



EBOOK

12 most costly pitfalls of managing a services business

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Don't let system and data fragmentation paralyze efficiency and AI readiness

Managing a services business is a perennial challenge. From quotes to delivery, success requires aligning expectations on time and on budget. Historically, software tools have been ill-suited. Teams are forced to cobble together disparate, product-focused systems.

Absent a proper platform, organizations lack a comprehensive view of the customer journey and consequently underperform. Today, many look to AI to fix these margins, but AI strategies fail on fragmented data. When layered onto a disjointed legacy stack, AI cannot function—inheriting the very data silos that stall growth. This note highlights 12 operational fractures that paralyze efficiency and AI readiness.

This research note highlights the twelve most common—and most costly—shortcomings.

Today's customers expect a cohesive experience. Yet, siloed teams and clunky handoffs create constant friction. Imagine operating from a single, integrated platform. This connected foundation removes disjointed processes, delivering higher value faster while providing the high-fidelity data layer required to power AI.

Imagine a business where every team, from sales to delivery to support, operates from a single, integrated platform. This connected foundation removes the friction of disjointed processes, allowing you to deliver higher customer value, faster, and more effectively.

The 12 pitfalls

1. Revenue leakage

The average services organization “leaks” 2–4% of revenue. This is money that could go directly to the bottom line – turning a marginal services operation into a profit center or transforming a break-even services business into a meaningful contributor. Billable events go unbilled. Services are given away to compensate for product or delivery shortcomings and because “we need to make the customer happy”. More fundamentally, many services organizations are using finance, project management, and customer success tools that have no awareness of modern project accounting requirements such as milestone or percentage of completion billing. The lack of modern tools, reliance on spreadsheets, and/or poorly integrated systems are the key contributors to revenue leakage.

2. No single source of truth

Without a single source of truth, accessing a unified view of the customer requires tapping into multiple systems—increasing the likelihood of errors. For AI, this fragmentation is fatal—siloes data forces models to hallucinate business rules. Even more importantly, wide gaps often persist between management of project delivery, services financials, and the customer success sides of the services business. Keeping everything in one platform allows for a single source of knowledge, keeping everyone on the same page.

3. High rate of customer billing disputes

Most professional services organizations are challenged by customer billing disputes. When a bill lacks precision or clarity, customer confusion (and mistrust) ensues. When more than two percent of bills are disputed, it’s an indication that the inputs into generating invoices are off. A product or service may be outstanding, but a bill that lacks accuracy inevitably leads to a poor customer experience, higher back-office costs, and lost revenues.

4. Low or inconsistent customer satisfaction

Managing customer expectations in a services context is a complex challenge. Clients often do not know what to expect when it comes to costs, timelines, and outcomes. Aligning these expectations to realistic outcomes is at the heart of delivering high customer satisfaction. Low customer satisfaction – or wild swings in NPS scores – generally indicate that information is missing or communications with customer success teams are disconnected or inaccurate, leading to an erosion of customer trust.

5. Lack of metrics

Services organizations need management metrics in order to succeed. These include many industry-standard measurements covering costs, resource utilization, rates, CSAT, churn, and more. Lack of reliable metrics or heavy use of nonstandard measurements is an indicator of an underperforming services organization.

6. Sales quoting takes too long

In an era of hyper-competition, providing timely quotes is perceived as an expression of a services organization's ability to deliver on-time. Delays in quoting are a competitive disadvantage. Best in class companies can generate complex quotes in 48 hours or less.

7. Inability to provide timely & accurate services financial forecasts

If a request to generate any kind of financial report or forecast (e.g. cashflow, revenue, utilization, etc.) takes more than 24 hours, it indicates that a services organization's finance and operational infrastructure is lacking. It is also indicative of an overreliance on manual resources and tools like Excel.

8. Inability to create a 360-degree view of resource allocation & status across a portfolio of projects

In a services delivery context, having a unified view of which resources are allocated to specific workflows and projects, what is the level of utilization and where are the gaps in staffing – all that can be the difference between a successful outcome and a complete failure. Most services organizations are matrixed, where a resource may be utilized fractionally across a portfolio of projects. This is especially true in situations where human resources are highly specialized and/or have unique certifications. A 360-degree view of resource commitments minimizes waste and delays, as well as burnout and employee turnover.

9. Inability to track & plan resource commitments & gaps

Who knows? – that is the question in managing a services business.

Companies that are unable to map their resources and answer this question in a timely, accurate, and consistent manner are unable to plan work or fulfill services commitments. Assigning the right skillset in the right place and at the right time becomes an impossible task. Resources end up double-booked or underutilized, leading to lost revenue, diminished profitability, project delays, and customer dissatisfaction.

10. Inability to assess how a change in engagements translates into financial impact

In a services business, the ability to manage change separates industry leaders from everyone else. Failing to see how changes in a project affect financial results exposes the lack of connective tissue between the operations and finance functions of a services business.

11. Manual process to integrate time & expense tracking with billing & accounting

Services businesses have a long legacy of stovepipe solutions to address timekeeping, expense management, billing, and accounting. These were typically supported by disparate systems with limited or no integration between them. Manual integration, where batch data is fed between these key systems, is indicative of a sub-par back-office operation.

12. Sales to Services to Customer Success handoffs involve manual effort

The only way for a services organization to scale efficiently is through automation: relying on manual calculations stored in disconnected spreadsheets increases the risk of reporting errors, and compliance and audit problems. Keeping everyone on the same page through emails and disjointed systems paralyzes automation, guarantees AI failure, and erodes CSAT as customers answer the same questions multiple times.

Conclusion

Not all services business “sins” are created equal. However, if an organization is presenting three or more, it is a clear indication that processes and systems require modernization.

Audit your foundation

Certinia accelerates business growth by providing the only complete and connected services journey spanning services delivery, finance, and customer success. Native to the leading cloud platform, Salesforce, Certinia helps organizations run a connected business, deliver with intelligence, and achieve scalable agility.

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