

# Current Practices and Existing Business Systems in Consulting Firms

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## INTRODUCTION

Automation within professional services firms has progressed steadily over the last 30 years, beginning with production and accounting systems, and then expanding into project management, marketing, and communication and collaboration. Yet, for all their progress, professional services industries have stopped curiously short of fully automating and integrating their key business processes.

Most professional services firms today, even the most technologically advanced, still have a mish-mash of components still lack several key pieces of automation, and they rarely achieve any of the synergies provided by integrating their business functions or tying them into their partners via the Internet.

## DESIGN AND PRODUCTION SYSTEMS

Rightfully so, certain types of professional services firms put a large degree of their technology efforts into design and production systems. These include computer-aided drafting and design (CADD), engineering analysis, drawing production, visualization systems for A/E firms, and software development tools for technology firms. Even law and accounting firms have joined the technology revolution with systems designed for case research and automating audits and tax returns. Since these are the processes that directly generate revenue for the project-based business, early efforts at automation began here in the 1970s and 1980s. After some early missteps, these efforts ultimately yielded significant productivity improvements.

Other professional services industries use production systems specific to the nature of their work, such as ad agencies with multimedia live JAD sessions, and legal firms with online, collaborative contract changes. Although firms continue to mine these core production processes for productivity gains, many realize diminishing returns due to the non-repetitive nature of a project-based business and the complexity of the tools themselves. Generally these systems are not well integrated with other functions in the firm. Often, they are even managed by someone other than the manager of the overall IT program.

*Key challenges include: improving file management, storage, training and standardization.*

## AD-HOC DOCUMENT MANAGEMENT

Like all businesses, professional services firms are increasingly overwhelmed by a flood of word processing files, spreadsheets, e-mails, faxes, images, web pages and other documents. Even more importantly, most firms work with design documents, technical specifications and research documents every day. Many of these items are important for project management or legal reasons, yet are lost in the loosely structured network file system, on backup tapes, in mailboxes, or are nowhere to be found. For such document-intensive industries, few firms have made much progress on an appropriate document management system.

*Key challenges include: unified enterprise directories, document cataloging and indexing, check-in/checkout control, version control, fulltext search and archiving.*

### **PROJECT ACCOUNTING, BILLING, AND GENERAL LEDGER ACCOUNTING SYSTEMS**

The complexity of tracking time, materials, profit and loss on many different projects under many different contract arrangements led professional services firms to embrace powerful project-accounting systems. Again, the financial necessity of billing clients and paying vendors and subconsultants made project accounting an early and continued automation priority for design firms. In recent years, innovation from project accounting vendors has increased with the advent of online, self-service time data entry by employees and improved reporting flexibility. However, these applications are still almost universally implemented as a back office solution for a small group of accounting employees and are rarely used by project or unit managers.

*Key challenges include: accelerating the input and turnaround of project financial data, putting easy-to use reporting tools in the hands of managers, providing more self-service data entry and querying tools for employees, and allowing controlled online access to project financial data for project clients and partners.*

### **STAND-ALONE PROJECT MANAGEMENT TOOLS**

Project-accounting systems may help project managers monitor budgets, but they are generally weak in scheduling, manpower allocation, detailed task monitoring and so on. In the case of extremely large projects, organizations have the luxury of developing powerful tools for managing project resources and schedules. But the average firm works on far more smaller projects. In the typical firm, project managers rely on an assortment of desktop software, spreadsheets, and manual systems, which rarely involve integrating data from the firm's project accounting system. In most cases, it's up to the individual project manager to select what, if any, project management tool to use. Project load forecasting happens only informally and assigning staff resources to projects and resolving project conflicts is accomplished only with frequent meetings and much ad-hoc communication and coordination.

*Key challenges include: providing project managers with better templates for budgeting and scheduling, integration of project management and project accounting, real-time access to actual project-labor and non-labor costs, and systematic project resource planning that integrates operations, marketing and human resources.*

### **PROPOSAL PREPARATION SYSTEMS AND FIRM QUALIFICATION DATABASES**

In many firms, the primary means of acquiring new project assignments is responding to requests for proposals (RFPs) with a tailored document addressing the client's specific needs. Some firms have purchased or developed a database management system to hold descriptions of past projects, staff resumes, client and subcontractor profiles, and "boilerplate" marketing text to retrieve and organize into proposals. Some have put considerable effort into collecting and organizing this information, but few have attempted to make it accessible outside the marketing department. Marketers also struggle with the responsibility of centrally maintaining project and staff qualification information.

*Key challenges include: broadening employee access to the database of project history and staff qualifications, and empowering project managers and employees to continually maintain and improve it.*

### **RUDIMENTARY CONTACT MANAGEMENT/CRM SYSTEMS**

Virtually every professional services firm has tried to organize some sort of database of clients and prospective clients, if only to produce a holiday card mailing. In the typical organization, many different applications will be in use simultaneously, ranging from a client list maintained in the accounting system, to a centralized contact database accessible only to marketers, to rival systems within different offices or units, to personal information managers and electronic rolodexes. Where firms have attempted to build a centralized database, these applications tend to be deployed primarily among a small group of marketing staff. Firms rarely provide universal access to this knowledge base or take advantage of the collective power of everyone in the firm when they all add, correct, and enhance it.

*Key challenges include: drawing all client information into a single centralized database accessible to all employees. This database will tie in project and accounting data and make the system convenient and powerful enough to integrate smoothly into the daily processes of everyone throughout the organization to ensure that it's actively used and maintained.*

## **GENERAL PRODUCTIVITY AND COMMUNICATIONS APPLICATIONS**

In the last decade, many businesses have embraced local area networks, put a “computer on every desk,” and given workers office productivity suites (word processing, spreadsheets, etc.), e-mail, and internet access. Firms once maintained private secretaries and word processing pools, project correspondence went through the postal service, and specifications were maintained in flat files and three-ring binders. Now, consultants, project managers, architects, engineers and even attorneys type their own letters and reports, resolve project issues via e-mail, and research products and specs on the web. Although productivity tools and new communication channels seemed to increase the pace of work and level the organizational hierarchy in most firms, it also created concerns of information overload, lack of control over project communication and documentation, and poor quality control. A sense of chaos increased as professionals tried to navigate through hundreds of e-mails and thousands of poorly organized documents.

*Key challenges include: document management, maintaining standards, preserving and organizing the results of online dialog and discussion, and protecting project-related correspondence.*

## **THE INTERNET, INTRANETS, PROJECT WEBSITES, AND PROJECT PORTALS**

In recent years, many project-based firms have begun using web servers to collect and share loosely structured information such as employee directories, benefit information, policy manuals, technical specifications and even project documents and schedules. These intranet sites rarely integrate with other systems and all content is controlled by a web master or administrator.

At the same time, a host of project collaboration website vendors arrived, promising a secure, convenient forum for sharing project schedules, drawings, corrections, RFIs, discussions and other project-related information between all

the players in a project. Although so far the use of these project websites or portals has primarily been limited to larger projects, there is considerable interest in this area from professional services firms.

*Key challenges include: maintaining intranet content, allowing more widespread participation in adding or changing content on the intranet, and sorting through the many offerings to choose a strategy in the rapidly changing project collaboration market.*

## **OVERALL LACK OF INTEGRATION**

The picture of current practices in professional services firms that emerges is one of many “islands” of automation, but no integrated enterprise-wide automation. Firms have implemented various “point” systems (that is, systems that automate a single business function), but a number of dots in the picture are missing and no one has connected all the dots in a meaningful way. Let’s look at what this means:

For one thing, several specific pieces of a complete solution are noticeably lacking from most firms, including an enterprise-wide client relationship management system, a robust project resource planning tool, a proposal generation and tracking system, and any sort of automation in the recruitment process. Even firms having adopted industry best practices in all of the areas described in this section — and few firms have gotten even this far — would still have significant holes in the system. Also, many of the solutions firms implement are available only in a single location, for a single group or user. Since even small firms are likely to be doing business in multiple offices, systems that aren’t easily accessible over a wide area network, dial-up connection, or the internet have clear shortcomings. But perhaps the greatest weakness is the lack of integration and a coherent interface to all the disparate islands of information. Along with this weakness come several serious consequences for professional services firms.

- First, it requires redundant data entry of the same information, adding to the overall workload of the firm. For example, a client name and address would need to be entered separately in an accounting file, one or more marketing files, various project collaboration systems, and individual contact managers and rolodexes. This sort of redundancy can add up to a considerable amount of time and effort.



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- Second, the natural consequence of redundant data entry is inconsistent and inaccurate information. When an address or other fact must be changed in so many places, inconsistencies will naturally creep in. And when two databases don't agree, employees may have no way of knowing which is correct and may even overwrite the correction with older, less accurate information. Third, the burden of integrating information for different sources is placed on the professional, who must continually and individually seek out financial information for a project in one application, client data in another, project correspondence and key documents in several other places, and so on. A professional services firm, where the application of time and resources to projects is the only source of revenue, can ill-afford to make such a poor use of billable time.
- Finally, since information is not integrated or organized in a meaningful way for each professional in a firm, the organization fails to capitalize on opportunities, learn from mistakes, or make effective reuse of ideas and information. Again and again, employees must "reinvent the wheel," because the answers are always somewhere, but not when and where they're needed. Or they may inadvertently work at odds with one another, because one hand doesn't know what the other is doing.

## CONCLUSIONS

Today's challenging business climate highlights the absolute necessity of implementing a Project Portfolio Management (PPM) solution. Those firms that invested in PPM in the late 1990s are the same firms that are positioned for growth, even in the current economic climate. Firms that embrace the efficiencies and streamlined business processes that result from PSA are the ones with a significant competitive advantage against their competitors. The forward thinking leaders among these companies will understand that a better time may never come to make a significant investment in PPM. The firms that succeed will be those that enjoy strong support from the CEO, and can bring all factions of their management to the table to make a commitment to this common goal of integrating business and knowledge management.