Whitepaper

Six Key Metrics for High-Performance Professional Services Organizations

The KPIs, calculations, and best practices that matter for professional services firms looking for growth.

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Introduction

The 18th annual Professional Services Maturity Benchmark report by Service Performance Insight (SPI) provides professional service organizations—and their leaders—with a reliable benchmark to assess their performance against industry peers.

This year's global survey of 403 firms highlights mounting profitability pressures, the critical role of operational efficiency, and AI's growing impact. Economic volatility, geopolitical tensions, and regulatory shifts are also having an impact on the sector's declining revenue and eroding margins.

With respondents ranging from IT Consulting, Management Consulting, Marketing, Accounting, Legal and other types of service-based businesses, this survey helps shed new light on performance expectations in a number of key areas. These Key Performance Indicators (KPIs), can help organizations benchmark their financial data, and identify where they need to focus as they strive for continuous improvement and growth.

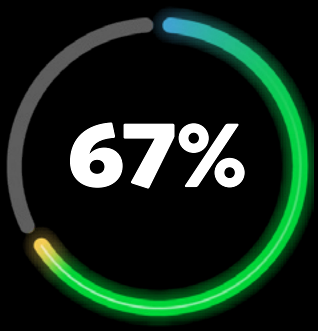
It sits alongside the Sage 2025 CFO Survey which identified the widening influence of the CFO across all sectors. In professional services, 99% of CFOs believe they could do more to impact business growth, and 81% want to drive innovation in financial processes and technologies.

With a firm focus on KPIs and how that relates to financial health, this whitepaper will highlight where CFOs can make improvements, as well as provide inspiration with real-world stories from high-performance finance leaders that have found ways to succeed.

Reissuing invoices

Let's talk about cash flow. While cash flow encompasses money both coming in and going out, this section focuses purely on the money coming in.

High-performance finance leads know that reissuing invoices due to invoicing errors can have significant implications for cash flow. Research conducted by Sage found more than two thirds (67%) of finance leads in professional services lead on cash flow management.



of finance leads in professional services lead on cash flow management

SPI data shows that 24.9% of all companies surveyed needed to reissue more than 3% of their invoices annually. For those companies, the impact of such a high reissue rate resulted in nearly 5% more project cost overruns and a reduction in their ability to deliver projects on schedule, as firms aren't functioning at their optimal capacity.

Common causes of reissuing invoices:

- **Time coding error**
- **Unapproved fees outside the contract**
- **Timesheets disconnected from accounting**
- **Delayed timesheet completion**
- **Customer disputes**

You can work to improve this KPI by ensuring that your team enters time against active or assigned tasks, daily.

Use a billing system that automatically recognizes your contract amounts, and provides detailed project, task, and resource status information that can help simplify the time entry process for your team. If you have a system that is built for all types of project-based companies, you should be able to encourage daily time entry with automated alerts, and better visibility for your supervisors.

That's something that high-performing CFOs are excited about.

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In the five years since we graduated to Sage Intacct, our revenue increased significantly, and there's no way we could've kept up with that growth if we were still using QuickBooks. I used to work 80 hours a week, but now I work 40-hour weeks with the same-sized team, thanks for the amazing automation and productivity boost we gained with Sage Intacct.

Lisa Roeder
Business Manager, Berkshire Associates.

Berkshire Associates struggled with a complex billing system while trying to bill for fixed fee, time, and subscription customers. By switching to Sage Intacct, the finance team was able to take advantage of a project-based accounting system and cut their invoice cycle in half.

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Billing cycle

There's much more that impacts cash flow than just reissuing invoices. Your overall billing cycle, which starts the moment your cost is incurred and ends with your cash receipt, also has a significant impact on the financial health of your business.

Most service companies will bill monthly but have to wait 30 to 45 days before they're paid. That wait time doesn't include any challenges finance leaders face in getting their bills out the door. It's not unusual for companies to take five to 10 additional days just to prep the invoices to send to their customers.

Disconnected or generic accounting systems make the billing process for service organizations very difficult, because they lack the necessary functionality. This can lead to bottlenecks for administrative teams, particularly as the company scales and its services grow in complexity.

High-performance finance leaders that use a connected system will be able to streamline approvals by giving project managers access to real-time financial data. That means they can make time entry corrections promptly and reduce invoice delays. Digital invoice reviews with alerts keep managers on track and create an audit trail for changes. The right financial system also handles complex invoices—enabling faster billing, business growth and greater financial flexibility.

For professional service organizations, reducing the billing cycle provides tangible benefits. If a company has $25 million in annual revenue with an average billing cycle (not including WIP aging) of 45 days, for example, a 10% improvement to 40 days can create up to $340,000 in additional cash on hand. That improves the overall business liquidity, which makes it easier to secure additional finance, and increases resilience and flexibility.

Common causes of lengthy billing cycles are:

- **Late time entry**
- **Adjustments**
- **Long review processes**
- **Complex manual invoices**

Traction on Demand was entering a phase of significant growth, expanding from 150 to 500 employees. The firm needed to automate project billing to keep pace with the increased workload and free up the team for more strategic tasks. With Sage Intacct, the CFO was able to reduce the administrative burden on the monthly billing process, accelerating monthly invoicing by 60% and reducing DSO from over 50 days to just 42.

Because of our integrated solution, we're able to forecast our cash with a fair bit of precision, and that's pretty phenomenal because cash is one of the hardest things to forecast.

Corinne Hua
CFO, Traction on Demand

Collections

After firms have invoiced their customers, they have to wait for payment. Most companies will schedule email reminders or phone calls to ensure payment happens at 15, 30, or 45 days, per the payment terms outlined in the customer contract. Despite these efforts, the collection process can still be difficult and time consuming.

The SPI survey noted an average of 43.2 days for days sales outstanding (DSO), but that number can vary wildly depending on the specific type of work you do. The longer the collection process takes, the more likely there will be bad debt, write-offs, and strains on the firm's overall financial health.

Common causes of delayed collections are:

- **Billing disputes**
- **Clarifications**
- **Customers that like to wait until the last minute to pay**

To streamline your collections process, you can:

- **Set contract payment timelines that work for you**
- **Consider switching terms from 30 days to 14 or even 10 days**
- **Invoice larger companies right before their Accounts Payable team runs their payment cycles**

Creative Dining was struggling with grueling manual data management. Switching to Sage Intacct allowed their CFO to become more strategic in his approach, provide AR-specific dashboards to each business unit, and dramatically reduce the company's overall collection times.

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We're seeing massive savings due to the automation we've accomplished with Sage Intacct. And rather than crunching numbers all day, we are seen as strategic business advisors to our client location units.

Jeff Banaszak
CFO, Creative Dining

Utilization

Utilization is the single most used metric of any professional services organization that needs to track time entry, measuring how much employee time is being spent on billable or revenue-generating activities.

In recent years, professional service business leaders have been heavily focused on ways to maximize the productivity and utilization of their teams, given its direct impact on the bottom line. Survey results put the average utilization at 68.9%, far below the optimal 75%.

Two of the more significant differences between High Performance Organizations (HPOs) and the rest are that HPOs have much higher billable utilization (76.2% vs 68.9%). This equates to an average of over 192 additional billable hours per year, per employee.

Smaller firms often struggle with accurate time tracking, as timesheets are frequently disconnected from the accounting system, requiring finance teams to manually log time entries. This process is further complicated by delays in employees submitting their billable hours, which increases the risk of errors and inconsistencies.

High-performance finance leads will put processes in place to ensure time entry is done daily, so that every hour is tracked––including when employees are engaged in training or working on administrative tasks. They will rely on automation and AI to reduce the manual workload and increase the availability of real-time insights. In the Sage 2025 CFO Tech Growth Code report, an overwhelming 96% of high-performance finance leaders say that AI underpins their daily finance processes, and 93% expect this to increase in the next two years. In professional services specifically, 63% of CFOs agree improvements could be made to their tech stack. It's an opportunity ripe for growing professional services organizations to leverage in order to improve profitability.

96% **of high-performance finance leaders say that AI underpins their daily finance processes**

63% **of CFOs agree improvements could be made to their tech stack**

Halloran Consulting Group had little visibility over its time entry process, despite managing a busy work schedule. After switching to Sage Intacct, the finance lead was able to get a comprehensive view into the professional team's output and drive strategies that resulted in an 18% increase in utilization.

Before, we were stuck in the day-to-day weeds of closing the month. We'd get two days to breathe after the close, but couldn't analyze the data or get new projects done—there was no time. Now I can look at my dashboards and reports and know that the data is solid and literally up to the minute.

Tania Zieja
CFO, Halloran Consulting

Write-offs (revenue leakage)

Revenue leakage in professional services is revenue that was earned but not realized. According to Boston Consulting Group, businesses are losing over $2 trillion a year through their end-to-end revenue process. Many don’t even know it’s happening.

Revenue leakage can be difficult to spot because there are multiple points where it can occur. At the timesheet level, entries can be missed or not entered because they were considered unbillable.

Other factors include unenforced contracts and discounting policies, disputed charges, rework, and the outcome of currency conversion, which all have an impact on the bottom line.

Based on SPI survey data, the average revenue leakage in professional services sits at 6%. In contrast, high performing firms experience around 50% less revenue leakage than the rest.

To reduce revenue leakage:

Base project quotes on past project performance, not old contracts.

Bill customers for any additional work resulting from changes, even small ones.

Discuss project scope and change fees upfront in contract stages.

Balance winning jobs and customer satisfaction without sacrificing profits.

Finance leads also need to ensure they're capturing all billable revenue (even if it's later written off). By keeping non-billable activities separate, CFOs can track project performance more accurately and produce more precise bids for future jobs.

The finance lead at Colmore PS had inherited legacy solutions and processes that hindered the way they wanted to operate. The company urgently needed a centralized financial data repository with increased flexibility and more automation.
With Sage Intacct, global consolidation reduced from three hours to five minutes, invoice processing took hours less every month, and the entire business benefited from increased visibility and streamlined processes.

Sage Intacct had the functionality we were looking for around consolidations, multi-entity, and multi-currency; and it's good value for money.

Andy McKeon
Group Financial Controller, Colmore PS.

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Project profit

Project profit is the most tracked KPI for service-based companies. Survey results put the average project margin at around 35%–but this can vary depending on the type of service you provide.

Project profit can correlate to your access to information. SPI noted profitability for the high performers was significantly higher than other respondents (13.3% vs 8%). HPOs have better information visibility than lower-performing firms, and 80% of them make use of professional services automation (PSA).

Surprisingly, not everyone tracks project profit margins in the same way. The metric can differ depending on how you calculate your employment cost for salaried employees.

Using a standard cost will add a payroll variance to your ledger but does provide real-time project costing data. Effective costs, on the other hand, can introduce challenges around historical reporting, and lead to other cost adjustment issues after you run payroll.

Factors affecting project profits:

- **Project managers can often complete 80% of work using 20% of the budget**
- **Underbidding at the start of the project and covering customer disputes without charge**
- **Delayed or inaccurate time entry, leading to decisions based on inaccurate budget perception**
- **Late timesheets, prone to errors, can result in missed billable hours, cash flow issues, and reduced revenue**
- **Missed billing and cash flow issues from late and inaccurate timesheets**

To optimize project performance, high-performance CFOs will provide project managers with real-time costing figures and project profit reviews regularly. They will make sure both accumulating costs and project completion percentages are tracked in detail.

Advanced tracking, like comparing earned value by completion percentage with actual spending, combined with expected delivery times, creates a powerful project model known as Earned Value Analysis (EVA).

With greater visibility over the company's performance, CFOs will be able to highlight issues much earlier than otherwise possible, spot opportunities for efficiencies, and play a more strategic role in the growth of the business.

Halloran Consulting Group was using a combination of QuickBooks and NetSuite's OpenAir to manage its project work. As a result, the project costing data was disconnected and out of sync with the other systems. By switching to Sage Intacct, the finance team was able to provide the project managers with real-time data, which in turn led to higher project profit.

> We really hit it out of the park last year because we were able to see real-time data. Any time we saw things going south, we were able to react really quickly rather than waiting until the quarter was done.

Tania Zieja
CFO, Halloran Consulting Group

About
Sage Intacct

Sage Intacct powers the financial and operational success of over 2 million projects across a diverse range of project-based organizations, from Consulting and Marketing firms to IT services and Biotech companies.

Whatever your industry, Sage Intacct equips high-performance CFOs with the tools they need to play a more strategic role in their organizations.

They're empowered by a cloud-based solution that streamlines critical processes like project accounting, costing, and billing—so they'll be able to deliver deep operational insights, optimize resource management, and help the C-suite with the strategic planning that's needed to drive performance.

With open APIs, core workflow automation, and a modern, connected architecture, Sage Intacct gives professional service businesses the tools they need to unlock visibility, efficiency, and the agility required to strategically grow their operations. CFOs will be able to make more informed decisions that drive financial health and profitability, and become trusted financial partners that drive the success of project-based businesses across industries.

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