

# MANAGING PROFESSIONAL SERVICE DELIVERY

9 RULES FOR SUCCESS

**Results:**  
Consistency  
Efficiency  
Quality  
Reliability



Barry M. Mundt • Francis J. Smith • Stephen D. Egan Jr.



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# Preface: 9 Rules for Success

The goal of this book is to help you understand engagement-tested methods for success at every step in delivering a professional service. Large professional service firms have the resources to develop practice guides for their staff members; however, sole proprietors and small- to medium-sized firms typically do not. We hope this book guides you—starting with the 9 Rules for Success—through the maze of delivering your professional service.

For those of you who are unable to exhibit internal discipline and control (see Rule 2, below), we provide the 9 Rules for Success up front, where you can find them easily. We also indicate in which chapter(s) each of the 9 Rules is discussed, should you wish to explore further. Following are the 9 Rules:

- Rule 1.** Clearly define your market niche (industry or industries, geographical coverage, client size, and list of services) to create a unique and powerful offering to potential clients [Chapter 1].
- Rule 2.** Develop and implement a system and culture of internal discipline and control to ensure consistency of service, efficiency of operation, and quality and reliability of deliverables. Then train, mentor, and monitor personnel regarding engagement management policies and procedures [Chapter 2].
- Rule 3.** Establish and enforce engagement documentation standards, including those for proposals, progress reports, and deliverables [Chapters 2, 3, 4, 6, and 7].
- Rule 4.** Practice what you preach regarding internal culture, policies, procedures, and standards [Chapter 2].
- Rule 5.** Prepare complete and definitive service proposals, contracts, and engagement work plans that evaluate and accommodate engagement risks for both the provider and the client, so the client knows what can be expected in terms of scope, work plan, schedule, deliverables, and cost [Chapters 3 and 4].
- Rule 6.** Be flexible and adaptive to the “real world” once the project starts, to manage the dynamic between client expectations and what’s *really* happening within both the firm and the client [Chapters 5 and 6].
- Rule 7.** Implement a firm–client communication plan that will ensure clear and frequent discussion of engagement progress and status [Chapters 4 and 6].
- Rule 8.** Bill and collect frequently. This will improve cash flow and alert you sooner if the engagement is in trouble with the client [Chapters 6 and 7].
- Rule 9.** Conduct independent status/quality reviews of the engagement while it is in process and subsequent to conclusion. Involve key client contacts in the reviews [Chapters 6 and 7].

## DELIVERY OF PROFESSIONAL SERVICES

This book is designed to provide service professionals with the basics of *how* to deliver service to their clients; it does *not* deal with *what* services the professional actually delivers. Although the nature of the service delivered varies significantly from profession to profession, the *way* the service is delivered tends to be fairly consistent among professions—or, at least, it should be.

## PURPOSE OF THIS BOOK

This book has several specific purposes:

- Provide a structure for how to manage professional service delivery, from start to finish
- Give tips on how to set up an environment and develop a culture that will result in superior service delivery—such that the delivery process incorporates rigorous internal discipline and control
- Discuss rapid implementation and deployment concepts that can be attained without compromising internal discipline and control
- Provide examples of documentation standards for service proposals and deliverables (reports)
- Review the application of internal discipline and control in two projects conducted by the authors

*Managing Professional Service Delivery* should be considered as a primer or basic text, in the sense that it applies to a sole practitioner or to a firm that has, say, up to seventy-five practitioners and support staff—a small- to medium-sized firm. Much larger firms that are experiencing sustainability issues, perhaps related to the markets served or a loss of internal discipline and control, also should consider reviewing this book.

## PROFESSIONAL SERVICE DEFINITIONS

The professional services “industry” is divided into a number of different sectors. The terminology used to describe various elements of the delivery process can vary significantly from sector to sector. To avoid confusion, we need to settle upon and define a single set of basic terminologies to be used in this book. In this section, we define the following terms, which will be used throughout the book:

- Professional service organizations
- Firm
- Client
- Engagement
- Project
- Deliverable
- Internal discipline and control

## PROFESSIONAL SERVICE ORGANIZATIONS

Professional service organizations now span a wide range of disciplines. They often are thought to provide ongoing advice or perform customized work for the typically infrequent buyer of the service. The organization itself can be in the form of a partnership, a corporation, or an individual or sole practitioner. In the United States alone there are approximately 760,000 professional service firms, with total revenues on the order of \$1.3 trillion.\* Examples of professional service sectors include the following:

- Accounting and auditing
- Actuarial
- Advertising
- Appraisal
- Architecture
- Engineering
- Information technology
- Legal
- Management consulting
- Marketing
- Public adjusting
- Public relations
- Recruiting

This is by no means a complete list; however, it does serve to illustrate the wide breadth of the professional service industry. And it encompasses the types of professions for which this book has been written.

## THE FIRM

We use the term *firm* throughout this book to refer to any professional service organization that provides service to a client.

## THE CLIENT

The buyer of a professional service is called the client. Merriam Webster's online dictionary defines a client as "a person who engages the professional advice or services of another (such as a lawyer's client)."

Normally the client is external to the professional service firm. However, the client could be internal to the organization, such as a human resources, information technology, consulting, or engineering unit that provides services to other departments (for example, a human resources department may service operating departments by recruiting for open positions). In such cases, many of the service delivery management processes and activities discussed in this book will apply.

Often the client will seek out the professional service firm based on its reputation or due to a referral from a satisfied customer. Or the firm might seek out the potential client (or multiple clients in an industry), based on a specific marketing approach.

## THE ENGAGEMENT

An engagement is *firm-oriented* in that the firm carries it out. It is characterized by a formal agreement between the professional service firm and the client. The nature

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\* <http://selectusa.commerce.gov/industry-snapshots/professional-services-industry-united-states>

of the engagement is described in the form of a contract between the firm and the client. Typically, the contract sets out the purpose of the engagement, the results to be delivered over a specified time period, and the compensation that the firm is expected to receive for the service.

## THE PROJECT

A project is *client-oriented* to the extent that the client is willing to invest resources in it. Three key elements characterize a client's project:

- It is a unique venture with a defined beginning and end.
- It is carried out by people to meet a specific objective or set of objectives.
- It is defined within the parameters of scope, schedule, cost, and quality.

## THE DELIVERABLE

A deliverable is any contractually required progress or end product that is provided by the firm to the client. For example, an architect's sketches and drawings might constitute deliverables, or a management consultant's progress reports, interim reports, and final report, as well.

## INTERNAL DISCIPLINE AND CONTROL

Internal discipline and control encompass a business philosophy, an organization structure, and an operating methodology (including policies, procedures, templates, and forms) that allow a professional service firm to operate both *effectively* and *efficiently*—thereby yielding *productivity* that enhances the *quality* of its work and the probability of successful service delivery. It requires that all “frontline” service delivery and “backroom” support personnel adopt the philosophy and abide by the established policies, procedures, and methodologies to ensure that the firm makes a fair return on its engagements and that the client is satisfied with the results. Some major professional service businesses and engagements have failed in recent years, due primarily to the loss of internal discipline and control regarding the engagement process and/or deliverables.

## WHAT CONSTITUTES A SUCCESSFUL ENGAGEMENT?

Both the client and the service delivery firm have a set of goals for an engagement, some of which are in common. From the client's perspective, the goals are to receive the desired result (deliverables) on time and within budget, with the least disruption of its operations. The service delivery firm should have the same goals, but with the addition of making a fair return *and* developing a satisfied client. Of course, if the client gets the desired result, on time, within budget, and with little disruption, they will be satisfied. In the end, achieving both the client's and the service deliverer's goals will require that the engagement contract be specific and complete, and that both parties do what they said they would do.

## ABOUT THIS BOOK

The structure of *Managing Professional Service Delivery: 9 Rules for Success* closely follows the life cycle of a professional service engagement. At or near the conclusion of each chapter and the Preface are some related tips for sole proprietors and small firms.

We start before you even consider your first engagement opportunity by outlining a context, in Chapter 1, about what you and your professional service firm should already have done to define your niche in the marketplace. We discuss formational decisions, such as mission, vision, values, target industries and clients, and services—which in sum is your niche.

In Chapter 2, we discuss how to establish a philosophy and culture of internal discipline and control (IDC), as well as how to document and communicate the related IDC methodology (including policies, procedures, and supporting technology, tools, templates, and forms). Finally, we provide some tips on how to organize, hire, and train the professional staff with regard to the IDC philosophy and methodology.

Chapter 3 deals with selling an engagement (or what some professional service organizations would call “business development”). This starts with defining the services to be delivered, and identifying and contacting the potential clients. When a party shows interest, the next step is to prepare and present the service proposal, which should result in a closed sale and the execution of a specific contract.

Setting up the engagement (Chapter 4) involves more than just feeding the relevant data into the firm’s engagement control system. Perhaps the most important part of the engagement occurs during this phase: assignment of the engagement team, particularly the engagement director and project manager—people who have the right technical skills and personalities to work well with key client contacts. They then will develop the detailed work plan, schedule, and budget—as well as a risk mitigation strategy and plan. The communication strategy and plan, both internally and with the client, become a part of the work plan and schedule.

In Chapter 5, we discuss some situations that may require adaptation of the normal engagement plan, such as

- Dealing with an internal client, rather than an external entity
- Accommodating cultural differences between the service provider and the client
- Incorporating a new service paradigm: Rapid Change and Rapid Deployment

Chapter 6 gets to the heart of the matter—conducting the engagement. Here we deal with the nuts and bolts of getting the engagement underway, and then delivering the results on time and within budget. This includes managing the engagement documentation; managing the work plan, schedule, and budget; engagement management and supervision; progress monitoring and reporting (internally and to the client); preparation of the deliverables; and progress billing and collection. At times, there may be a need to amend the scope of work, the work plan and schedule, and/or the contract. Additionally, there may be a desire to conduct an independent review of the engagement while it is in process.



Chapter 7 deals with closing the engagement. This involves preparing and submitting a final report or letter to the client that summarizes what has been accomplished—typically accompanied by a final invoice. Often there is a postcompletion evaluation of the engagement, the results of which may be shared with the client. A follow-up meeting with the client within, say, six months may be useful to maintain the relationship and determine if there is a need to provide further assistance.

In Chapter 8, we reiterate the 9 Rules. Then we provide two case studies of management consulting engagements that the authors conducted, which illustrate application of the 9 Rules.

In the Appendixes, we provide a Proposal Preparation Guide (Appendix A) and a Report (Deliverable) Preparation Guide (Appendix B).

## **TIPS FOR SOLE PROPRIETORS AND SMALL FIRMS**

If you left a company or a public or nonprofit organization to join or create a professional service firm, welcome to a new world in which you need a client to get paid. No clients means no revenue—even as the bills for your business expenses keep coming. This change will be a major paradigm shift from the corporate or government life to the professional service model. Following are some tips for sole proprietors and small firms:

1. You now are working on engagements (for the firm) and not projects (for the company, government, or nonprofit).
2. Instead of an hourly, weekly, or monthly pay rate (and paycheck), you have an hourly or daily billing rate that is two to four times your cost of service. Get used to saying something like, “My hourly billing rate is \$150,” without blushing, choking, or breaking out in a sweat.
3. The client decides if you are successful, not you or even your boss.
4. The “beach” is a bad place to be, as it means you don’t have a billable engagement and your time as a professional service provider is running out. Like “sand through the hourglass”, these are the (unbilled) days of your (soon to be short work) life.
5. As a sole proprietor, you need a system of internal discipline and control, even if you are the only one being disciplined and controlled. So, develop an IDC on the fly or from scratch, or borrow it, but put it in place somehow if you want to be successful.
6. Welcome to Barry’s, Frank’s, and Steve’s world ... it’s fun and rewarding, but stressful at times.
7. This book is for *you*!