



Mastering Professional Services

By Thomas E. Lah

Designing a *Viable* Services Strategy

Companies worldwide continue to seek new growth opportunities by establishing professional services to complement their current company portfolio. These professional service organizations are being chartered to secure high margin streams of revenue, improve customer satisfaction, and solidify customer loyalty. However, many of these companies have little experience building and managing a professional services organization. This lack of experience is creating incredible organizational pain. Not just product companies are struggling in their attempts to create profitable and effective professional service organizations. System integrators and value added resellers that must incorporate complicated technologies into their service offerings are struggling to scale service capabilities. Outsourcing and managed service providers that now want to provide consultative support are learning there are significant differences in these service lines. Many times, the current professional service strategy for these companies is simply not sustainable.

Mastering Professional Services is the first book to guide a company through the process of designing a viable services strategy that complements a broader company portfolio. From the author of **Building Professional Services: The Siren's Song**, this book continues the tradition of providing practical tools and techniques to manage professional services when it is not the core offering of the company.

CHAPTER OVERVIEW

Introduction: Sirens' Song to Scylla's Fee

A review of why companies are pursuing professional services in the first place. Key reasons include REVENUE, customer REQUEST, and RELATIONSHIP. Why do companies continue to struggle with their professional service efforts?

Ch 1: Strategy, Structure, Culture

An overview of the three fundamental areas that cause friction for professional services within a company. Each area is explored and specific challenges are itemized.

Ch 2: Services Strategy Context

This chapter reviews the environment that gives birth to a new services strategy. Discusses common misperceptions that exist when company executives first articulate a professional services strategy.

Ch 3: Three Pillars of a Services Strategy

This chapter introduces a model to align the service strategy to the company strategy. The first pillar of the framework is titled “revenues”, and it focuses on how to effectively set the charter and business model of a professional services organization at a product company. The second pillar is titled “services”, and it aligns your market objectives with your service offerings and channel strategy. The final pillar of the services strategy is “skills”. This pillar focuses on defining core competencies and scaling service capabilities.

Ch 4: Mastering Financial Objectives

To master the management of financial objectives for the Professional Services organization, the management team must look beyond financial targets. This chapter discusses the three critical variables of the “revenues” pillar:

Charter

How to conduct a charter discussion that aligns services management and executive management.

COMPANY CASE: Hitachi Data Systems

Business Model

Example business models for Professional Services. Importance of setting and using a target business model.

COMPANY CASE: Genesys Labs

Financial Objectives

Sample financial objectives and how they must align with charter and business model.

COMPANY CASE: IBM Global Services, Cambridge Technology Partners

Ch 5: Mastering the Services Portfolio

To create a successful services portfolio, the management team must consider the markets being targeted and the sales channels being accessed. This chapter moves to the “services” pillar and provides tool in the following areas:

Markets

Tools to define market types and customer types are reviewed.

COMPANY CASE: Progress Software

Service Offerings

After target markets are defined, types of potential services are discussed. The criticality of aligning service offerings to market objectives is outlined.

COMPANY CASE: Convergys Inc.

Channels

The bane of every services marketing manager: the services channel mix. A six-step process to determine the appropriate service channel mix is presented.

COMPANY CASE: Lucent

Ch 6: Mastering Scalability

To master the art of scaling professional service capabilities, the management team must clearly understand what skills are core to company. This chapter moves to the final pillar of a services strategy: skills.

Core Competencies

The importance of clearly defining core competencies is discussed. A standard skills map for a professional services organization is introduced.

Partners

The process of identifying, qualifying, and enabling delivery partners is reviewed.

Scalability Mix

Five strategies to scale competencies are compared and contrasted

CASE: EMC

Ch 7: Strategy Evaluation

Using the service strategy pillars to complete subjective and objective evaluation a services strategy.

Ch 8: Metrics that Matter

Introduction of *The Metrics Perspectives Graph*TM. Methodology to develop a metrics portfolio that provides leading insight into the health of the services business.

Ch 9: Signs of Success

Is your company becoming more solutions centric? Signs a management team can look for to help determine if progress is being made in the effort to truly deliver value add services.

Appendix A: Scylla's Fees Summary

An executive summary of the key concepts presented in the book.

Appendix B: Positioning Pentagon

Introduction of the *Positioning Pentagon*TM. A unique model to identify and assess the positioning of target services.

Appendix C: Pricing Pentagon

Introduction of the *Pricing Pentagon*TM. A unique model for determining what pricing model makes sense for target service offerings.

Appendix D: Services Leadership

Template to evaluate executive leadership for the service function.

ABOUT THE AUTHOR:

Thomas E. Lah has held many roles in both Professional Services and I/T over the past seventeen years. Previous roles include Director of Solutions Engineering, Business Development Director, Regional Sales Director, and Senior I/T Development Manager. Thomas currently consults with companies to establish or improve their professional services organization. Recent clients include Alcatel, Convergys Inc, Hewlett Packard, Hitachi Data Systems, Lucent Technologies, Progress Software, and SBC. Thomas is also actively engaged with The Ohio State University to host an executive education program focused on frameworks and strategies to successfully build professional services.

Previously, Thomas was Director of Solutions Engineering at Silicon Graphics where his team was responsible for developing and launching consulting solutions on a global basis. While at SGI. Thomas was part of the management team that grew professional services from \$0 to \$150 million in four years.

He received an undergraduate degree in Information Systems and holds an MBA from the Fisher College of Business at The Ohio State University.