

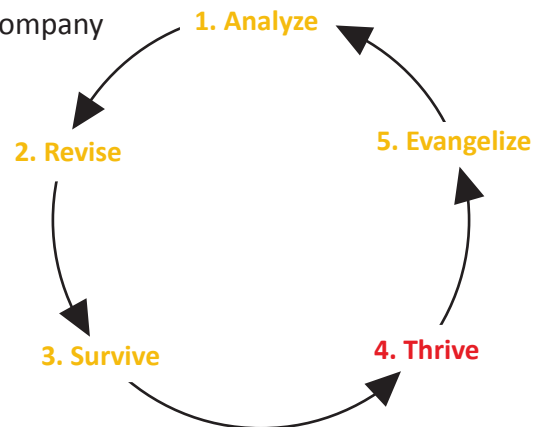
The Stranger in a Strange Land Series:

Five Steps to Services Leadership in a Product-Centric Company

Step Four: Thrive

By James A. Alexander, Ed.D.

Successfully leading a professional services organization in a product-centric company is not for the faint of heart. Learn what works.



In the previous discussion of Step Three, Survive, I emphasized doing first things first—doing the basic requirements needed to survive as a services leader in a product-driven company—how to buy some time while building core capabilities. In this issue, I will talk about how to make your PSO thrive, whether your product organization is successful or not!

Here are the steps to stepping up:

Open Up Your Offerings

The fate of many PSOs in product companies is almost entirely reliant upon product sales. When product sales are up, the PSO is busy (installing or commissioning or tailoring) resulting in good revenue contribution and solid consultant utilization. However, the flip side is that when product sales slump, PSO performance dips predictably two to three months later; the cough from sales ends up as the “90 day flu” for services. Good excuse or not, you won’t make your targets. Your destiny is directly tied to product sales performance. Not reassuring is it?

So take charge of your future by opening up your offerings—creating and selling services that are not directly connected to your product. Go talk to your best customers and ask them about their issues, needs, wants, and expectations beyond your products that your PSO has the capabilities to meet. Define these new offerings, test them out, then gradually introduce them (using your own people) to other customers that will probably share the same needs.* Often times good places to start are assessments, certifications, and audits, in essence, all services that easily can be created that build upon existing expertise. Make a goal of having 20% to 35% of your services portfolio offerings non-product-dependent. This will give you both the flexibility and the control to meet your numbers even when the product side is having a tough time.

Protect Your People

The more successful your PSO, the more your organization may (will) be seen as a potential threat to others in the organization. Folks from the product side who have been used to having their way may not appreciate making way for the “services upstarts.” Politics are politics, and once people from the PSO are seen as competitors for funds, favors, or fame, they become vulnerable to the passions and ploys of politics.

For example, proficient, dedicated services marketing is an absolute necessity of a successful PSO. When I am involved in assessing PSOs, services marketing is always one of the top three challenges they face.

However, what is the expected response when corporate marketing learns that there is a “marketeer” in the company that doesn’t report to marketing? Outrage at this blasphemy! No matter how logical and practical it is, you have now created a threat to an often powerful group. Without your vigilant overseeing, people assuming this services marketing role are subject to ongoing harassment.

So think about the possible implications of all your actions on other key stakeholders in the organization. Some professional services vice presidents avoid this probable confrontation through creativity by calling their services marketers “Business Development Specialists,” or “Services Quality Support,” or any other name that doesn’t sound like marketing. Yes, it is a little deceptive, but anything that protects your people is good. Others choose to sidestep the issue by outsourcing their services marketing needs, thus keeping control of a critical capability and ignoring battles over headcounts or reporting.

Decipher the Differences

Most product companies have very well-defined (and commonly accepted) measures of performance. A CFO of a high-tech firm will quickly grasp the financials presented by the CFO of a heavy industries manufacturing organization and vice versa. Although a few of the terms are different, they speak the same Queen’s English and use the same Oxford dictionary for definitions.

Yet, the rules of performance tracking for services businesses are different...way different. While “cost of goods” is important to both product and services companies, the inputs of calculation vary tremendously. Whereas ROIC or ROCE may be highly appropriate for a manufacturer, they are virtually meaningless for a services business where utilization rates and project scope management often are better indicators of performance.

However, the folks running the show don’t know that, and they probably don’t care.

So you need to translate the uniqueness of services business in ways that the product folks will accept (not necessarily understand). The vital person that you must have on your side is the CFO. If the top financial person understands the services value you offer, he or she will put it into terms that the CEO will accept. This is a must.

Sell, Sell, Sell

You might have thought your primary responsibilities were to lead, manage, and coach your professional services team. Yes, these things are all important, but they pale in comparison to your vital success role, which is selling. To make your PSO thrive in a product-centric company, you must sell key customers on your PSO’s ability to deliver.

You must sell your team on the vital role they play, and sell them on continuing to excel even when internal circumstances dampen morale. You must sell everyone in the rest of your organization on why your PSO is important, how it contributes to overall success, and why they should change their ways to allow the PSO to make them successful. This is your primary role. Tape three words on the inside of your laptop: Sell, sell, sell. Nothing else will determine your destiny better than this one vital skill.

In addition, you must sell your team on selling sales. To truly succeed, you must have (at least a percentage of) the product sales organization on your side. Your consultants in the field are the vital link. Tom Birklund, director of professional services for Diebold, knows this well:

“My systems engineers use their technical expertise to help sell our customers the services and solutions they need. Yet, even more importantly, the system engineers are constantly selling the product salespeople on the importance of professional services to the customer and to Diebold. We provide selling skills training for our system engineers and invite product salespeople to attend. This is a great way to get everyone on board the services bandwagon.”

Sounds like a great approach to me.

The step of Thrive is about putting it all together, harvesting the crop of earlier plantings, and reaping the benefits of previous toil. If you open up your offerings, protect your people, decipher the differences, and sell-sell-sell, you and your PSO will flourish.

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