Introduction

Companies are relying on the expertise of professional services more than ever before. The professional services industry is forecasted to grow 5.4% by 2020, reaching almost $5 trillion, according to the Professional Services Market Global Report.

As the industry grows, a unique set of challenges emerges. Working with external clients requires collaboration and agility, as well as process and structure. Beyond managing multiple projects and clients effectively, today’s professionals need tools to help them make the client experience seamless. This includes being able to easily track billable hours and translate that time into measurable value.

In this survey report, we reveal the top challenges the professional services industry faces today, help you benchmark your competitive standing, and provide work management strategies and solutions to help you rise above the competition.
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Methodology & demographics
Wrike commissioned Atomik Research, an independent creative market research agency, to run an online survey of 1,000+ adults who work for an agency or consulting firm, or provide billable services to external clients.

All respondents work at companies with 25+ employees, either in the United States or the United Kingdom. The margin of error fell within +/- 2 percentage points with a confidence interval of 95%. The fieldwork took place between January 28 - February 4, 2019.

Totals may not add up to 100% due to rounding.

**Q: What country are you based in?**

- **50%** USA
- **50%** UK

**Q: What is your generation?**

- **51%** Millennials (22-37)
- **11%** Gen Z (18-21)
- **10%** Baby Boomers (54-72)
- **3%** Silent Generation (73+)
- **25%** Gen X (38-53)
Q: Please select the primary focus of your organization:

- Legal: 9%
- Accounting: 22%
- Human Resources: 16%
- IT / Technology: 27%
- Marketing, Communications, Advertising, Event Planning: 26%

Q: What is your company size?

- 500+ employees: 21%
- 25 - 99 employees: 22%
- 400 - 499 employees: 6%
- 300 - 399 employees: 11%
- 200 - 299 employees: 18%
- 100 - 199 employees: 22%
- 25 - 99 employees: 16%
- 500+ employees: 7%
- 300 - 399 employees: 9%
- 400 - 499 employees: 21%
- 200 - 299 employees: 18%
- 100 - 199 employees: 13%
- 25 - 99 employees: 7%

Q: What is your current role?

- Account Manager: 24%
- Department Manager: 21%
- Project Manager: 18%
- Resource Manager: 16%
- Individual Contributor: 13%
- Other: 7%
The customer churn cycle
Our survey asked respondents to select their 3 biggest work challenges. It was a close race, with 6 answers tying for the top 3 spots, revealing a core set of deeply connected and corresponding challenges:

1. **27%** Keeping projects on track and hitting deadlines.
2. **27%** Managing different clients’ processes and requirements.
3. **26%** Having too many projects and/or clients to manage effectively.
4. **26%** Manual or time-intensive processes for resource management and/or tracking billable hours.
5. **21%** Consolidating feedback and communication across email threads, spreadsheets, etc.
6. **21%** Disconnected tools or manual work required to consolidate data across systems.

It’s easy to fall off track and miss deadlines if communication and processes are not aligned between your company and its clients. When deadlines are missed with one client, it impacts resources allocated to others. Being able to clearly show the client how resources equate to value is key, but if companies are spending too much time tracking billable hours and explaining them, frustration and misuse of time take hold.
A clear cycle emerges, making it easy to see why so many of these common challenges are competing for the top spot.

**Figure 1:** What are your biggest work challenges? Choose your top 3.

- Keeping projects on track and hitting deadlines: 27%
- Managing different clients’ processes and requirements: 27%
- Manual or time-intensive processes for resource management and/or tracking billable hours: 26%
- Having too many projects and/or clients to manage effectively: 26%
- Disconnected tools or manual work required to consolidate data across systems: 21%
- Consolidating feedback and communication across email threads, spreadsheets, etc.: 21%
- Scope or requirement creep due to unclear or evolving client expectations: 19%
- Lack of visibility into project progress for external clients and/or internal stakeholders: 18%
- Scope or requirement creep due to poor planning internally: 17%

These cyclical and highly critical work challenges correlate closely with client happiness. The top 2 reasons for client frustration or churn are projects going over budget or deadline (26%) and communication difficulties or delays (25%).

The key challenges highlighted above provide the deeper story of why projects go over budget and deadline. They also give us clues as to where frustration around collaboration stem from.
Failure to solve these challenges and prevent corresponding customer churn spells long-term trouble for professional services teams and companies. But our survey shows that three key areas of opportunity to break the cycle emerge from these frustrating obstacles.

**Figure 2:** What causes the most churn or frustration among your clients?
Key obstacles and opportunities

We analyzed these challenges and the remaining survey results to identify 3 key areas of opportunity for professional services companies. Focusing on these 3 areas will increase customer retention, improve employee happiness, and boost scalability for your organization:

1. Project planning and resource allocation
2. Aligned processes that optimize collaboration
3. Visibility into project status and progress

To stay at the forefront of innovation, your professional services company needs to understand how to benchmark and overcome these leading industry obstacles. Let’s dive into each.
1. Project planning and resource management

Most professional services teams can relate: You win a client and dive right into their first project. You know exactly what they want, everyone is aligned on scope, and the project is moving along seamlessly — until you get halfway through and discover you each had totally different visions and expectations.

Project setup and managing resources are challenging for many companies. 1 of the top 3 reasons professional services projects are delayed is due to inaccurate planning and resource management. If you don’t master the art of project planning and effectively manage your resources, you’re stretched thin when project bottlenecks inevitably occur.

**Figure 3:** When projects are delayed, what is the most common reason?

- Last minute changes to requirements: 20%
- Conflicting priorities and not enough time to accomplish all projects on deadline: 15%
- Inaccurate planning, resource management, and time allocation: 14%
- Waiting for client feedback: 14%
- Unclear expectations from clients: 12%
- Disorganization within your team and no clear workflow processes in place: 11%
- Miscommunication with internal and/or external stakeholders: 11%
- None of the above: 2%
Our survey shows a direct correlation between inability to kick off projects effectively and delivery delays. Last minute changes to requirements are the #1 reason for project delays. This is no surprise: 32% of respondents report that demand management is difficult or very difficult for their teams.

The #2 reason for project delays is conflicting priorities and not enough time to accomplish all projects on deadline. This is another indicator of poor resource management and project planning. Not only is this detrimental to client satisfaction, but it also causes employee burnout. Our survey shows that 31% of respondents work more than 8 hours a day 3 days a week — while 18% work 8+ hours every workday.

**Figure 4:** How often do you work more than 8 hours in a single day?
How many hours could be saved — and project delays avoided — with better project planning and resource management? If you want to avoid client churn and employee burnout due too many changing requirements and not enough time, try incorporating these work management best practices into your project workflow:

**Step 1:**

Use request forms to organize incoming work and ensure all requirements are documented and agreed upon prior to project kickoff. Aligning expectations from the get-go improves planning accuracy and helps avoid those last-minute changes.

**Step 2:**

Institute project kick-off meetings. During the meeting, define the project process with clients. Determine milestones, responsibilities, and success metrics. Show clients your process for managing project changes. Not only does this set expectations and help you better manage your resources, but it also helps clients appreciate your forward thinking and feel confident in your expertise.

**Step 3:**

Use effort-centric resource allocation. Indicate and distribute task hours or minutes independently from duration, so team members know exactly what they should work on when. Even if a project is planned across 4 days, it may not require 4 full business days to complete. Scheduling tasks without effective effort allocation leads to wasted resources and operating expenses — not to mention team confusion and inefficiencies.
### Step 4:

Break projects into tasks and subtasks, and use Gantt charts to visualize dependencies. Gantt charts provide a critical path analysis and highlight potential project conflicts that could lead to delays. Be sure to account for these when planning your timelines. As you move through the project, use time tracking and reporting to measure performance, and leverage this information to inform and refine timelines going forward.

### Step 5:

Track projects in a timeline or calendar view to visualize which initiatives are in progress and coming down the pike. This helps you and your team more effectively prioritize, assign, and schedule tasks.
2. Aligned processes that optimize collaboration

Even the most perfectly planned and resourced projects run into issues. As a project develops, communication and collaboration must keep pace. You might start a project totally aligned but, without the right tools and processes in place, quickly diverge.

While managing process is difficult for all businesses, it’s especially challenging for professional services teams, who have to maintain their own internal processes as well as adapt to clients’ needs. Some 40% of respondents find managing clients’ varying processes and workflows difficult or very difficult. 27% of all respondents said that this is among their top work challenges (Figure 1).

The ability to retain your processes and workflows while accommodating clients’ needs and how they like to organize their projects will set you apart from your competition. But it requires unprecedented levels of flexibility and communication.

Recall that one of the top reasons (25%) for customer churn is communication difficulties or delays (Figure 2). Similarly, 28% of respondents also say that project collaboration and execution are difficult or very difficult for them.

So where is communication breaking down? Why are processes so difficult to manage? It turns out your tools may be to blame.
More than half of respondents (52%) say they use 2 to 3 tools to manage projects and communicate with internal/external stakeholders. About 1 out of 10 (10%) said they use 4 or more tools.

**Figure 5:** How many tools do you use to manage projects and communicate with internal/external stakeholders?

Using too many tools makes collaboration difficult for both clients and internal stakeholders. Details get lost across email, instant messages, and spreadsheets, causing miscommunication, confusion, and delays. Sloppy handoffs and version control issues ensue without a defined workflow and clear feedback and approval process. Accurate reporting and optimized outcomes become impossible with pieces of projects living across multiple platforms.
Companies using 5+ tools report experiencing more project delays than those with fewer tools. Nearly 1 in 3 (29%) companies using 5+ tools report that they “always” experience delays. In contrast, just 1 in 10 (8%) of those using 2-3 tools report projects always being delayed. That’s a 21% difference just by streamlining your tools!

What are some of the ways your business can align processes and streamline collaboration? Start by eliminating spreadsheets and email as primary project management tools and communication channels.

In Figure 1, we saw that 21% of respondents consider both “consolidating feedback and communication across email threads, spreadsheets, etc.” and “disconnected tools or manual work required to consolidate data across systems” be among their biggest work challenges. Our study shows that:

- **48%** of respondents still use spreadsheets to manage work.
- **59%** of respondents still use email for collaboration and communication.

The perpetrator for these top work challenges could be the heavy use of these two disconnected and rigid tools.

Replace these tools with a centralized repository for all project-related information and collaboration. This [work management platform](#) should act as a single source of truth, eliminating the need to manually consolidate notes across systems and keeping all communication in context and chronological order.
It should also offer the flexibility needed to adapt to clients’ unique workflows and processes. Features like customizable folder structures and workflow statuses enable professional services teams to align with client processes while still adhering to project management best practices and organization standards.
3. Visibility into project status and progress

You’ve planned your next project perfectly. The right resources are locked and loaded, and you and your client have agreed on a mutually beneficial process and communication strategy. Nothing can stop you now!

Unless your key stakeholder decides to go into labor. Or your computer crashes and loses a whole day’s work. Or your client calls with a new campaign direction mandated by the executive powers that be.

Unexpected bottlenecks happen — and there’s not always a way to foresee or prevent them. 97% of companies experience project delays to some degree, while 34% admit to experiencing them “often” or “always.”

**Figure 6:** How often are your projects delayed?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>12%</td>
</tr>
<tr>
<td>Often</td>
<td>22%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>39%</td>
</tr>
<tr>
<td>Rarely</td>
<td>25%</td>
</tr>
<tr>
<td>Never</td>
<td>3%</td>
</tr>
</tbody>
</table>

Time and budget are closely connected. When projects experience delays, budget is almost always impacted. More than 30% of survey respondents admit that the majority of their organizations have gone over budget in the last 12 months, while another 28% say most went past schedule.
**Figure 7:** The majority of projects completed within your organization in the past 12 months were:

- Successful - they went according to plan and client expectations were met: 46%
- Finished but went over budget: 23%
- Finished but went past the scheduled time: 20%
- Finished but went over budget and past schedule: 8%
- Messy - experienced scope creep or uncontrolled changes: 3%

You can’t avoid these hiccups, but prioritizing visibility into project progress both for your company and your clients makes these speed bumps a lot smoother. In fact, the #3 reason for client churn is lack of visibility into project status (18%, Figure 2). Speed bumps frustrate clients and cause delays because you have to stop the project, realign, and start again — sacrificing momentum.

Bottlenecks aside, previously-jaded or hyper-organized clients often request status updates on a regular basis. Frequent check-ins are also needed to facilitate handoffs or mark project milestones.

This may seem like a small task, but over time these status update emails, reports, and meetings add up. The majority of professional services folks (36%) spend 2-3 hours per week on status updates. Some 11% spend 4+ hours each week.
While electing a single source of truth for all project-related details and communications is the first and most important step to enhancing project visibility, professional services teams should also leverage the following work management capabilities:

1. **A dashboard that shows the status of all active project tasks and when they’re due.** This helps all stakeholders assess progress and identify red flags in a single glance, as well as keeps contributors on pace. When asked about what capabilities would have the biggest impact on their business, 22% responded a “dashboard where clients and internal stakeholders can view real-time project progress” (Figure 14).

2. **Automated notifications when important projects change statuses, are completed, or fall behind.** These provide members the visibility to know exactly where a project stands — without having to ask for updates.

3. **A way to clearly assign reviewers and approvers and visually mark up digital files.** Not only does this drive accountability by creating an approval trail, but it also streamlines the feedback process. About 1 in 5 respondents say that having real-time, centralized collaboration on all digital files for faster reviews and approvals would have a major impact on their business (Figure 14).

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**Figure 8:** How much time do you spend sending project status update emails, generating status reports, or having status update meetings each week?

<table>
<thead>
<tr>
<th>Time Duration</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 hour</td>
<td>8%</td>
</tr>
<tr>
<td>1-2 hours</td>
<td>25%</td>
</tr>
<tr>
<td>2-3 hours</td>
<td>36%</td>
</tr>
<tr>
<td>3-4 hours</td>
<td>19%</td>
</tr>
<tr>
<td>4-5 hours</td>
<td>6%</td>
</tr>
<tr>
<td>5+ hours</td>
<td>5%</td>
</tr>
</tbody>
</table>

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Security as a differentiator
As data breaches continue to rise, professional services companies must ensure their tools and processes keep up with the times. Nearly three in four (73%) respondents agree that security is a big concern for their clients.

**Figure 9:** To what extent do you agree or disagree: Security is a big concern for our clients.

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>44%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>29%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>17%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>6%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4%</td>
</tr>
</tbody>
</table>

The good news is that 77% of respondents also agree that they have tools in place to make sure their clients’ data is secure. But in today's hyper-competitive landscape, can you afford to be part of the 23% that don’t?

What’s more, 60% of respondents agree that data security concerns keep them from being flexible and allowing them to build better relationships with customers. Some 18% (Figure 14) of respondents also rank “the ability to balance security compliance with client visibility” as one of the capabilities that would have the biggest positive impact on their team.
**Figure 10:** To what extent do you agree or disagree: Data security concerns keep us from being flexible and allowing us to build better relationships with our customers.

<table>
<thead>
<tr>
<th>Agreement Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>27%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>33%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>24%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>11%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5%</td>
</tr>
</tbody>
</table>

The moral of the story? Whatever work management tool you choose to manage client projects and communications must not only provide industry-leading protection, it must do so in a way that supports client collaboration and ease of use. Approaching security as a differentiator empowers professional services companies to stand out from the crowd, promotes client confidence, and builds lasting customer relationships.
Is automation the answer?
In addition to security, professional services respondents also recognize automation as a key opportunity to improve customer service and relationships. In fact, 3 in 10 of those surveyed say they could achieve 30-39% more work if technology were able to automate the repetitive, administrative parts of their job. About 1 in 5 (22%) say they could achieve 50% or more work.

**Figure 11:** If technology could automate the repetitive, administrative tasks in your job, how much more work do you think you would be able to achieve each week?

- 50% or more: 22%
- 40-49%: 20%
- 30-39%: 30%
- 20-29%: 16%
- 10-19%: 8%
- Less than 10%: 4%

One of the biggest areas where automation can help professional services teams preserve significant time and resources is time tracking and billing. One third of respondents (34%) say it takes them 2-3 hours each week to track billable hours. About 1 in 10 respondents say it takes them more than 4 hours per week.

It’s not just lost hours, either: 17% cite confusing billing or activity tracking as the number #1 one cause for customer churn.
Some 32% of respondents also say that time tracking is difficult or very difficult, while 18% claim having easier resource planning and automated time tracking would have one of the biggest impacts in their work (Figure 14).

**Figure 12:** How long does it take for you to track billing hours each week?

- More than 5 hours: 3%
- 4-5 hours: 7%
- 3-4 hours: 20%
- 2-3 hours: 34%
- 1-2 hours: 24%
- Less than an hour: 12%

**Figure 13:** How do you find the process of time tracking?

- Very difficult: 9%
- Somewhat difficult: 23%
- Neither difficult nor easy: 29%
- Easy: 26%
- Very easy: 13%
Professional services companies are bogged down manually tracking and billing time — and they don't always get paid for those hours, either. Automating these tasks saves professional services reps significant time better spent building client relationships. Intuitive time management capabilities increase your profit margin because clients are much happier when they understand how they're being billed and can correlate time spent to value added.

**Automation** also helps streamline task creation, work assignment, project notifications, reporting, and more, moving processes along and freeing professional services agents to focus on more meaningful work. Nearly 25% of respondents say that automating administrative and/or repeatable tasks like status update notifications, project creation, task assignment, etc. would have a huge positive impact on their work (Figure 14).

**Automating status updates saves time**

About 60% of respondents spend 1-3 hours updating project statuses, sending update emails, generating status reports, or having status update meetings each week. More than 1 out of 10 (11%) spend more than 4 hours a week!
20% of respondents also say that a better way to reschedule and reassign work when changes occur would be incredibly helpful to their workloads (Figure 14). Redistributing resources is incredibly labor intensive — imagine having a collaborative work management tool that could help you:

- Visually see how your team’s workloads are balanced
- Easily drag-and-drop tasks to reschedule
- Automatically reschedule tasks connected to one another
- Automatically alert project members of these changes
- Flexibly adjust effort and task duration to meet business priorities
Breaking the cycle
Now you’ve benchmarked where your professional services team compares to others in the industry, and have a general understanding of your opportunities. We’ve offered suggestions and solutions to help improve your organization throughout this guide — but we also asked survey participants directly.

When asked which 3 capabilities would have the biggest positive impact on their business, here’s how respondents ranked the top 6:
Overall, it was a tight race, illustrating once again the cyclical nature of professional services challenges and needs.

**Figure 14:** Which of the following capabilities would have the biggest positive impact on your team? Select up to 3.

1. Automating administrative and/or repeatable tasks like status update notifications, project creation, task assignment, etc. - 23%
2. A dashboard where clients and internal stakeholders can view real-time project progress - 22%
3. A better way to accurately capture all project requirements up front - 22%
4. Having a single workspace to manage all projects and related communications - 20%
5. A better way to reschedule and reassign work when changes occur - 20%
6. Real-time, centralized collaboration on all digital files for faster reviews and approvals - 20%
7. A better way to spot and manage project dependencies - 19%
8. The ability to balance security compliance with client visibility - 18%
9. Easier resource planning and automated time tracking - 18%
10. Automatic reports where managers can view performance metrics, utilization stats, etc. - 17%
11. The ability to access project details and make updates from your mobile device - 16%
Today's professional services teams require a robust, end-to-end collaborative work management solution that's powerful enough to provide all of the above functionality, as well as:

- Dynamic and embeddable work intake forms
- Customized folder structures and workflow statuses
- Contextual and chronological collaboration with real-time @mentions and notifications
- Integrations with communication tools like Slack and systems like DAM, CRM, and more
- Pre-made project templates for faster project creation and standardizing your processes
- Multiple work views for flexibility (Kanban, Gantt Chart, etc.)
- Easy drag-and-drop task and resource rescheduling

Concerned your clients may not want to adopt a new work management tool? They don’t have to! Leading solutions offer robust APIs and integrate seamlessly with your clients’ preferred communication platforms and tools, so they can continue using the tools they love while you reap the benefits of work management.
About Wrike

Wrike is the collaborative work management platform of choice for more than 18,000 leading companies.

Professional services teams across the globe break the customer churn cycle with Wrike by effectively planning projects and managing resources, streamlining client processes and collaboration, enhancing both internal and external visibility, balancing security with flexibility, and saving teams time with automation.

Interested to learn more about how Wrike can help your professional services team break the cycle and achieve your unique work management goals?

Start your free trial here