



The Illusion of Success: 4 Steps to BI Value



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This is an exciting time for creative and professional services. In my 30 years of experience, I've never seen so much opportunity! A number of forces in the economy are driving a tremendous amount of demand for the sector. During the last decade the workforce has seen a dramatic shift. Companies are required to be more lean and nimble. As a result they are leveraging much more of their workforce with external service providers, developing a go-to network of on-demand contractors and vendors. This shift represents an extraordinary growth opportunity for the industry.

However, rapid growth brings unique challenges and risks. I often hear the leaders of these firms say, "I've never had more sales. My portfolio is skyrocketing. And I can't seem to make any money." It is an illusion of success.

The phenomenon of chasing growth at the expense of margin can happen in any business, but this is nowhere more true than in the services industry. In helping hundreds of companies become higher performers, I've seen a great deal of this. And it is unnecessary. The team is working feverishly to meet

deadlines and budgets while satisfying clients and, in doing so, believing they're at the top of their game.

So, what's the catch?

Why It's Hard to Get Great Business Intelligence

Creative and professional services deliver fee-based work to clients, examples of these businesses include consulting firms such as Accenture, marketing agencies such as Edelman or BBDO, IT services such as Cornerstone OnDemand, professional service teams, as well as property management companies, architecture firms, lawyers, and the list goes on. Spanning a diverse range of industries, the common denominator is that they are incredibly complex to manage. They are many dynamics to these businesses that change daily. Exacerbating the problem is that they have been historically underserved by technology, and are forced to operate on disparate systems. It takes constant diligence to cobble together the information needed to grasp the levers and measures that are impacting the business.

They encounter three common challenges as a result:

1. **Difficulty forecasting revenue.** In the past, clients would sign contracts for stable, assured engagements, sometimes lasting years. Today clients evaluate budgets and project spend quarterly, or even monthly. These fluctuations in the pipeline make it difficult to accurately forecast future revenue.
2. **Uncertainty in resource planning against demand.** They need to be extremely agile in allocating the right resources in the right places to maximize profitability. Too many people on the bench can drive down profit margins, and too few people on the bench limit how many new projects they can take on. Keeping track of the utilization of dozens, hundreds and sometimes thousands of resources, in real-time, is daunting.
3. **Lack of real-time visibility into project profitability.** There is very little room for error. Miscommunication and scope creep can blow your profit margins before you realize what even happened. Waiting a month for a profitability report from your finance team can be devastating to

your margins.

Services firms have a profound need for business intelligence (BI) to make sense of vast information sources. Without this clarity, success is just an illusion. Yes, they've been busy. Yes, they've served clients. But they could be less busy and serve more clients — and be more profitable.

So how do you move from busy to breakthroughs? Transform data into decisions.

From Data to Decisions: Four Steps to BI Value

Services organizations have the potential to be infinitely scalable. Positioning for growth only requires operational sophistication, enabling the firm to make real-time data-driven business decisions. There are four key tenets to getting to this desired state:

1. **Treat Every Project as a Profit and Loss (P&L):** High performing companies manage every project as its own distinct P&L. P&Ls provide details about a project's revenues, costs, and margin. They reveal each project's profit for the company. When you have this level of insight into every single project, you can predict outcomes that will positively impact the business. For example, you can see which projects regularly meet or exceed margin targets, as well as which ones are routinely unprofitable.
2. **Create a Single Information View for All Employees:** Every person in the business must see how their work affects the bottom line – and have the tools to understand their contribution. Financial transparency lets stakeholders take actions to improve the business. This requires everyone working from the same system, looking at the same numbers, regardless of role. More often than not, firms manage project proposals, delivery and accounting in three separate systems - with a lot of spreadsheets in between. Unifying systems and information views creates clarity and accelerates performance.
3. **Stop Managing Business in Arrears:** If they are not looking at data in real-time, they might as well be looking at last year's results. It's that simple. There are too many factors that are impacting profitability

- every single day. Real-time performance analysis creates nimble teams that can pivot easily as projects evolve to maintain profitability through the entire delivery lifecycle.

4. **Think Flexibly:** The devil is in the details, but sometimes the answer is in the big picture. Services firms need to be able to see both. Their technology needs to enable them to zoom in and out, solving complex problems through different lenses.

Leveraging Technology for Top Performance

Every services firm has a best version of itself. Today's technology can bring out that high performance potential. The key lies in creating a transparent, enabled information environment. By keeping a finger on the pulse of the business through sound intelligence, services firms can make swifter, more informed decisions to more than meet goals. They exceed them.

About Mavenlink

[Mavenlink](#) is the leading global provider of project and resource management software. Recently Mavenlink partnered with GoodData to launch Mavenlink Insights, an enterprise-grade [business intelligence \(BI\) product](#) designed for professional services firms. Insights gives executives, finance teams, and project managers unparalleled visibility into trends and issues impacting their businesses.

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