



# Engagement Economics

A new approach to transform  
your engagement performance

 Dayshape



# Contents

---

Common engagement management challenges	3
<hr/>	
The power of engagement economics	4
<hr/>	
The Four P's of engagement performance	5
1. Plan	6
2. Prioritize	7
3. Predict	8
4. Prevent	9
<hr/>	
Why automation is only the first step	10
<hr/>	
About Dayshape	11

## What we'll explore:

This guide will help you understand how engagement economics can enhance visibility, control, and profitability across your firm's engagements.

It will also discuss how professional services firms are using this approach to transform their ability to plan, predict, and prioritize engagement performance and prevent projects from going off track.

# Common engagement management challenges

In the context of professional services, the success and profitability of any firm rests firmly on the skills, expertise, and knowledge of their people. This means that the amount of revenue a firm can generate depends entirely on how effectively they can plan and manage how their people spend their time. As this is true for professional services firms of all sizes, you would expect there to be a consistent, best practice approach to resource and engagement planning. However, inaccurate forecasting and budget write-offs have become commonplace and happen on a large portion of engagements.

[Evidence from the Big Four](#) accounting firms in recent years supports this by showing cost overruns in up to 50% of audits. With budget write-offs in the hundreds of millions and no standard approach to optimizing the performance of engagements, there has to be room for improvement.

Current industry pressures have made delivering engagement performance ever more complex. Firms of all sizes are contending with growing skill shortages, capacity issues, and raising their stakes to compete in the war for talent. Higher costs, such as wage inflations, means that firms

are challenged with increasing their fees while still meeting client expectations on price. This seems particularly true of repeat business such as audit work. Aside from the financial impact, there is an often overlooked human element of budget overruns to consider, where teams inevitably take on the strain of additional work and/or tighter deadlines. Overburdening already overstretched teams will have negative impacts on productivity, employee retention, client satisfaction, and therefore, engagement quality.

Despite profitability being a top priority for professional services firms, many continue to track the financial progress and performance of their engagements using manual spreadsheets or siloed software. This means engagement information is static and changes to resource plans are not always accurately reflected in predicted totals. Managing engagements in this way means true performance only becomes clear after the engagement is complete.

**So how can firms be more proactive in their approach and enhance visibility, control, and profitability across their engagement performance?**

*Professional services firms of all sizes are battling against budget write-offs, cost increases, skill shortages, and the war for talent. These pressures mean that delivering efficient, profitable, and high-quality engagements is increasingly important and challenging.*

# The power of engagement economics

To deliver profitable engagements, engagement managers need:



Access to the right information to efficiently and accurately plan and price their engagements



Insight to proactively predict issues and prevent them from going off track

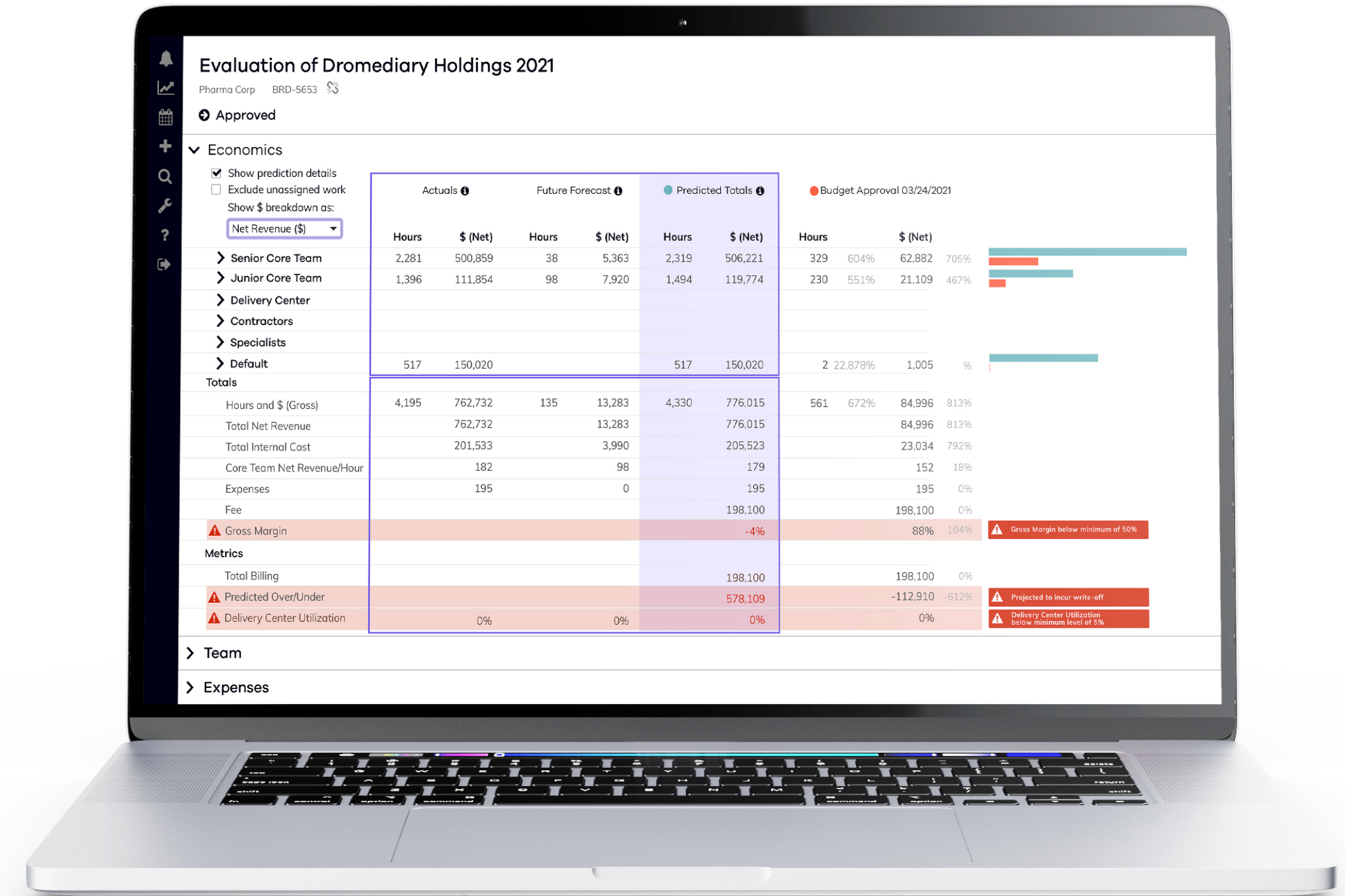
Dayshape, an AI-powered engagement planning and resource management software solution, has developed unique engagement economics functionality specifically to provide firms with this insight and ability. By seamlessly integrating with financial and time-tracking systems of record, Dayshape helps professional services firms to evolve beyond spreadsheets and static engagement management to provide a single source of truth for engagement economics.

Engagement economics provides an overall snapshot of how engagements are performing. In a single view, managers can create (and later change) their resourcing plans while seeing the direct impact this plan has on the profitability of that project, before submission. This means engagement financials and resources can be managed in tandem, in real time, to provide oversight of how engagements are performing.

Engagement economics allows teams to calculate the gross revenue of a project based on the staff selected for the job, their charge-out rates, forecasted hours, and considers other metrics such as client discount rate.

As engagements progress and resource adjustments are made to the staff or hours required, warnings are triggered to highlight when engagements are at risk of exceeding acceptable budget thresholds. This ensures engagement managers and partners always have an accurate view of predicted profitability and can easily identify which projects are performing well, and which ones require attention.

**In the next section, we'll explain how firms are using engagement economics to approach key engagement management challenges in a new and optimal way.**

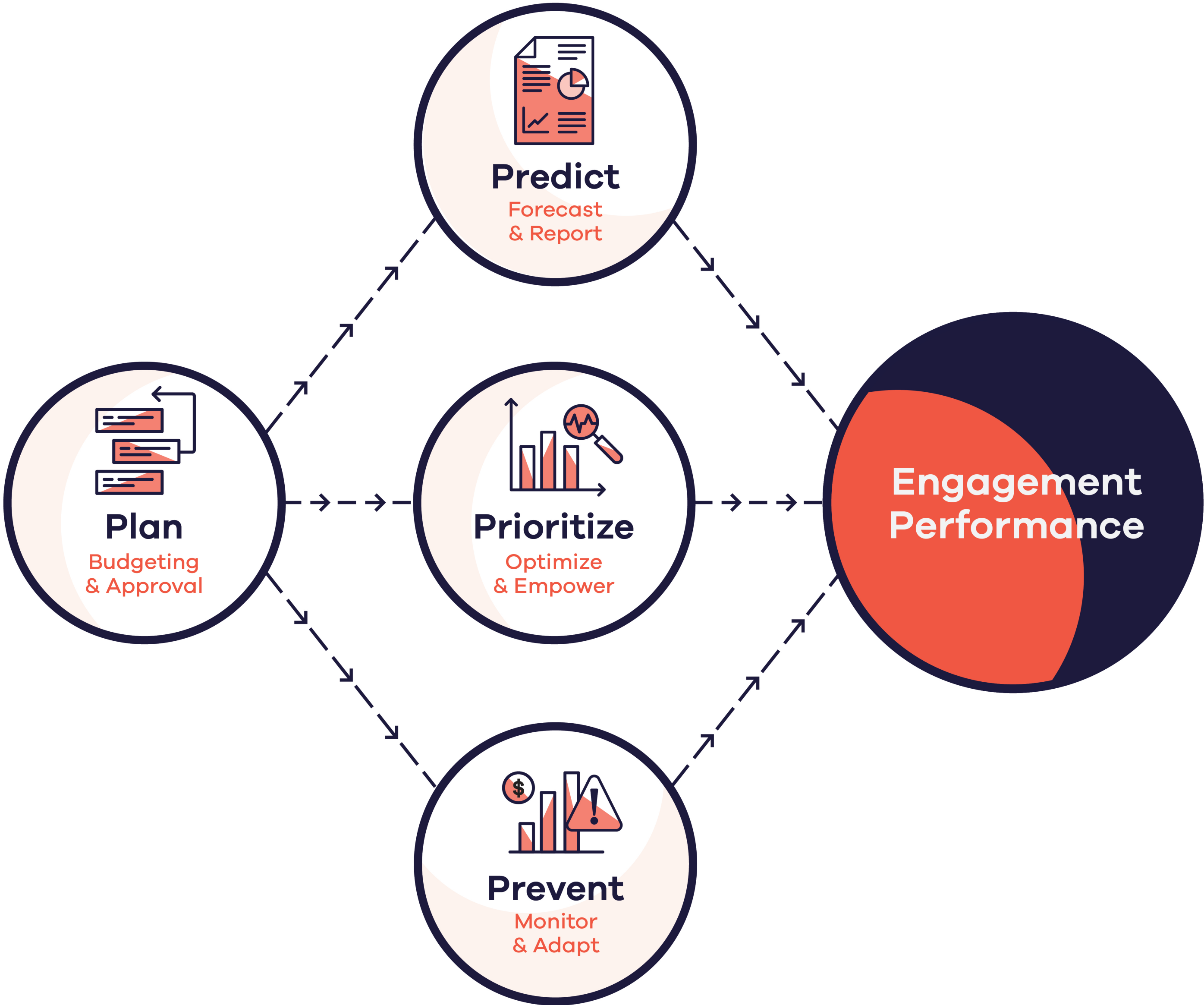




# The Four P's of engagement performance

To demonstrate the benefits of engagement economics, we have defined four key ways it can enhance engagement performance at different stages of the engagement lifecycle.

Use our Four P's framework to transform your engagement performance.







# P1: Plan

Accurate and optimal engagement planning from the outset.

For optimal profitability, engagements must be planned accurately, managed efficiently, and use the right people and skills at exactly the right time. Dayshape lets you create your engagement plan, make resourcing requests, and manage budget approvals in the same place.

### Eliminate endless meetings

When firms go through their planning cycles, tens of thousands of budgets may need to be scheduled for the coming year. The planning process therefore requires a vast number of resources, skills, budgets, and requirements to be assessed simultaneously. This often results in many hours being consumed by endless iterations and meetings. It's in this scenario, where there is flexibility to optimize at the planning stage, that engagement economics can offer immediate and significant efficiencies.

### Save time by copying previous plans

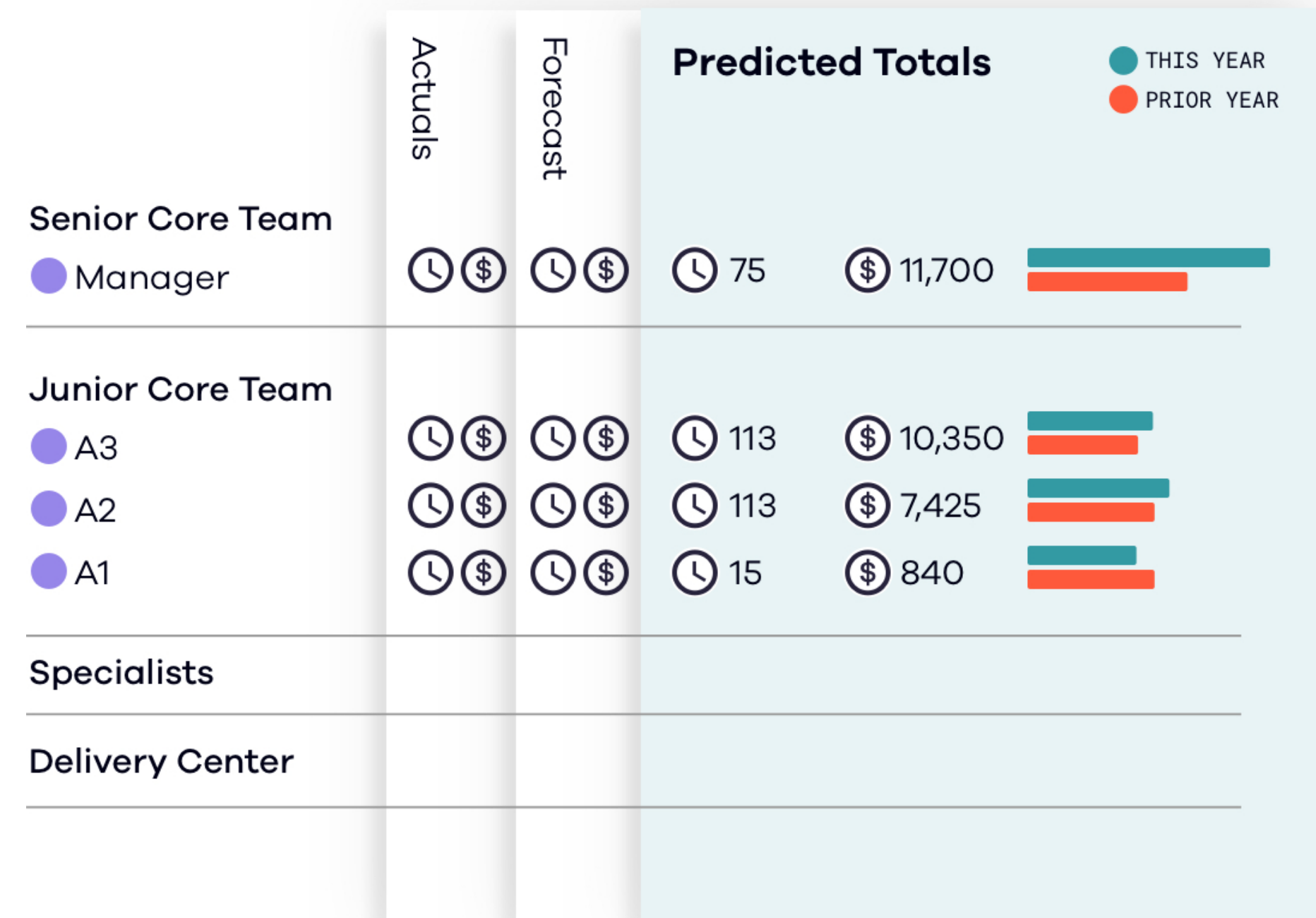
Using existing or past engagements as a template, engagement managers can also take engagement plans for similar projects, roll them forward and save valuable time during the planning stage.

### Firm wide visibility of resources

Remote and hybrid working has also transformed how firms resource their projects. Having firm-wide visibility of all available staff in one tool allows engagement managers to efficiently and flexibly plan across all engagements and locations. This allows the team to build an economic snapshot as they plan and budget their engagements. Engagement managers can also assess the impact that any resource changes will have on the budget and make adjustments as necessary before submitting for approval. This allows for more accurate and optimal engagement planning from the outset.

### Automate controls and approval workflows

Dayshape's streamlined workflows also make it easy for engagement partners to review and approve plans and budgets, and prevent approval unless minimum standards or the correct steps are followed. Intelligent controls are also capable of transforming other aspects of budget sign off, giving notifications and other nudges when something is going off track, adding flexibility and breathing room to the approval process.







## P2: Prioritize

Strike the right balance between people, profit, and client service objectives.

With so many variables and competing priorities to consider, resource and engagement managers have a complex job on their hands. The very nature of fee-driven, professional services work means that they must balance profit, people, and client services objectives simultaneously.

### Adjust plans to keep performance on track

When scheduling, engagement managers must make key decisions about which objectives to prioritize to maximize performance. While much of this prioritization happens at the planning stage, once the engagement is in progress engagement teams need the ability and autonomy to reprioritize and make the right adjustments to keep projects on track.

### See the impacts of resource changes in real time

Engagement economics can allow these decisions to be made confidently by surfacing the impacts resource changes have on both people and profit in real time. This visibility empowers firms to make decisions which are more consistent and aligned to the area they need to prioritize.

### Use audit trails to drive continuous improvement

Dayshape also provides full audit trails for every engagement, allowing teams to “rewind” the project and evaluate the engagement economics at any given time. This helps to facilitate further analysis and insight into which areas should be prioritized to optimize future engagement performance.

*Engagement managers must make key decisions about which objectives to prioritize to maximize performance.*

	Predicted Totals	
● [Grey bar]	🕒 454	💰 \$ 58,818
● [White bar]	🕒 405	💰 \$ 28,710
● [Yellow bar]	🕒 312	💰 \$ 21,840
● [Dashed box]	🕒 648	💰 \$ 45,360
● [Purple bar]	🕒 511	💰 \$ 35,770
● [Orange bar]	🕒 584	💰 \$ 40,880
● [White bar]		





# P3: Predict

## Predictable engagement performance at any stage, in real time.

Without insight into dynamic project conditions, it's near impossible to accurately monitor and predict engagement financials in flight. Settling for reporting against month-old forecasts means it's too late to take action to rectify issues.

### Compare actuals against forecast in real time

Dayshape's engagement economics provides engagement managers a crucial advantage by allowing them to compare actuals against their forecast in real time. With easy access to the forecast and recovery-rates across projects, engagement performance becomes more predictable.

### Increase transparency across engagement portfolios

Expenses can also be tracked and reflected in engagement economics, so all relevant costs can be pulled into the predicted forecast. Increased transparency across the engagement economics also makes it simple for practice leaders to keep a close eye on live margins across their engagement portfolios.

### Analyze engagement performance year over year

A key advantage of engagement economics is the ability to compare individual and portfolio engagement performance year over year. Prior year comparisons can be made to assess current engagement economics at any stage of the engagement lifecycle.

The ability to compare the health of engagements at any stage allows teams to better predict performance outcomes and make adjustments to optimize as necessary.

	Total hours	Total billing	Predicted over / under
●	🕒🕒🕒	💰💰💰	1.000 →
⚠️	🕒🕒🕒	💰💰💰	1.048 ↗
●	🕒🕒	💰💰	1.000 →
●	🕒🕒🕒	💰💰💰💰	0.942 ↘
●	🕒🕒	💰💰💰	1.000 →
●	🕒🕒	💰💰	1.000 →
●	🕒🕒🕒🕒	💰💰💰💰	1.000 →



# P4: Prevent

## Proactively flag overruns to prevent write-offs.

When engagements are taking up more valuable resources than anticipated, and costs are rising higher than planned, the earlier this is flagged, the better.

### Easily identify underperforming projects

A key benefit of engagement economics is the ability to automatically identify which projects are underperforming, are likely to overrun, or have the greatest recovery rate. This predictability enables engagement managers to promptly take the necessary action to keep engagements on track.

### Avoid overruns and reduced margins

These real-time insights into profitability and performance against forecasts provides partners and engagement managers with an instant snapshot of project health. This means they can prevent problems from emerging at the last-minute and avoid unnecessary write-offs and reduced margins.

### Set automated project controls and alerts

Automated project controls and in-system notifications can also be set to alert teams so they can focus their attention where it is needed most urgently. For example, an in-system notification or email alert can be set to trigger if a project is flagged as having a budget overrun due to low gross margin. With greater control and awareness of how engagement financials are tracking, resource and engagement managers can spend less time firefighting and focus on more strategic decision-making.



### Dayshape Email Notification Service

Smith Corporation Audit 2022 was flagged as having a budget overrun due to low Gross Margin.

### Totals

Hours and \$ (Gross)

🕒 2,974 ⌚ \$ 313,105

Total Internal Cost

⌚ \$ 101,814

Core Team Net Revenue/Hour

⌚ \$ 105

Expenses

⌚ \$ 1,083

Fee

⌚ \$ 136,250

Gross Margin

⚠️ Gross Margin below minimum of 40%

25%

### Metrics

Total Billing

⌚ \$ 136,250

Predicted Over/Under

⚠️ Projected to incur write-off

⌚ \$ 177,937

Delivery Center Utilization

0%

### Predicted Totals



# Why automation is only the first step

As firms strive for better margins and to uphold reputations for delivering quality engagements, many have looked to automation for answers. However, true transformation requires more than just automation of the same approach and processes.

The opportunity for professional services firms to transform their resource and engagement management processes is far bigger. It's the opportunity to reinvent engagement management entirely and transform it into something more dynamic and human-centric, all while prioritizing performance.

With the right insights to confidently plan, predict, and prioritize performance, engagements can be delivered in the most efficient and profitable way. It's with this approach that professional services firms can future-proof their processes and empower their teams to achieve the best possible engagement performance for their clients.



## Interested to see our live engagement economics in action?

Book a demo with our team to find out how Dayshape can help you solve your engagement planning and performance challenges.

[contact@dayshape.com](mailto:contact@dayshape.com)  
[www.dayshape.com](http://www.dayshape.com)





# About Dayshape

Dayshape is an AI-powered planning and scheduling platform, built from the ground-up for professional services firms. We created Dayshape to help you maintain an optimal workforce and to ensure it supports your mission: profitability and growth, outstanding client service, and fulfilling careers for your people.

Dayshape helps firms plan, manage, and adapt. Its AI-powered planning platform optimizes engagement planning, resource management, analytics, and risk management. Dayshape makes it easy, through assisted and fully automated scheduling, to assign the right person, at the right time, every time. Headquartered in Edinburgh, Dayshape has over 58,000 users across more than 55 countries and five continents. Global customers, including two of the Big Four accounting firms, use Dayshape to boost profitability, improve client service, and keep their teams happy.

[contact@dayshape.com](mailto:contact@dayshape.com)  
[www.dayshape.com](http://www.dayshape.com)

