

## Lessons from the Trenches

### Part Two: Leading the Transition to Professional Services

*By James A. Alexander, Ed.D.*

*Last October at the AFSMI S-Business Education Summit and Expo in Reno, Nevada, Jim Alexander had the opportunity to moderate a panel of services executives who were personally involved in helping their organizations make the transition to professional services. Participants were: Carol Vega, senior vice president of client services for Timberline Software; Rick Welch, vice president of professional services RSA Security; Dan Wiersma, senior vice president of Sony professional services; and Bob Yopko, vice president of global services for Emerson Electric.*

*This panel of experts addressed questions from the audience on starting up and running a high-performance professional services organization. Learn from their years of experience.*

**Question:** How long does it take to re-educate customers to accept professional services?

You must educate your own people first, because everyone must believe in the customer value that you can deliver. Make sure that this conviction is in place among your organization before even thinking about going to your customers.

Some customers will have skepticism about your ability to deliver quality professional services, perhaps because the same professionals that your customers are accustomed to seeing in different roles are now delivering your professional services: "Your people are good technicians when it comes to fixing problems, but now you are calling them consultants? I'm not so sure I buy that." In order for your customers to accept your transition to professional services, you must build off of the trust you already have established and your history with the customer, but it will take some good selling skills to pull it off.

In other situations, you may be asking customers to pay for something that was free in the past. Again, their acceptance depends upon your ability to demonstrate value. So training everyone who has contact with the customer is a must-do.

**Question:** What is the best way to deal with channels?

They make their money from value-added services, so you are taking away their bread and butter. When you set up professional services, you potentially are setting up competition. Here are two scenarios to consider:

- **Scenario One:** One of our vice presidents of professional services had the luxury in the past of dealing directly with customers. As the technology changed, the number of resellers increased. The plan was to leverage the organization's very strong brand. They take some of their most advanced capabilities and explain how they can complement what the reseller sells by tying it to the power of their name as well as providing some expert support. It is a balance of being a competitor and being a collaborator. This approach has gotten some decent acceptance.
- **Scenario Two:** Another member of the panel started as the head of a traditional break/fix services organization that had a strong relationship with their solutions providers. They found that while their solutions providers wanted to offer professional services on their own, they often had problems in getting their field consultants up to speed. Their approach is to position themselves as the provider of choice for professional services implementations. Additionally, they have taken on the position of helping to expand their channel partners' capabilities by offering consultant training. This is working well.

**Question:** What is the best approach to obtaining customer feedback during projects?

- **Large Projects:** You should make feedback sessions a requirement in your contract. Furthermore, it is important enough to the success of the project that the client should pay for these sessions. Ongoing feedback with the client should occur at three levels: technologist to technologist, project manager to project manager, and executive to executive (acts as the oversight committee). For example, conduct meetings once a month with the customer, starting with project management reports and then moving on to barrier breaking. Involve as many people as possible. If the vice president of human resources isn't on board, it is better to know early that you won't be getting the data out of the system. You just can't communicate enough.
- **Small Projects:** You must have a standard form that consultants are required to get the customer to sign. The biggest problems occur when customers don't live up to expectations. It is best to know early. Make sure that the scope is clearly defined before presenting to the customer.
- **Service Contracts:** It is also important to have regular feedback sessions with customers who have service contracts. A schedule for the sessions should be agreed upon at the beginning of contract negotiations.

**Question:** How do you overcome the revenue recognition problem?

Again, it is a matter of education. It all comes down to the question of whether you would rather have the booking or nothing. From an organizational standpoint, you need a certain amount of deals that are vanilla, a certain amount

recognized this quarter, and a certain amount next quarter. The key is to get your CFO involved in an effort to reduce back order, which reduces risk.

**Question:** How do you create a professional services mindset?

There is no obvious silver bullet. Remember that you must sell everyone—above you, below you, and laterally. Selling internally is your most important job every day.

The best way to do this is to center conversations around customer needs and expectations. That takes the focus off of what you want, and it puts the emphasis where it should be—on the customer. Do your customer homework, take top executives out to visit with key customers, and bring customers in to talk to your organization. Conduct “voice of the customer” research, and let their facts and feelings build your case.

Also, you need to sit down with each key group within your organization and have conversations in which you explain the problem and the consequences of no action. Let them develop some ideas and support them. Informing and involving your personnel are necessary steps in changing mindsets.

Finally, try to have something small that you can have some success with in order to create some advocates—and then promote the heck out of it. Build from the bottom up, and get some confidence. This is smart no matter what your situation is, but absolutely vital if you don’t have strong support from the top.

-----

*Jim Alexander is founder of Alexander Consulting, a management consultancy that creates and implements professional services strategies for product companies. Contact him at 239-283-7400, alex@alexanderstrategists.com, or visit www.alexanderstrategists.com.*

© Alexander Consulting

