

# Turnaround Professional Services and Support Organization



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<https://www.niku.com> (sold to CA in 2005)

### Executive Summary

Niku Corporation was a young public company. In 2001, it was the end of the .com period. Niku had been investing in employees, tripling the number in a short period of time. The case below related to the Europe Middle East and Africa division.

Their global Professional Services department was well overstaffed for the revenue that it made. The resources

were not multi-disciplinary and quite often could not be utilized on a regular basis. Professional Services also had no interactions with the Sales department.

The second leg of this department was the Customer Support area. The problem was quite the opposite. After a period of intense hiring, it was realized that the team needed a complete reshape. The team wasn't international, there were too many people for the workload coming in, and the customer satisfaction was extremely low. The business had already decided to take action by reducing the EMEA staff (from 16) to 3. Another issue arose: the workload was really high and intense for a team of 3.

Niku decided to completely review their strategy of the Professional Services division for a combination of reasons: margin and utilization too low, revenue too low compared to costs, low customer satisfaction, hence lack of recurrent business, and no methodology. At this point, they decided to combine Customer Support and Professional Services under the same management.

## Challenges

### 1. Services

- a. While the CEO's perception was too many resources for the revenue and the projects sold, the Services team had the perception that the Sales Team was under-selling the services during sales phases.
- b. During the evaluation of the customer's demand, I discovered that the skills matrix of the team was not fitting the projects sold and more importantly not fitting customer's requirements.
- c. The sales team was not involving the services team to bid or evaluate the future projects which were definitely under-sold.
- d. After reviewing both the pipeline/forecast of services and licenses, it was obvious that the number of resources was too high compared to the revenue and margin of that group.
- e. Even if the US Services' group had established a methodology for delivery based on PMI, the European group had decided to not use it at all.

### 2. Customer Support

- a. The CEO was not impressed by the productivity of the team and the customer satisfaction showed by surveys or recent visits.
- b. During the evaluation and the meeting with the support team, we have discovered that more cases were coming from outside of the UK and in different languages (Dutch, French, German, Spanish). It was obvious that the lack of international members was causing frustration to the customers' base.

- c. The perception of the US on the European team was that the team was not skilled enough and not following processes established by the Headquarters. The number of cases received from customers was around 600 cases per month with only 3 resources where 45% were in a foreign languages and only one person was able to deal with it per her languages skills.

## Solution

### 1. Services

- a. Based on the skills matrix and the projects forecast/pipeline per country, a new organization chart was created which highlighted the necessary downsize of the team in several countries in Europe. The plan was to downsize the team from 55 to 15 resources.
- b. Modified/updated the HQ methodology to respond to the European demand.
- c. Established new process where Services were involved in the Sales Phase to evaluate and estimate projects based on clients requirements.
- d. Established cross training to get multiple skills resources and lower the cost of resources.
- e. Created a Boot Camp for partners to increase revenue and margin for the group.

### 2. Customer Support

- a. Established a new recruitment plan based on skills and languages to cover the countries where the cases were coming from.
- b. Established a tiered structure to better use existing staff's skills and improve customer service and customer satisfaction.
- c. Re-Established communication with the US to agree on processes for escalation and handover for 24\*7.

- d. Changed the SLA and the Response methodology to improve the customer satisfaction.

## Results, Return on Investment and Future Plans

### 1. Services

- a. Revenue increased from \$250k to \$1.5m per quarter.
- b. Utilization improved from 55% to 85%.
- c. Team size moved from 15 to 35 resources in 9 months.
- d. Offices closed in several countries to decrease the overall cost.
- e. Recurrent business improved to 30% of total services revenue (from nearly 0%).

### 2. Customer Support

- a. Recruited 8 additional resources to cover technical skills and languages in Europe.
- b. Customer Satisfaction improved by 50% in a few months and Customer Support was invited to local user groups.
- c. The backlog of cases decreased by 70%.
- d. Customer Support internal reputation in Europe and in the US improved dramatically.