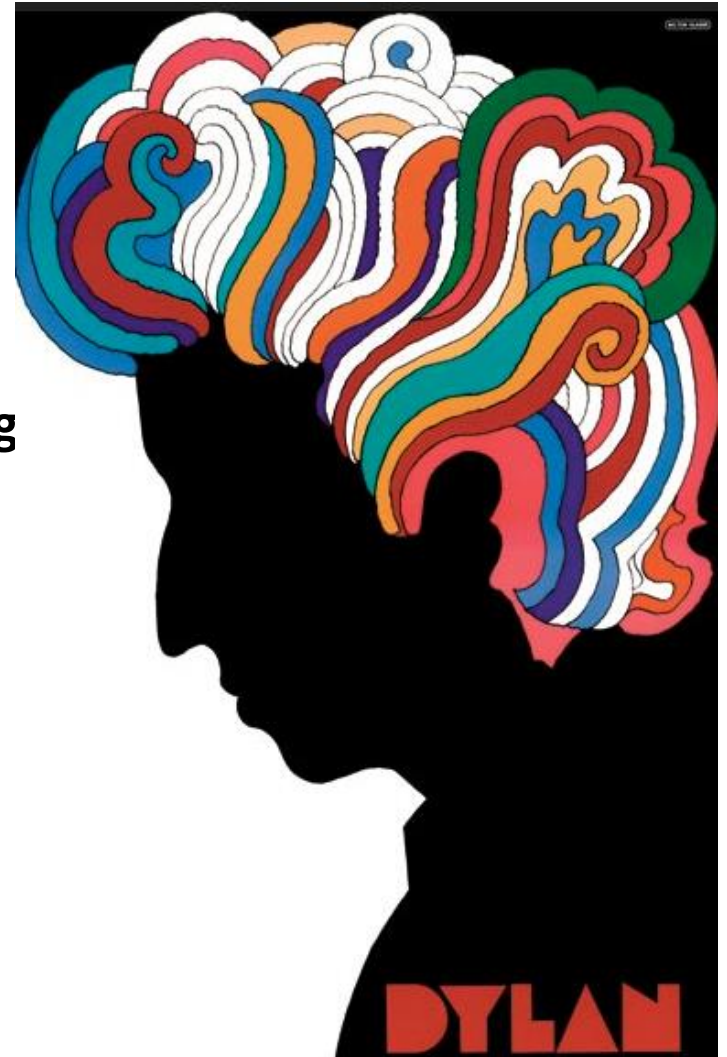


Things That Terrify Me: Solution



“He not busy being born Is busy dying

Bob Dylan, It’s Alright Ma (I’m only bleeding)

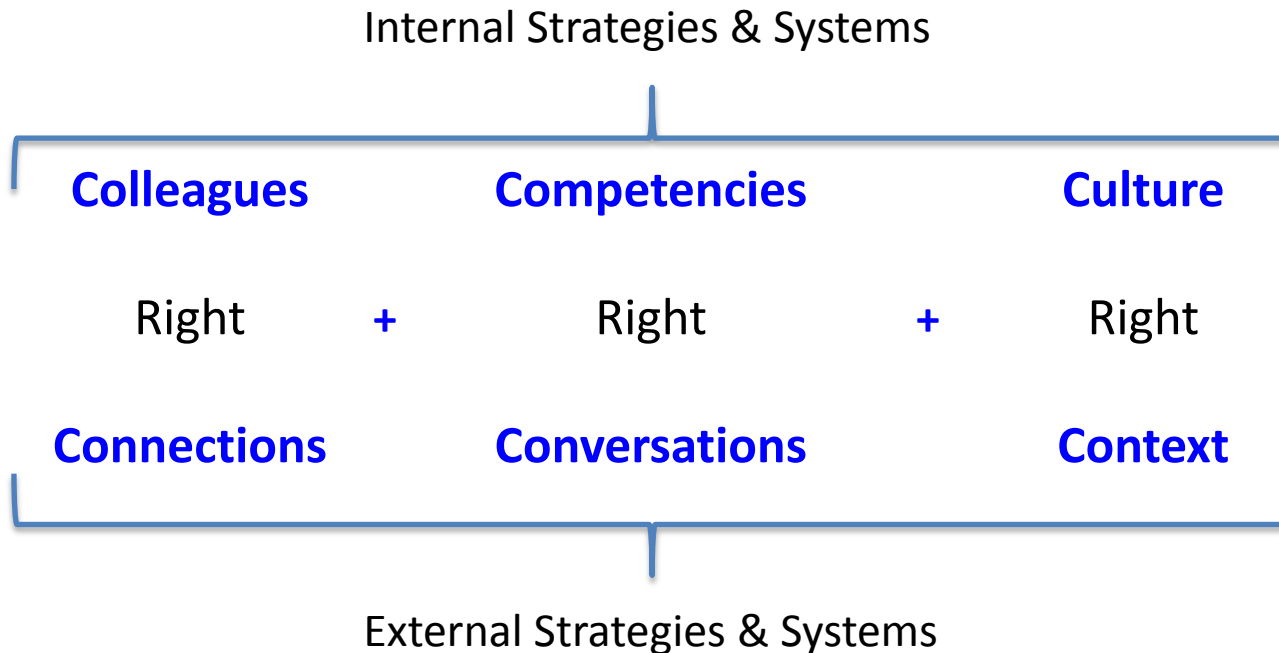




“You don't climb mountains without a team, you don't climb mountains without being fit, you don't climb mountains without being prepared and you don't climb mountains without balancing the risks and rewards. And you never climb a mountain by accident - it has to be intentional.”

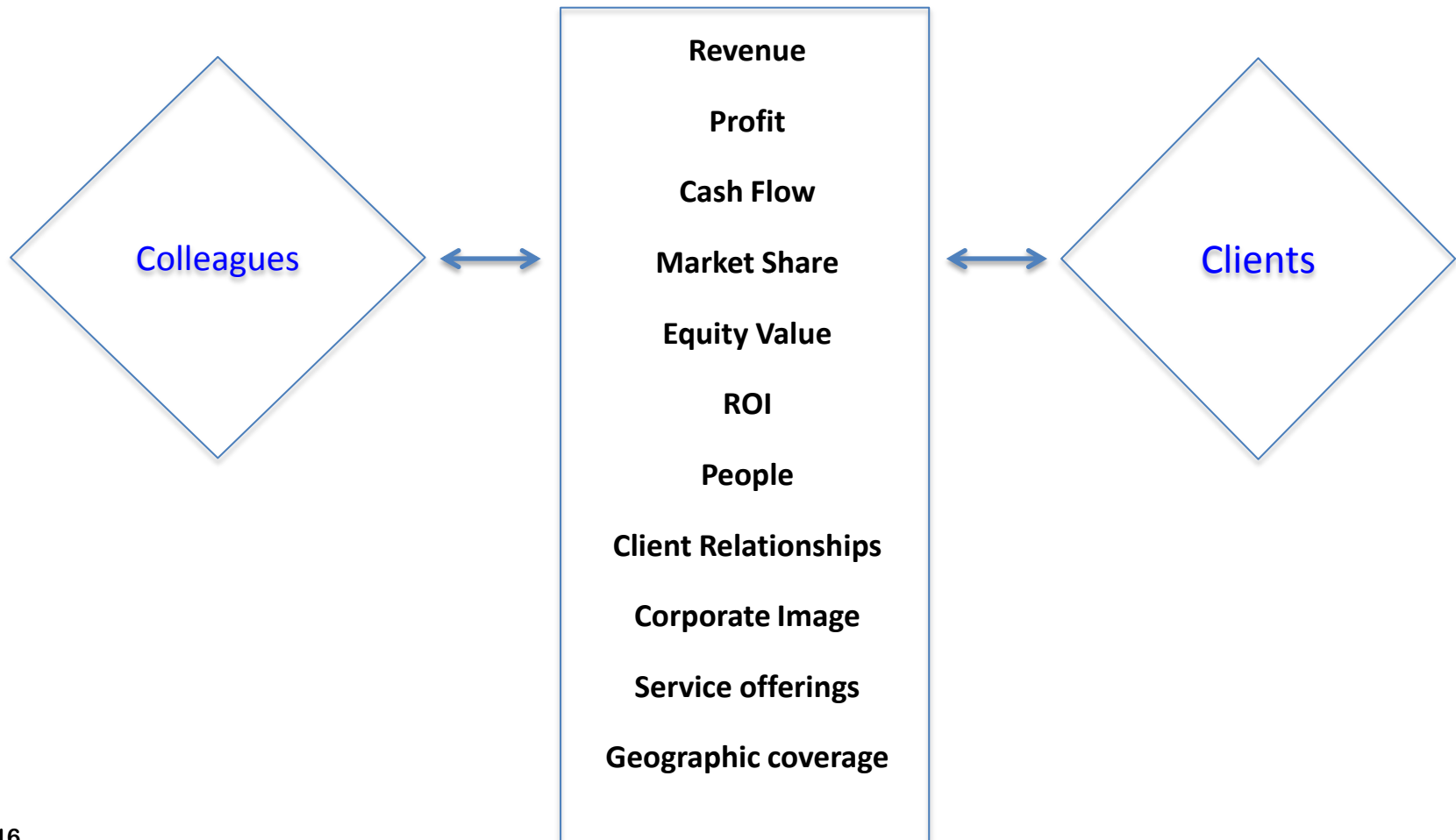
*Mark Udall, U.S. Senator (Colorado) &
Extreme Mountain Climber*

To Grow, Firm's Must Build Inside and Outside...

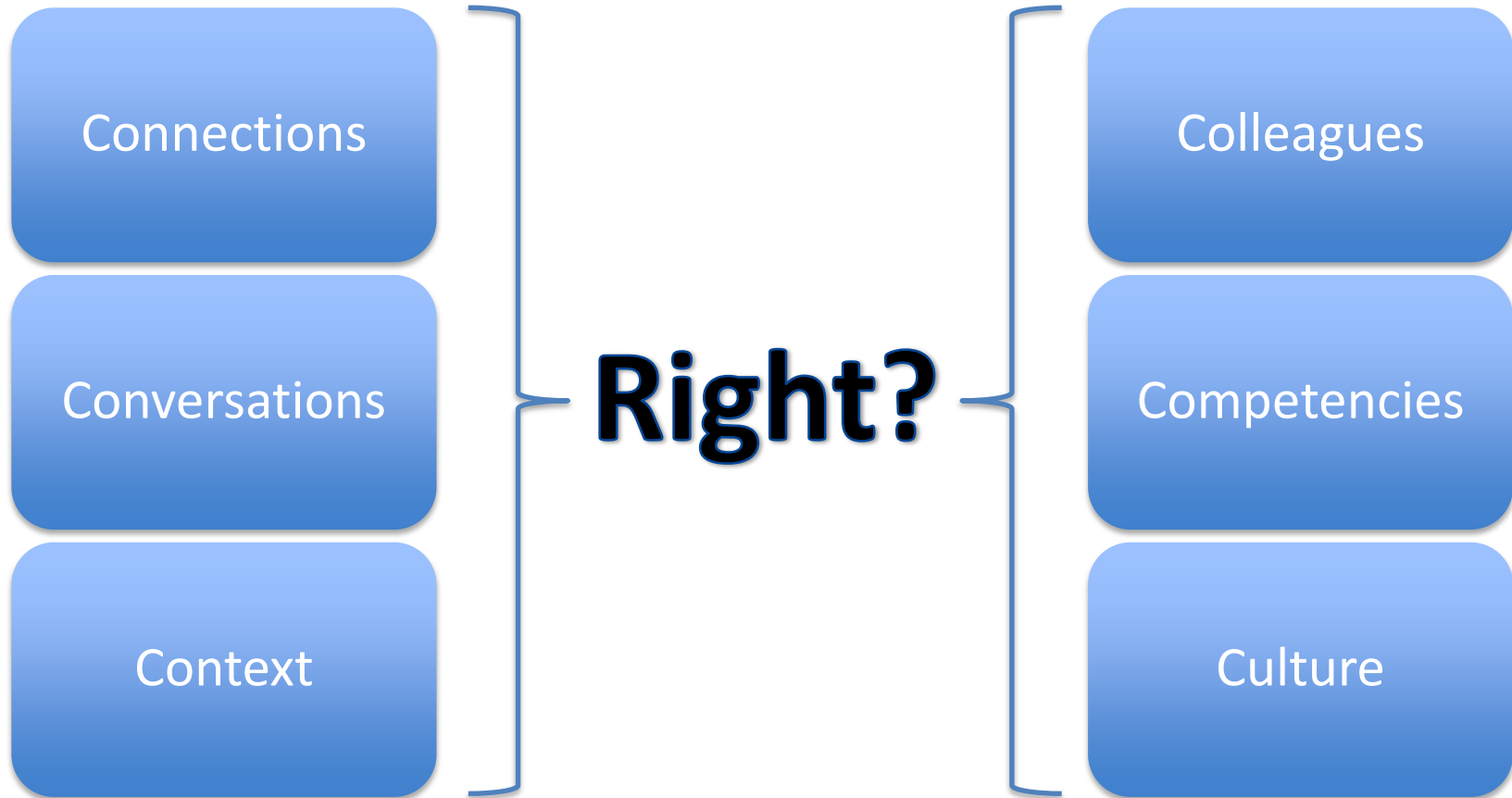


What do you mean by “Growth?”

Your Objectives: Increase in quantity, quality and/or velocity?



What do you mean by “Right?”



“Tactics Without Strategy Is The Noise Before Defeat.”

– Sun Tzu, The Art of War

Clients Strengths/Gaps

- Define clients-of-choice & buying factors
- ID service offering/client relationship gaps

Capabilities Strengths/Gaps

- ID gaps in Firm assets and those needed by your prospects/clients-of-choice

Competitors Strengths/Gaps

- Select primary, preferred competitors and describe capabilities and market share gaps

Based on these and on shareholder economic demands,
what are reasonably unreasonable objectives?

Pick A Strategy That Fits Your Assets and Appetite

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What and Who Focus

- In the Focus Strategy, you will be especially focused on and expert in serving specific market segments with specific service solutions. You will provide faster, better solutions because of your deep subject/client expertise.

How and Why Differentiation

- In the Differentiation Strategy, you will emphasize your firm's mission, culture, work approach and the systems and processes you use to ensure a great client experience and result on every client encounter.

How Much Cost-Advantage

- In the Cost-Advantage Strategy, you will systematize and standardize to lower your cost of delivering quality service to clients. You will underprice competitors.

Build Organic

- Hire, train, motivate, retain the resources you need to successfully implement your competitive strategy.

Borrow Alliances

- Partner or contract for the resources you need to successfully implement your competitive strategy

Buy Acquisitions

- Acquire organizations or practice groups to gain the resources you need to successfully implement your competitive strategy

Strategy without tactics is the slowest route to victory. - Sun Tzu, The Art of War

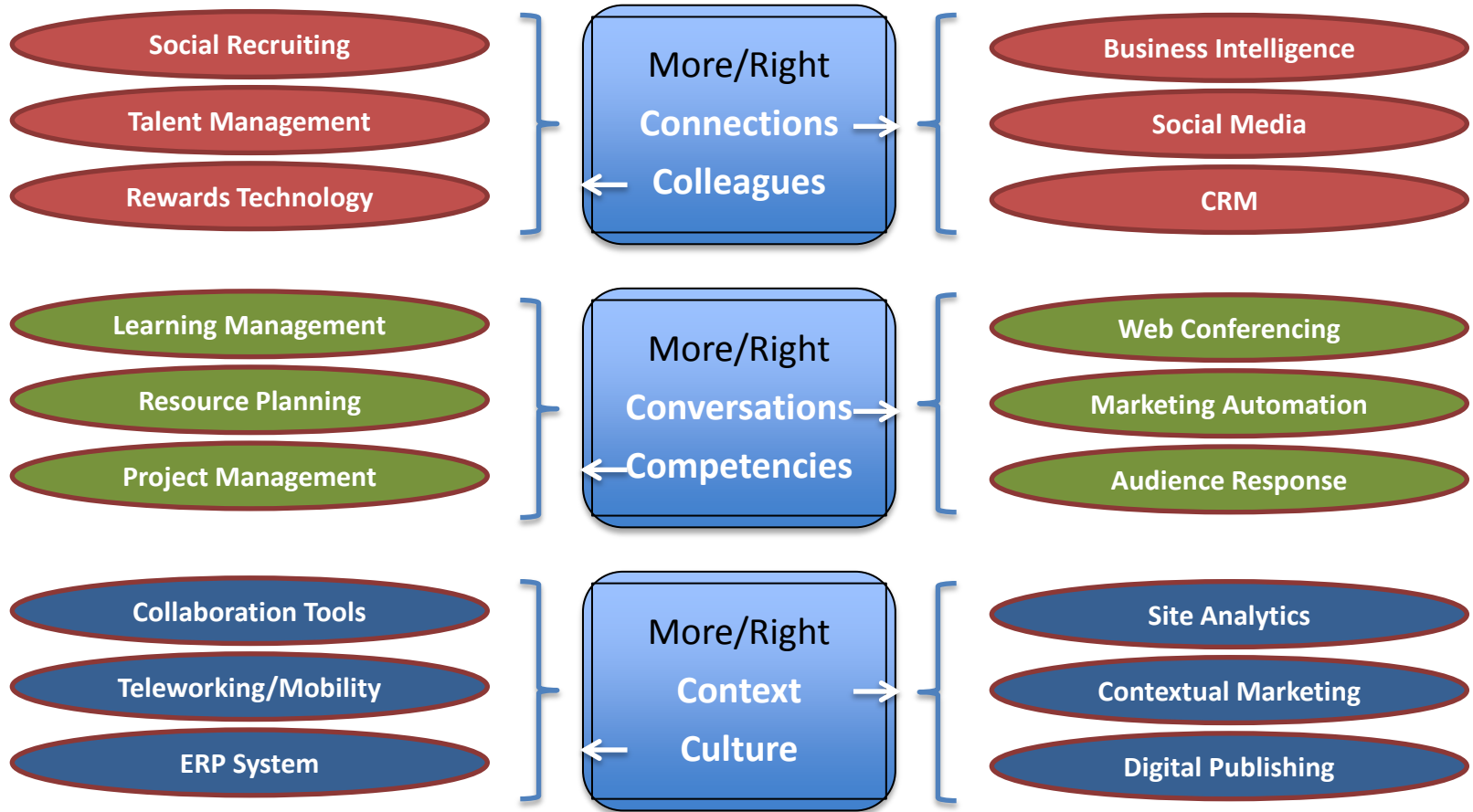


Technology Enable Your Growth Execution



Internal

External

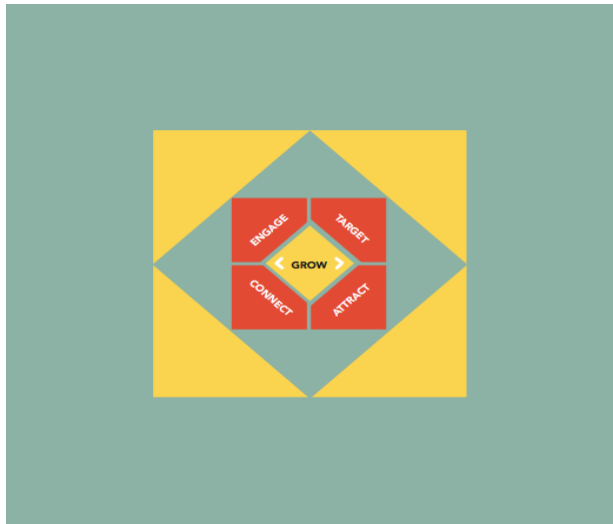


“A body of men holding themselves accountable to nobody ought not to be trusted by anybody.”

— Thomas Paine

1. Track | Communicate Interim Results
2. Make Fact-Based Modifications
3. Predetermine | Implement Consequences

Opening Measurable Market Results Through Custom Content & Business Development Experiences Exclusively For Business & Professional Services Firms.



Relationship Marketing

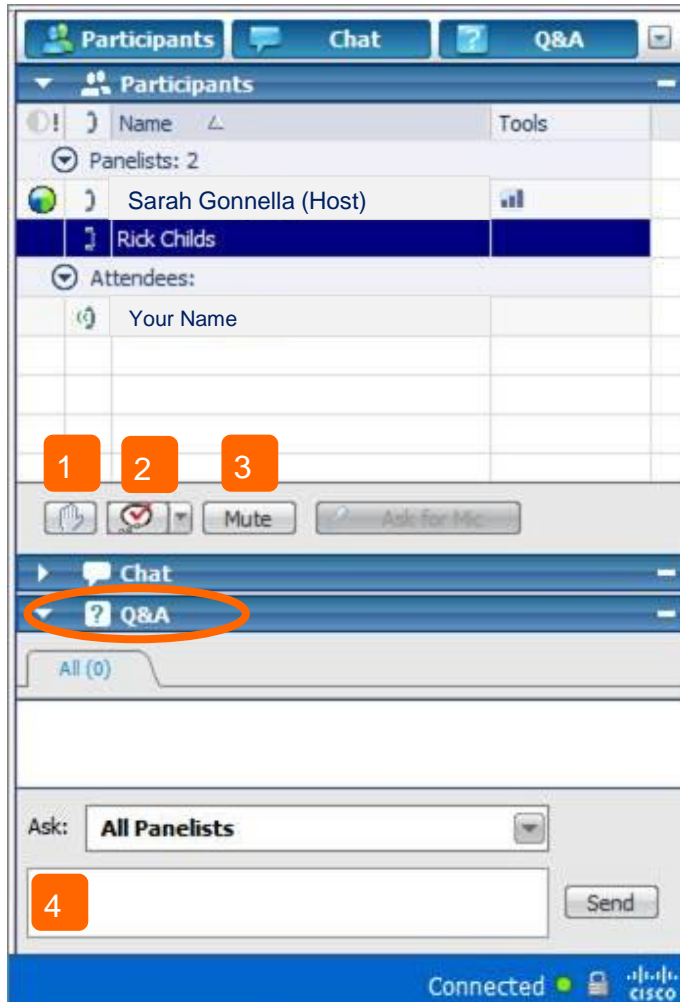
Content

Contacts

Conversations

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Questions?



Instruction: Q&A (Type in the Q&A dialogue box [Not Chat] to ask a question. Be sure to choose All Panelist)



Steps to Drive Growth

Presented by: Sarah Gonnella



Full Sail Partners' KPI Survey Results

Intent: Learn how firms use KPIs to measure growth and commonalities to chart growth

Discovered:

- Growth is indeed the #1 goal for firms
- Definition of growth differed
 - › 88% stated revenue
 - › 72% specified increased profit margin
 - › 32.5% stated employee retention
 - › 16.2% identified product or service offerings
 - › 18.6% indicated market share
 - › Others: “new areas of expertise gained” and “executed work order/contracts”
- Respondents understood the benefits of KPIs, however response showed lack of time to chart, write, or track KPIs



Establishing Goals & Measurements

Follow the 3 C's

■ Clear

- › Make sure they adhere to SMART format (Specific, Measurable, Attainable, Realistic, Time-Based)

■ Consistent

- › Consistent unit of measurement throughout the company
- › Do goals on an individual basis support departmental and then corporate goals?

■ Communicate

- › Make sure everyone is aware.
- › How does each employee influence goals?



Establishing Goals & Measurements

▪ **Benchmarking**

› Learn from others

› Resources:

- [Deltek](#)
- [Forrester](#)
- [Gartner](#)
- [Hinge Marketing](#)
- [IDC](#)
- [Society for Marketing Professional Services](#)
- [Vision Edge Marketing](#)



Establishing Goals & Measurements

Establishing Goal	Example
Identify what needs to improve	Improve revenue
Establish a baseline	<p>Evaluate how your firm has performed over time related to the goal (past 5 years)</p> <ul style="list-style-type: none">• What was revenue?• Where did our revenue come from? (Clients, Markets, Services, etc.)• How many unique clients work with you each year?• What is your repeat business frequency?• What is the average sales?• What is the average write-offs?• What is the average DSO?• What is the average utilization?• What is the average net multiplier?
Establish a goal	Increase revenue 20% by the end of the calendar year.



Establishing Goals & Measurements

Establishing Goal	Example
What is required to achieve the goal?	<ul style="list-style-type: none">• Increase new clients• Increase existing client business• Increase client references• Improve utilization• Decrease scope creep
Departmental goals required to achieve the goal	<p>Sales:</p> <ul style="list-style-type: none">• Identify and close one new customer each quarter.• Each quarter, choose two existing customers and close an additional 2% of business. <p>Marketing:</p> <ul style="list-style-type: none">• Each quarter, create one new marketing campaign with the target of 3 new prospects identified for sales.• Generate at least one company referral per quarter that will be shared with sales for prospecting. <p>Operations:</p> <ul style="list-style-type: none">• Increase utilization by 2% each quarter.• Increase additional services by 3% each quarter. vs. including in current scope.



Establishing Goals & Measurements

▪ Tracking Data & Data-Driven Decision

- › Who is responsible for tracking?
- › How often?
- › Are you receiving the data early enough (real-time) to make changes?
- › Who is involved to institute the change and who will communicate that to employees?

▪ Lessons Learned Examples

- › Are your actions causing unintended consequences?
 - Pay raises will be based on employee utilization
 - Improve Customer Service! (More non-billable work, lowering utilization)
 - Metrics should incentivize both
 - Example Blog & Webinar:
<http://www.fullsailpartners.com/FSPblog/bid/190999/KPI-Insight-for-Project-Managers>



Business Evaluation Process to Drive Growth

WJE

500-person engineering, architectural, and materials science firm headquartered in Northbrook, IL with 20 locations.

■ Challenge:

- › Inefficient paper-based project initiation for 7,000 projects annually
- › Inaccuracy, inconsistency, and redundancy
- › Inability to do conflict checks

■ Solution:

- › Reduce project initiation from several hours to several days per project to minutes
- › Gained visibility into organization's work backlog
- › Ability to share datasets to avoid wasted business development expenses and efforts
- › Real-time visibility so leaders could make better decisions.

■ Benefits:

- › Annual savings of \$1.8 million
- › Reduction in DSOs of 45 days
- › The cost to implement paid for itself over 30 times in just one year
- › Received Deltek's 2012 Project Excellence Award for exceptional Deltek solution implementation



Business Evaluation Process to Drive Growth



35-person geotechnical and structural engineering firm located in California

■ Challenge:

- › Lack of visibility to manage and understand staff utilization
- › Disparate system causing inaccuracy, inconsistency, and redundancy

■ Solution:

- › Implemented ERP (Accounting, CRM, & Resource Planning)
- › Ability to recognize staffing needs and get people on board at the right time
- › Workload forecasting and load balancing
- › Real-time visibility so leaders could make better decisions.
- › Ability to share datasets

■ Benefits:

- › Nearly doubled in size in first 15 months
- › Decreased inconsistency, inaccuracy, and redundancy
- › Decreased overhead expenses, average days receivables, and employee turnover and surpassed the industry average
- › Increased utilization and net multiplier and surpassed the industry average



Business Evaluation Process to Drive Growth



Results:

Increase / Decrease	Utilization	Overhead	Employee Turnover	Net Multiplier	AR
SAGE	21%	(14%)	(62.5%)	24%	(41%)
Industry Average	3%	(6%)	(14%)	(1%)	(13%)



Business Evaluation Process to Drive Growth



RICHARD AVELAR & ASSOCIATES

50-person forensic architectural and construction services firm

■ Challenge:

- › Looking for better insights into clients and opportunities.

■ Solution:

- › Standardized a paperless proposal submission process.
- › Real-time visibility so leaders could make better decisions.

■ Benefits:

- › Project it will cut the proposal process time in half.

- › Lack of standardization led to inaccuracy, inconsistency, and redundancy
- › No central repository and inability to do conflict checks
- › Ability to share datasets to avoid wasted business development expenses and efforts
- › With more than 1000 proposals / year, time savings equates to more than 750 hours or almost 5 months / year



7 Metrics to Help Grow Your Firm

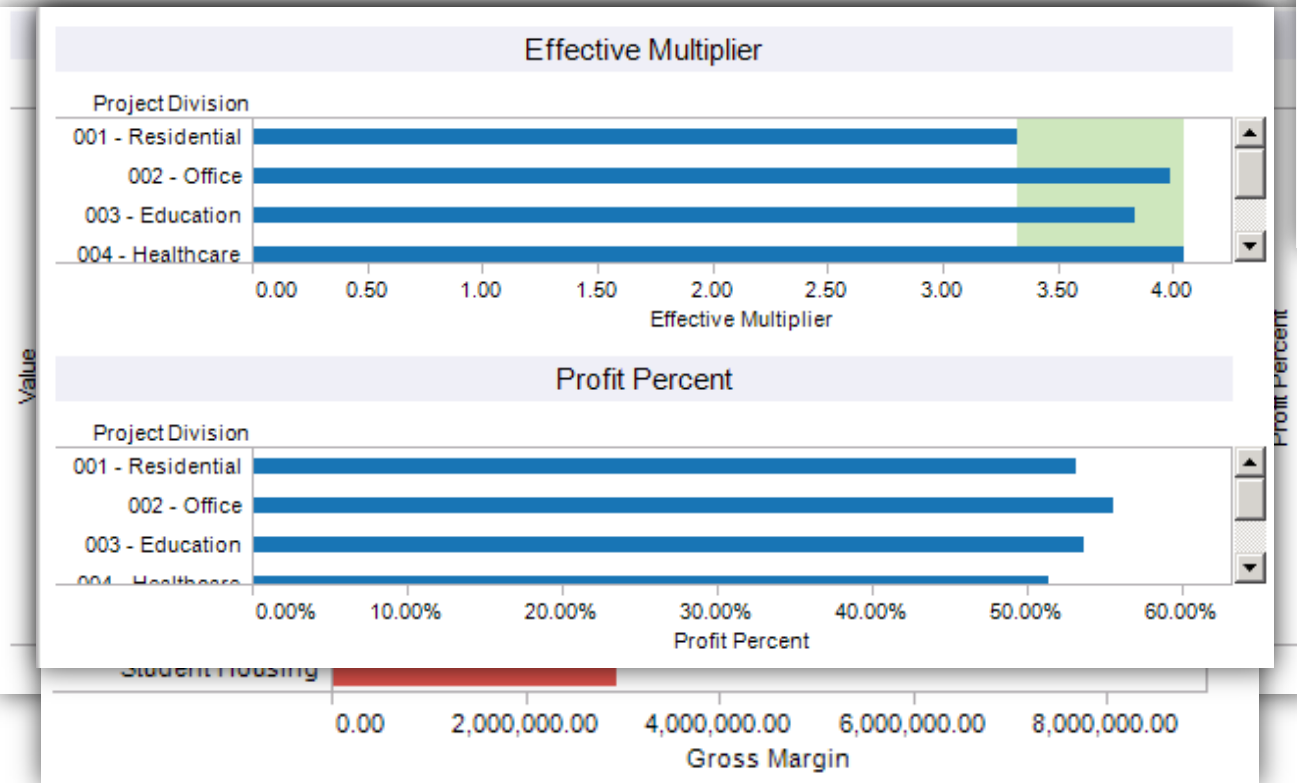
1. Profit
2. Effective Multiplier

Project Division

- 001 - Residential
- 002 - Office
- 003 - Education
- 004 - Healthcare
- 006 - Retail

Measure Names

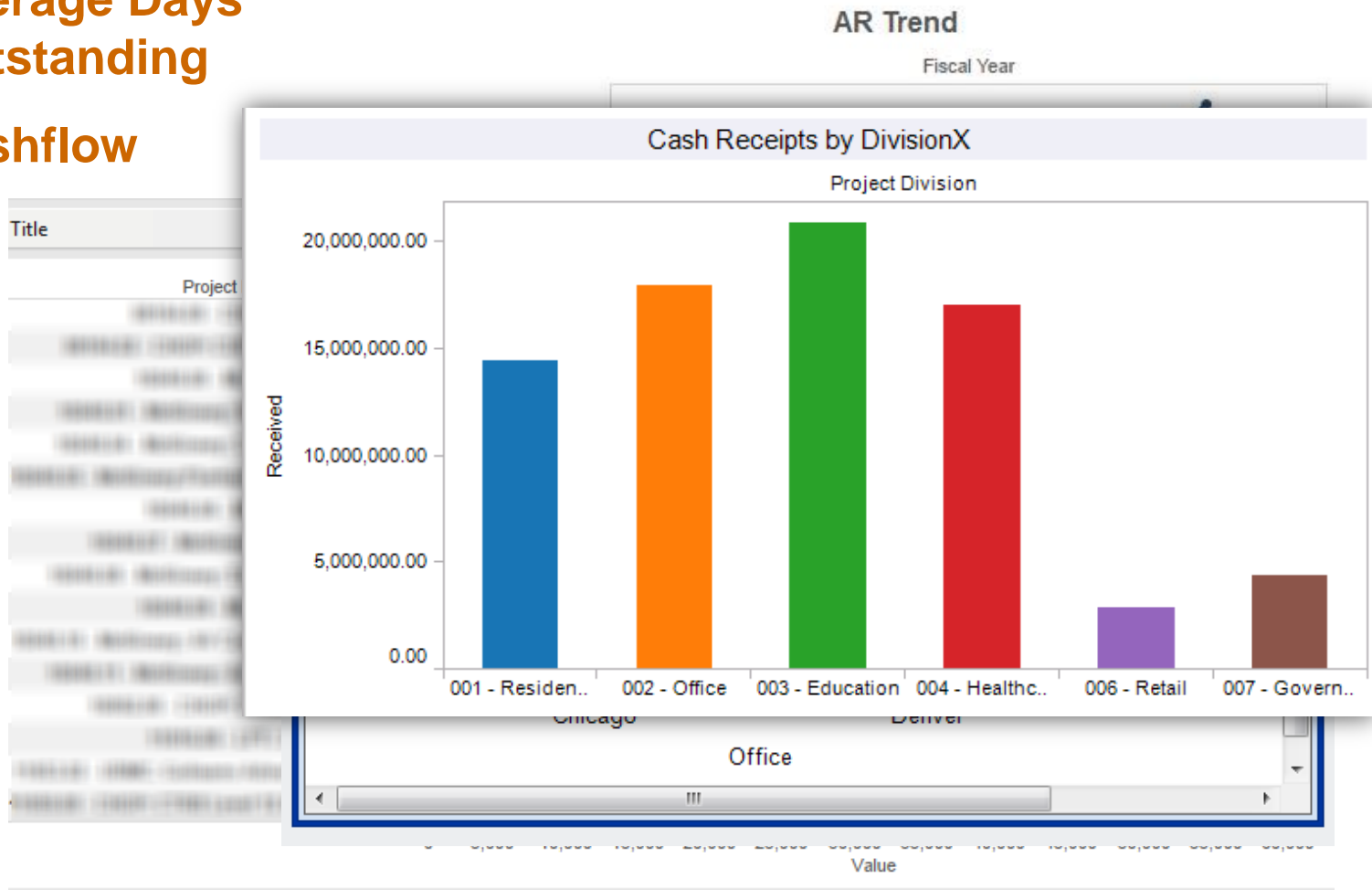
- Labor Total Cost
- Revenue
- Profit Percent



7 Metrics to Help Grow Your Firm

3. Average Days Outstanding

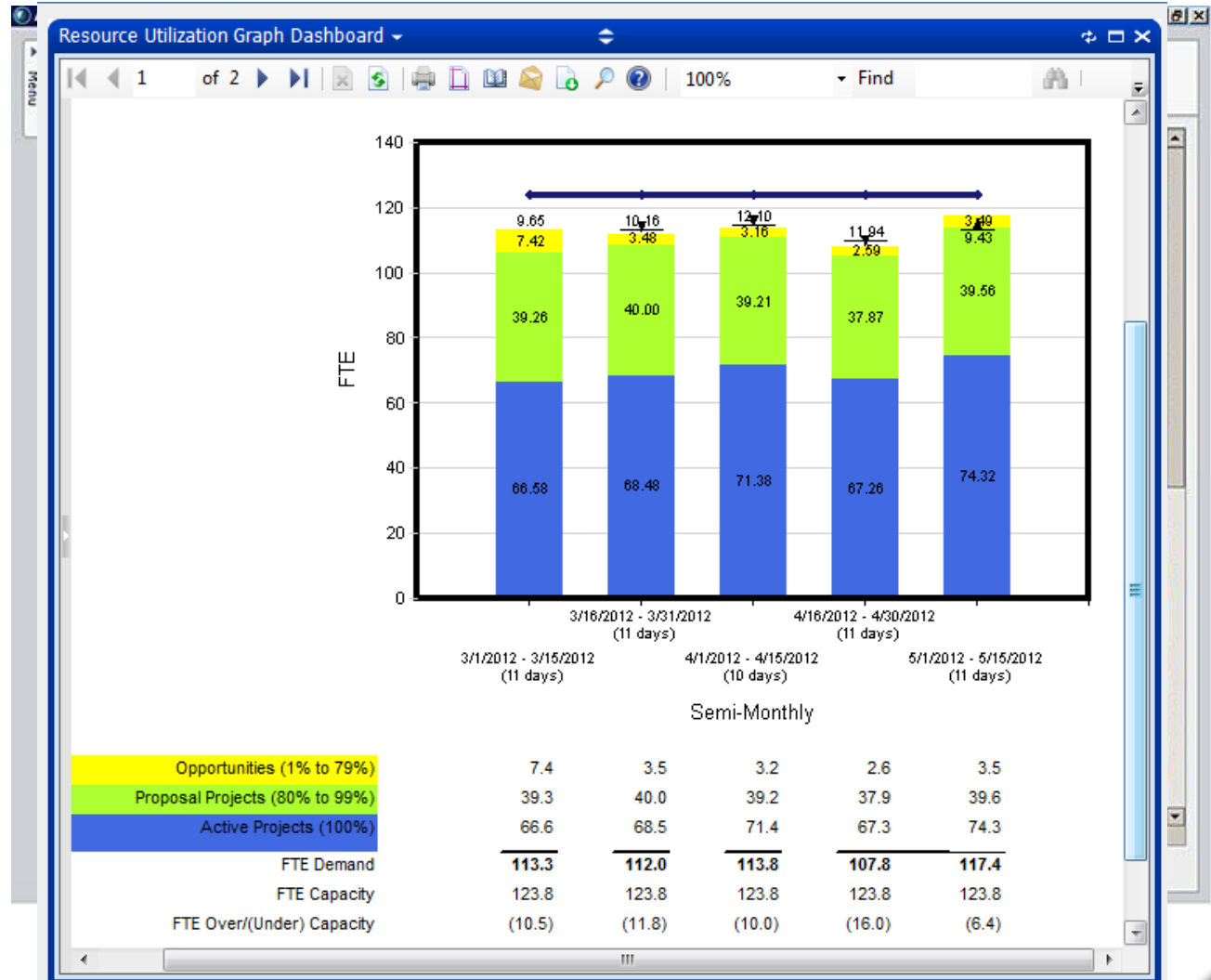
4. Cashflow



7 Metrics to Help Grow Your Firm

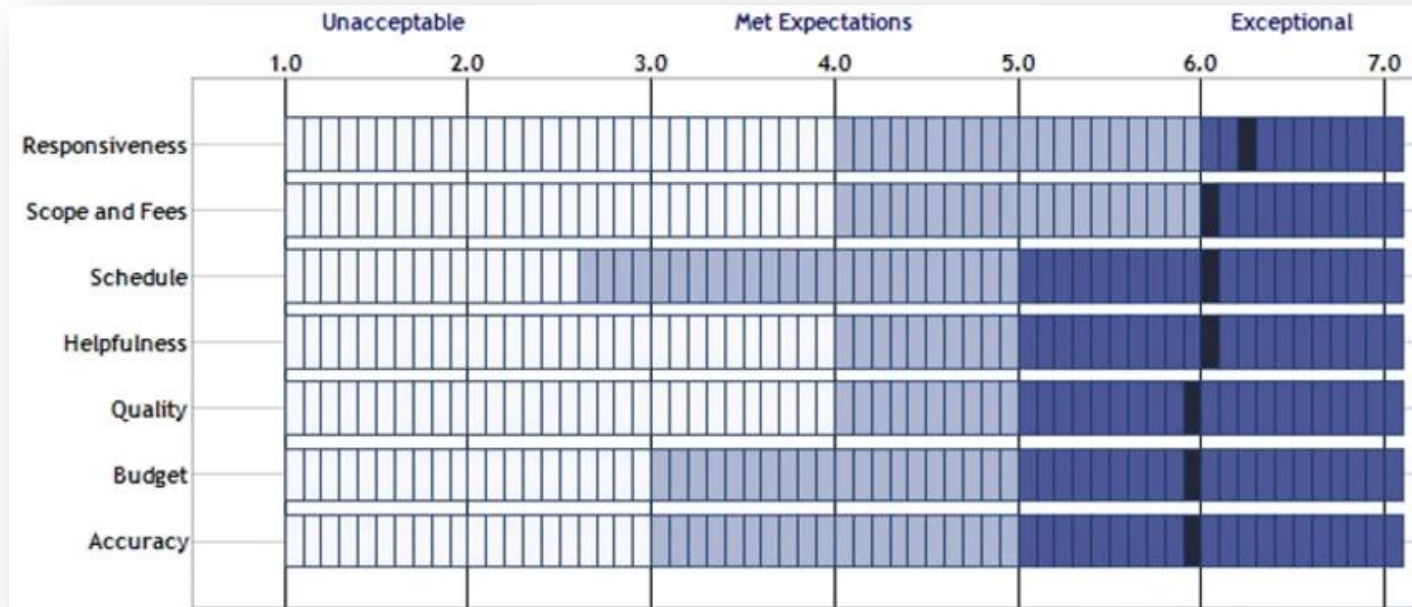
5. Utilization

6. Project Backlog



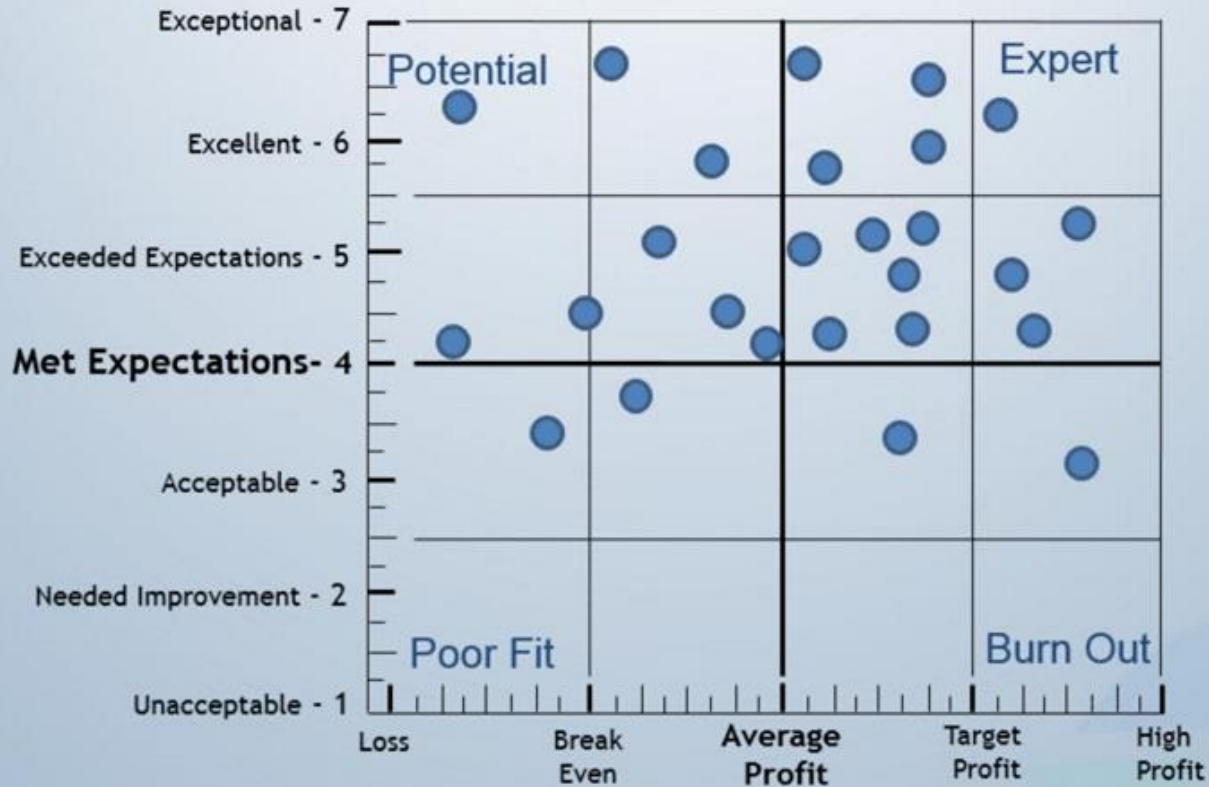
7 Metrics to Help Grow Your Firm

7. Customer Expectations



7 Metrics to Help Grow Your Firm

Client Analysis - Combining Feedback with Financials

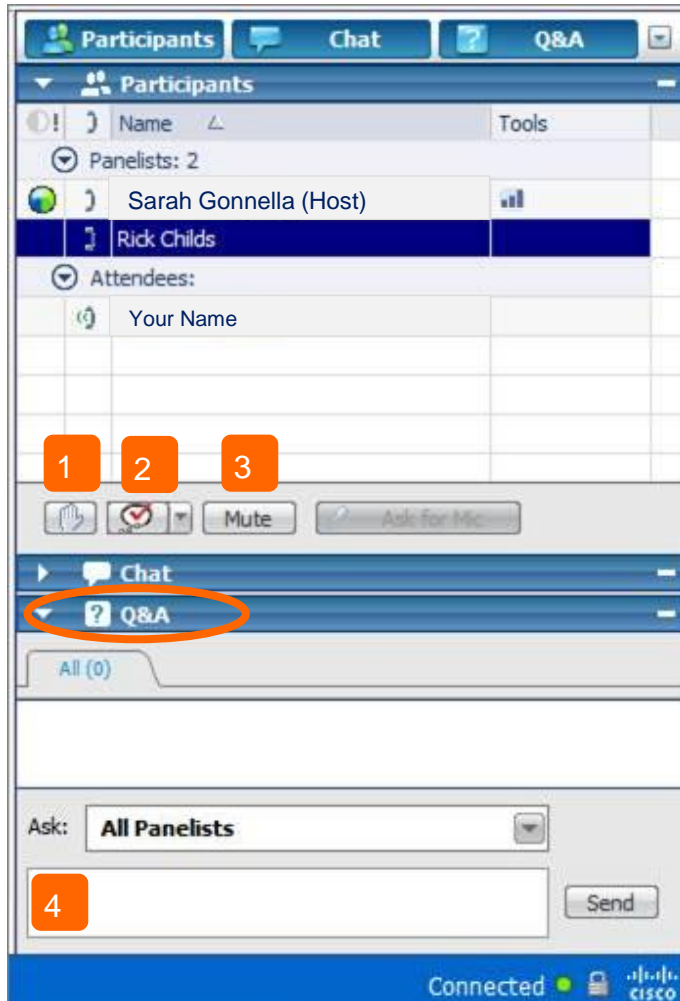


Planning & Forecasting

Are you ready for 2014?



Questions?



Instruction: Q&A (Type in the Q&A dialogue box [Not Chat] to ask a question. Be sure to choose All Panelist)



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Thank you for attending!

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