PSA Made Simple

A Guide to Professional Services Automation (PSA)

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Ch 1: The Need for Professional Services Automation

Selling services is different than selling products.

To grow a profitable service business, you need to be exceptionally good at planning, execution, and delivery of your service.

Sales, service delivery, accounting, management: everyone needs to be on the same page.

The good news?

Because services businesses have so many moving pieces, **adopting a professional service automation (PSA) tool lead to tremendous gains** in your company's:

+ Revenue
+ Growth
+ Efficiency
+ Effectiveness
+ Profitability

The Cost of Adopting the Wrong Automation Tools

Customer relationship management (CRM) and project management (PM) tools have become standard in many organizations—including service organizations.

Running two separate systems—a CRM system in sales and a PM system in other areas—works well enough in product companies.

It does not work well—however—in service businesses.

That's because CRM and PM services cannot provide quick, clear, actionable data for many of the activities a service business completes every day.

For example, **what if one of your sales reps was trying to answer the following questions** with nothing but his CRM:

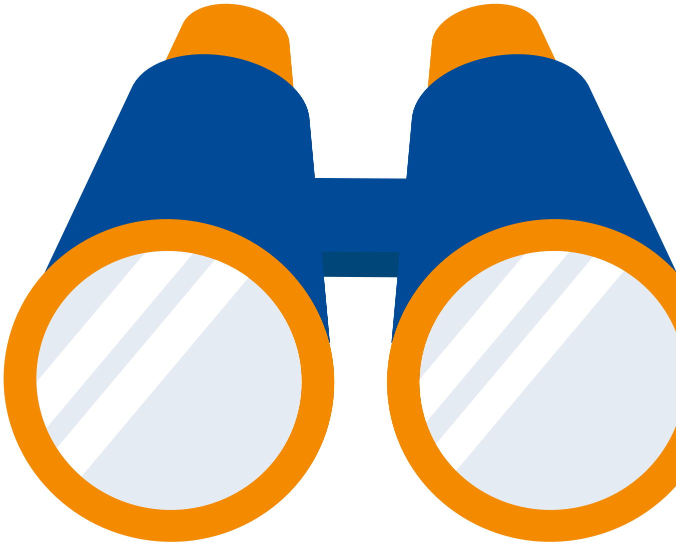
How long will customers have to wait for this service they buy today?	Who's available to deliver the service on the dates the client is considering?	Do the available consultants have the skills to deliver the service I'm about to sell?

These are questions for which his or her CRM do not have answers.

In the same way, a consulting team manager working from a PM system would not easily be able to find:

- How many deals are in the pipeline?
- What staffing levels do I need for the next 3 months?
- Can I let my best consultant take vacation?

A Single View of The Customer



When users don’t have the right tools to get answers to their customer questions, they resort to ad hoc tracking systems.

They create Excel spreadsheets. They send and answer countless “what’s the status of this project” emails.

It is a **huge waste of time** in many service organizations.

It’s cause?

The company is using tools not designed for professional services firms.

As a result, its managers and employees do not have a “single true view” of what’s happening across the business.

Could the sales rep and the consulting manager track down answers to their questions?

Sure.

But it would require reaching out for help, and probably a few manual reports in the process.

Professional services automation solves these issues, giving everyone the data they need to make good decisions—without having to reach out to other departments or compile complicated manual reports to do it.

Ch 2: What is Professional Services Automation (PSA)?

Professional Services Automation (frequently abbreviated PSA) is project management and resource management software rolled into one **easy-to-use platform.**

PSA systems are **designed specifically for the needs of professional services organizations.**

Unlike standard CRM and PM systems, PSA systems are built around three things:

1	Increasing Billable Hours	2	Higher Resource Utilization	3	Client Project Success

These are the three essential components of every effective PSA system.

The 3 Essential Benefits of PSA

Effective PSA systems are designed around delivering three key benefits:

1. Increasing Billable Hours

Billable hours are the lifeblood of your organization.

Your sales reps sell them; your consultants deliver them. Without them, your business comes screeching to a halt.

Unlike project management systems (which are built around projects and tasks), **PSA systems are built around client success and profitability.**

2. Higher Resource Utilization

In professional services, you need to plan more than just *what* needs to be done and *who* is going to do it.

You also need to plan *when* the work is going to happen.

Project management systems are very good at tracking the what and the who.

They're not—however—set up to track the *when*.

PSA systems are, and they extend the process even further.

In a good PSA system, **when a consultant performs an hour of work against a project, that hour is logged and then automatically charged to that customer's next invoice.** This happens automatically—without anyone in accounting having to consolidate a report to make it happen.

3. Client Project Success

Most importantly, **successful client outcomes are the biggest key to growing your service business.**

Giving clients exceptional outcomes is the best way to create referrals, upsell opportunities, and repeat purchases.

Traditional project management systems are not built to be used with clients. They are built for individuals and teams working together in the same organization.

PSA systems are built specifically for client-based businesses. They include a variety of tools that give you full control over a project—while also allowing the client full visibility into what's happening.

PSA systems do what traditional project management systems cannot:

- Organize projects around billable hours
- Schedule the what, who, and when of every project
- Automatically bill hours worked to a client invoice—no manual reporting required.
- Allow clients to see everything that's happening with the service they've purchased from you—while you to stay fully in control of the process.

The Payoff: Increased Customer Success & Profitability

The value of PSA systems comes from their ability to help companies deliver successful client engagements profitably, increasing customer retention, and growing top line revenue over the lifetime of the customer.

The right PSA system has the **potential to create significant positive results for your clients & company.**

Ch 3: The Components of a Quality PSA System

If you're considering adopting a PSA system for your business, make sure it has each of the following components:

Project Management

PSA systems go well beyond the capability of standard project management systems of course.

But included within a PSA platform are all the features your team needs to do plan, execute, and monitor its work.

This includes the ability to **create entries at the project and task level,** to **assign projects and tasks to individuals,** and to easily see the status of every project and task currently open in the system.

Resource Planning

The management process associated with resources (people, material, equipment, etc.) used during the services delivery lifecycle. Resource planning should be integrated with time off, holiday calendars, blocked time, and more to have **full visibility into resources availability.**

Time and Expense Management

The capture and tracking of project-related time and expense information. The PSA system should **track both billable & nonbillable time.** The system should **support vendors and contractors** as well.

Invoice Management

The preparation and presentation of invoices based on information captured from the time and expense module or from pre-assigned time or project completion milestones.

Effective PSA systems include **configurability of Invoices** based on client demands including the ability to **break-down time by resource** on the invoice, include **time entry notes,** include **expense attachments** on the invoice, support **multi-currency,** and much more.

Project Accounting

The tracking of project related costs to determine budget to actual costs and profitability.

Your PSA system should be able to **support many different billing methods** including **Fixed Fee, Time & Material, Installment, Recurring,** and **Milestones** payments.

Management Reporting

Easily accessible reports that include project dashboards, resource management and utilization dashboards, capacity planning and forecasting, project profitability, etc.

Collaboration and Community

The ability to **give clients a window** into what's happening with their project. They can also **share knowledge back and forth** with you and your team through the life of their project—all directly through the PSA platform.

Ch 4: The Power of PSA + CRM

Companies using separate CRM and PM systems often have no idea how much **wasted effort results from maintaining the two systems.**

A Single True View of What's Happening in Your Business

With two systems, anyone looking to see "what's happening" will have to cobble together reports from both systems—or from manual "check-in" reports from your sales staff or service delivery team.

A PSA system provides a single "true view" of what's happening with a customer, prospect, or team within your company, all in one place.

This makes life much easier for everyone in your organization:

- **Sales staff** can see "the full story" of **what happened with a customer after making a sale** (this is incredibly helpful when returning to make repeat sales or upsells).
- **Service delivery staff can see the pipeline** and read notes about the conversations that happened during the sales process (including all the things the salesperson promised).
- **Management can quickly get complete reports** of all deals, at all stages, including both the projected and actual profitability of each deal (no "compiling" of reports or manual updates needed).

This provides an unprecedented view into activities for many services organizations.

Finally, **you'll have the all the data you need** to make smart, profitable business decisions.

Ch 5: Five Key Problems Service Companies Have with Project Management Systems

What's the difference between project management and professional services automation?

Let's look at specifically of the differences:

1. Duplicate Records for the Same Client

Your sales team keeps its notes and records in its CRM system. Your service delivery team keeps its notes and records in its PM system.

This **creates a fragmented record of every client** you work with, making it very **difficult to see the full story** of a client at any given time.

2. Duplicate Data Entry

Duplicate records for every client means employees in your organization are **entering basic customer data** (name, billing address, currency, payment terms) **twice for each customer.**

3. No Ability to "Charge Time" to a Project

Project management systems are organized to **track tasks and projects, not time.** There is no way to "charge" a billable hour to a project. This usually means your consultants will track and report their hours manually. It's an administrative headache. It also leads to consultants trying to remember at the end of the week how many hours they worked for each client.

4. No Invoicing

Project management systems don't have built-in invoicing. This **forces your accounting staff to maintain a separate record of open projects and invoices, creating a third system** (in addition to your CRM and PM systems) to be maintained by your staff.

When you have more complex services billing requirements including installment or recurring billings, milestones payments, vendor bills, payments, the lack of integration between projects and invoicing can result in substantial duplicate data entry and errors.

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5. No Built-in Resource Planning

How do you manage your consultants' calendars? Many managers use a spreadsheet—or even a pen-and-paper calendar book—to assign tasks to their team. These **manual processes are highly inefficient when compared to the built-in resource planning tools** available in good PSA systems.

Ch 6: Nine Signs You Should Switch to PSA

Here are some signs that your company could benefit by adopting a professional services automation tool:

1. You Have Multiple Systems Holding Your Customer Records

This is common in companies that use both a CRM and a separate project management system.

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2. Your Team Is Not Using the Software You Gave Them

A sign the software is not useful to them—or not easy to use.

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3. You're Using Excel, Word, or a Pen and Paper to Plan Schedules and Assign Work

This happens when it is not easy to use the tools provided, or when the data needed to make good decisions is not easy-to-find or accessible in one place.

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4. Tracking Billable Hours Is a Constant Struggle

Without the ability to "charge" hours to a job, consultants often estimate (guess) at the end of each week how much time they spent on each client project.

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5. You're Getting Customer Complaints About Conflicting Information from Your Company

When your sales team and your service delivery team are not on the same page, it often leads to mixed signals to your customers. A sales rep might promise service delivery by the end of the month—without knowing if a consultant is available to meet that timeline or not.

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6. You're About to Grow

If keeping everyone on the same page is a challenge today, it will be a bigger challenge when you grow.

7. You're Invoicing Manually

Manual invoicing often leads to inaccurate records, lost payments, and lots of back-and-forth between your sales, service delivery, and accounting departments.

8. You Feel Like You're Not Making as Much Money as You Could per Client

You have a nagging feeling that you should be seeing better financial results per client. Or your actual revenue is never as high as your projected revenue after closing a deal.

9. You're Not Billing 30-35+ Hours per Consultant

If you're not billing 30-35+ hours per consultant, you have room for improvement.

Ch 7: How to select the best PSA software for your business (8 Questions to Ask)

Decided your business is ready for professional service automation?

Here are a few questions to ask as you're considering the various PSA tools on the market:

1. What Systems Do You Currently Use? (CRM, PM, Invoicing, Time and Expense, Resource Planning, etc.)

Write down every system you use in your business to track sales, project management, and accounting. What do you use each of these systems for? What do they accomplish for you or your team?

Ask your team what they use as well. And don't forget tools like Excel, Word, pen-and-paper, or even sticky notes.

This will give you a baseline of what's currently in use, and what tasks need to be completed on a daily basis at your company.

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2. How Much Time Are You Spending Creating Management Reports Right Now?

You might be surprised at how many people are creating reports for various activities in your business. **Document every report and the time it takes to create** each one.

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3. How Many Billable Hours Are You Logging per Consultant?

If it's less than 30-35 hours per consultant, you have **room for improvement.**

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4. How Important Is Increasing Billable Hours per Consultant?

From a management perspective, **how important is it to you that your consultants begin creating more billable hours per week?** How many hours would you like them to bill every week?

5. How important is reducing administrative burden on your managers (or yourself)?

You've figured out how many hours your team spends creating reports. What about you? **How many hours does it take you to find data** as you try to make good business decisions? How much would you like to **reduce the time it takes to get clear, actionable data** about your business or your department?

6. What Integrations Do You Need?

Will you need integrations into products like a CRM, accounting, or business management software (e.g. Salesforce, Quickbooks, Sage, Xero, NetSuite, Slack, Zendesk)?

7. Do You Want Access to Collaboration and a Customer Community?

Some automation tools are completely closed systems. You can give access to people in your organization, but not outside it. **How important is it to collaborate with your clients** during the lifecycle of their experience?

8. Will the Product Be Easy to Use?

Unfortunately, many business software applications are poorly designed, difficult-to-use, and impossible-to-love. **The more difficult a system is to use, the more non-billable time consultants will spend** on data entry, project updates, reports, etc.

Ch 8: The ROI of PSA Software

Finally, let's look at the many ways your businesses could benefit from adopting a PSA system:

1. **More billable hours** for every consultant you have on staff
2. **One true record** of the customer experience, easily accessible to anyone in a single system.
3. **No surprises for sales reps.** If a customer had a problem during service delivery, the record is easy for them to find and review prior to their next visit.
4. Much **less time planning and reporting** for managers.
5. The **best possible experience** for customers
6. **True visibility for the owner or CEO,** plus better revenue and lower expenses at the same time.
7. **More deals in the pipeline**—without causing resource emergencies if a large number of deals close all at once.
8. **Better resource utilization** across all areas of the organization
9. **Better visibility in resource planning**
10. **Lower Service delivery costs**
11. **One solution for multiple departments**—often replaces PM, time entry, invoicing, and resource planning applications with a single tool.
12. **Eliminates duplicate entry** and duplicate customer records.
13. Creates a **more accurate history** of client experiences.
14. **Easily create and see reports** (e.g. projected deals and profitability vs actual results).

Ch 9: About Klient Software

Klient helps companies transform service delivery and client success with our next-generation Project & Professional Services Automation (PSA) solution.

Built 100% native on the industry's leading cloud platform from Salesforce, Klient provides a single application to manage the performance and profitability of every project delivering a 10x faster deployment when compared to traditional solutions.

To learn how Klient can help your service business grow, contact us directly at 1- 844-438-5769.