



BY JIM ALEXANDER, ED.D.

# Professional Services Focus: Metrics

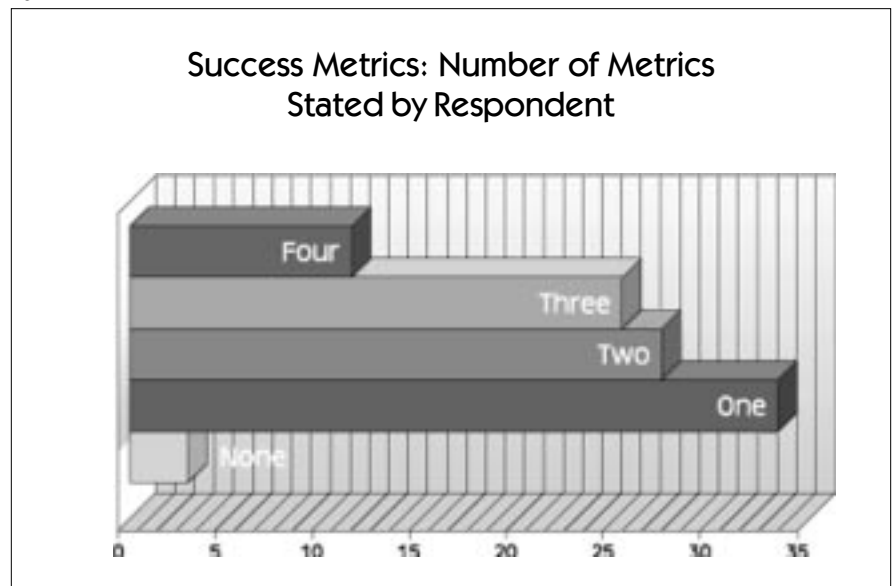
**M**etrics are the targets that help organizations determine the degree of their success by comparing ideal states with actual performance. The proper selection of the most appropriate type and number of measures is an essential contributor to the effectiveness of professional services organizations.

In a recent study\* I conducted, survey participants were asked what metrics their professional services organization used to measure success. Participants were given no choices to select from and thus wrote down whatever they wanted. Responses were clustered into similar categories and compared.

## Number of Measures

*Figure 1* illustrates the number of metrics that participants stated their organizations used to measure professional services success. Three percent of respondents said they had no metrics in place, 33 percent stated one, 27 percent said two, 25 percent said three, and 11 percent said four or more.

Figure 1



Twenty-five percent of all respondents stated that the only success metrics in place were financial. Twelve percent mentioned only customer measures as their success metrics.

## By Response

*Figure 2* demonstrates the data by type of response. Thirty-eight percent of all responses were financial in nature. Of this financial group, 52 percent pertained to some ele-

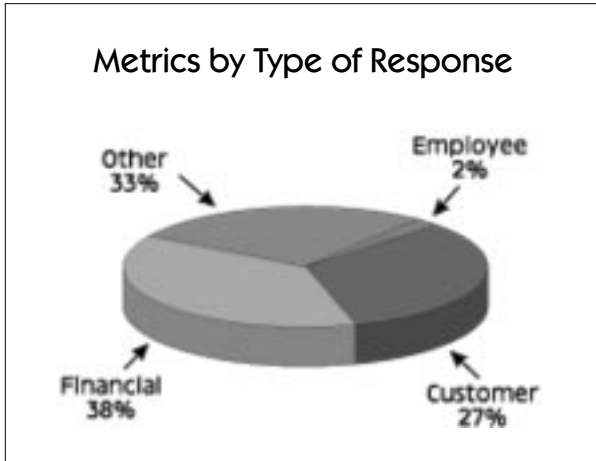
ment of profitability, 40 percent to revenue, and eight percent to cost.

Twenty-seven percent of all responses mentioned the customer. These responses were divided up as 11 percent pertaining to some element of customer responsiveness, 72 percent to customer satisfaction, and 17 percent to customer loyalty.

Two percent of responses mentioned an employee measure; e.g., motivation, turnover, or satisfaction. The remaining one-third of

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Figure 2



responses varied across the board and was not categorized further. Comments included “short turn-around time,” “market share,” and “hit rate on proposals.”

## Metric Satisfaction

Figure 3 summarizes respondents’ thoughts about their satisfaction with their organizations’ profes-

People adjust their behavior to align with whatever the organization decides is important enough to measure. Therefore, it is vitally important that the most appropriate measures are in place and that the measures are in balance.

Although the appropriateness of measures is dependent upon where the organization is in its life cycle,

sional services metrics. Twenty-two percent were fully satisfied with their existing measures, 59 percent were partially satisfied, and 16 percent stated that they were not satisfied. Three percent were not sure.

The old adage that “what gets measured gets done” is true.

it is almost always fitting in a professional services organization to have metrics on getting and keeping customers, key employee retention, innovation, and image as well as the normal financial indicators. Few organizations appear to be tracking these categories. For example, a key driver of a professional services firm is the quality of personnel, yet

only one in 25 responses mentioned anything about employees.

It is difficult to have a proper balance of measures if the total number is very small. For example, one-third of all respondents said that their organization had only one measure of success. When there is only a financial measure, such as profitability, it achieves an importance beyond its organizational value. When this occurs, it is only a matter of time until the customers, the employees, or both become dissatisfied and disconnect from the organization.

Metrics appears to be an area of great opportunity for this group. Professional services leaders should take a serious look at their existing metrics to see if they are driving the right behaviors needed to make the organization successful today and in the future. ▼

*\*I recently conducted a comprehensive survey of 139 AFSMI members whose organizations were engaged in high-tech professional services. Visit [www.afsmi.org/psg](http://www.afsmi.org/psg) or call 941-275-7887 to purchase the report or to receive a free executive summary.*

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Figure 3

