

A Framework That Works for Delivering Services

By Andrew Cadwell

A repeatable process is the key to a profitable services business, and it delivers high customer value along the way. Whether you are a systems integrator or a technology vendor that provides professional services to your customers, KickStart's Services Delivery Framework (SDF) provides a services delivery process that will work for you.

Why is process so important to services businesses? The business benefits of establishing a framework that works are many. By drastically reducing customers' risks of adopting advanced technologies, you make it easier for them to make buying decisions. I have used the Strategic Delivery Framework (SDF) to take an average sales force in a mediocre market within a competitive landscape--and with limited capital resources--and create a dominant force in the System Integrator market space. The team I created around SDF still enjoys the leading position today in a widespread geographical market segment.

The SDF is a business strategy that helps all types of companies build best practices around complex solution delivery (hence the name). As discussed in the January '08 KickStart Accelerator, you can [Position "Process" as a Competitive Advantage](#). The SDF mitigates risk by aligning a customer's business goals to the complex solution, assuring that the solution is implemented in the most efficient and trouble-free way.

A well thought-out process or framework such as SDF brings the following benefits for both SI's and Vendors:

- Increased sales closure rates
- Rapid adoption of new technologies
- Economies of scale through optimized resources
- Accelerated billable utilization
- Reduced cost of sales

1) Increased Sales Closure Rates

SDF allows any company delivering complex solutions to achieve closure rates in the 80th or even 90th percentile! This is accomplished in two ways:

- a) SDF mitigates risk for customers. Independent research shows (see diagram in [January '08 article](#)) that customers make buying decisions based on risk over price at the end of a solution oriented sales cycle. As a risk mitigation strategy, SDF has strong influence on deal closure.
- b) SDF forces only qualified deals into the pipe. Don't panic, sales gurus! ALL leads are inserted into the funnel, and well-qualified opportunities are naturally sifted into the pipe. Opportunities that make it through the Envisioning Phase of the SDF

(described in a future issue of KickStart Accelerator) are very high quality opportunities that are easy and natural to close.

Services revenue is stabilized by stacking the project pipeline after the planning and design phase is complete, rather than after the proposal, which is the usual manner. Stacking deals in this way allows for much higher win rates, and allows for longer term revenue predictability.

2) Rapid Adoption of New Technologies

SDF allows teams and companies to move quickly because the underlying framework for initiating, positioning and deploying new technology is already created. This is especially important to the system integrator who struggles to keep up with the rapid pace of technologies that come into the marketplace. When the framework is the same every time for all technologies, it is much simpler to initiate the selling and deployment processes. A company can literally be up and running in days rather than weeks or months.

3) Economies of Scale through Optimized Resources

Because SDF is process- and methodology-intensive and relies heavily on teaming, it incorporates high-skill individuals into many initiatives, spreading their knowledge across many areas. Likewise, lower skill or specialized skill individuals are incorporated into pieces of projects in assembly line fashion rather than customizing each particular project.

Think Toyotas over Lamborghinis! Building a Toyota requires much the same technical expertise, knowledge and engineering as building a Lamborghini. The difference is that the Lambo is built one car at a time, at a very high cost by very specialized resources. The result? A track ready racing machine that is not very practical to pick up groceries or take on a Sunday drive. The Toyota, on the other hand, is built by hundreds of individuals and technologies coming together through an optimized process. The result is very high quality, very low risk practical application suitable for most environments. SDF accomplishes much the same goal — it creates natural economies of scale and business leverage by binding together individuals and technologies through process to create a solutions delivery factory! This also creates hiring flexibility benefits. It's a lot easier to hire a medium-skill individual than a high-skill individual.

As a by-product, dependency on high-skill individuals is reduced. These individuals demand recognition of their value at considerable cost to the organization. The SDF creates structured and defined team environments where high skill individuals add value, but aren't THE value-add. SDF accomplishes this by requiring emphasis internally and externally on process as the primary means of risk mitigation.

4) Accelerated Billable Utilization

Anyone who runs a professional services organization knows that increasing billable utilization or productivity is a prime directive. The problem is, there are only 172 "natural" hours in a month to accomplish this, and the resource is only human! She needs food, water, sleep, training, and oh yeah...a vacation??

A successful professional services organization will target productivity at around 65% — plus or minus based on actual cost of labor. This means that out of every 40 hours in a week, if your resources are billing 26 hours out of every week, and you are pricing in a natural market, you SHOULD be profitable. It sounds reasonable, but the issue is that this utilization is (very) difficult to accomplish with consistency. SDF allows an organization to

dramatically increase utilization in a very simple way and without burnout or dissatisfaction. More on this in a later article.

5) Reduced Cost of Sales

SDF reduces costs of sales in many ways. In SDF, sales teams are focused on positioning business value through product *usage* and risk mitigation through delivery process. This makes training a snap! No more lunch and learns about speeds and feeds. The only training cost associated with a new product or technology launch.

The SDF particularly helps companies that are gaining revenue through creating, enhancing or maintaining standard profitable professional services practices, product integration or process differentiation. For all companies that adopt SDF, the process becomes a *business* strategy rather than just a *project* strategy due to the desired business outcomes. SDF is a grassroots business strategy, meaning it starts at the field level, but it can impact business in such a profound way that it quickly becomes a topic of conversation and planning in the executive suite and into the boardroom. Companies that implement the SDF see significant improvements in sales and execution within the Sales, Delivery and Management teams, and realize bottom line impact.

For more information:

Contact Andrew Cadwell at andyc@kickstartall.com or (503) 803-2692 if you would like to differentiate your business or gain more business benefits as a result of process or creating your own Strategic Delivery Framework.

About the author:

Andrew Cadwell is a contributing member and principal consultant affiliate of KickStart Alliance, a marketing and sales consulting consortium that helps businesses of all sizes with business agility. Andy is a serial entrepreneur with 20 plus years of experience in rapid growth companies and markets. Andy has owned, managed and spun out several successful businesses, most recently in the technology industry. Since he has started his consulting practice, has provided strategy, leadership, sales and operations consulting services to both early stage and mature companies in the technology industry. His clients range from start-up companies to distinguished members of the Fortune 50.