Benchmark Report

2026 Fractional and Advisory Practice Benchmark Report

The Fractional Execution Trap

Across the United States, mid-market organizations, particularly regional community banks, credit unions, and commercial lenders, are turning to experienced fractional executives (CTOs, CIOs, COOs, and CDOs) **to architect digital modernization and operational automation roadmaps. Advisory partners excel at identifying broken spreadsheets, mapping high-ROI workflow integrations, and establishing strategic clarity.**

However, once the strategic vision is established, roadmaps routinely stall. Mid-market clients rarely have internal engineering capacity, leaving projects stranded in multi-month IT backlogs. Third-party development agencies introduce costly hourly billing with zero post-launch operational accountability, while off-the-shelf SaaS platforms quickly become underutilized shelfware. Consequently, advisory leaders are dragged into low-level hands-on engineering just to keep engagements afloat, this can crush their hourly margins and artificially capping their practice capacity at two or three accounts.

To quantify this delivery bottleneck, Shore Group surveyed 117 fractional executives and advisory practice leaders navigating digital transformation across regulated enterprises. The following report covers the results of the 2026 survey and how respondents answered six core questions.

The key takeaway? The biggest obstacle to growing an advisory practice isn't winning clients, it's surviving the execution weeds.

Survey Conducted in Q3 2026

SHORE

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Over 90% of fractional advisors are capped not by business development or client demand, but by client delivery voids and execution weeds.

1. What is the single biggest factor capping the number of active clients your firm/practice can advise concurrently?

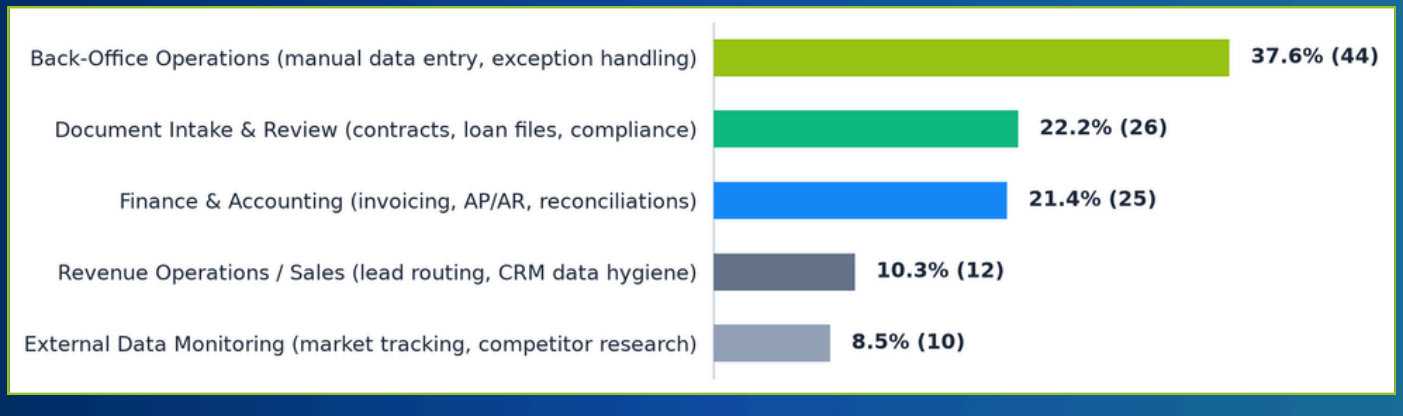
For advisory practices and fractional executives, client acquisition is not the primary constraint, scaling delivery is. While only 9.4% of practitioners cite business development or deal pipeline consistency as their limiting factor, an overwhelming 69.2% find their capacity smothered because **clients lack the technical personnel to build recommendations** (33.3%) or because the **advisor gets dragged into hands-on execution** (35.9%). Advisory partners are routinely forced to absorb unpaid engineering, integration troubleshooting, and tactical scripting just to keep client initiatives moving forward. Furthermore, 21.4% of advisors deliberately restrict practice growth rather than taking on permanent delivery payroll overhead, effectively trapping themselves at two to three concurrent client accounts.



Nearly 70% of broken, spreadsheet-heavy processes are concentrated in core back-office operations, document intake, and external data monitoring.

2. Across your client engagements, which operational department has the highest concentration of manual, broken, or spreadsheet-heavy processes?

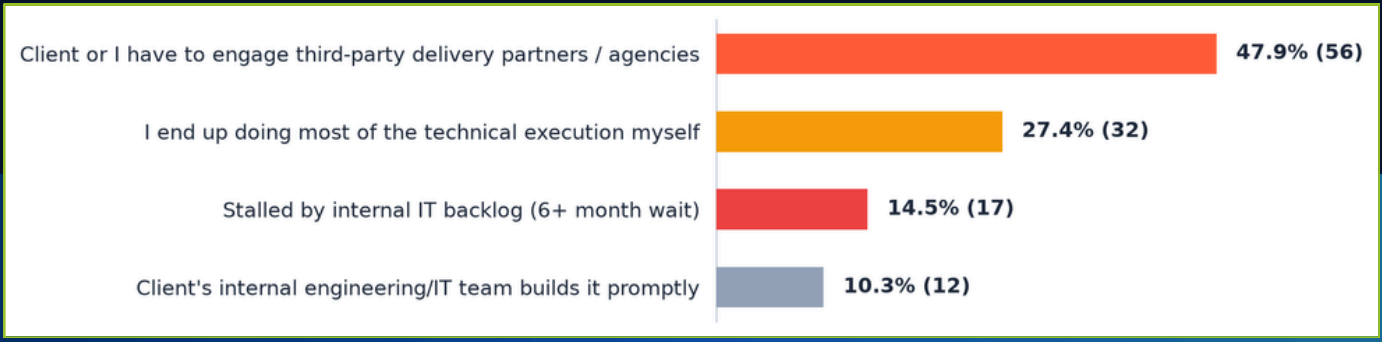
Across regulated enterprises, **manual inefficiency is heavily clustered in unstructured data workflows.** Back-office operations (37.6%) and document intake and review (22.2%) alone account for nearly 60% of all process friction, rising to 68.3% when factoring in external data monitoring and 89.7% when including finance and accounting. In institutions like community banks and credit unions, teams of high-cost analysts remain buried in manual transcription (cross-referencing multi-page PDF loan applications, commercial appraisals, and compliance documents against core banking databases and disconnected Excel trackers). This operational drag creates severe processing bottlenecks, increases compliance exposure, and inflates overhead.



Nearly 90% of strategic roadmap implementations suffer delivery distress, with only 1 in 10 mid-market clients possessing internal IT teams able to build promptly.

3. When supporting a client that calls for custom software, automated workflows, or data pipelines, how is execution typically handled?

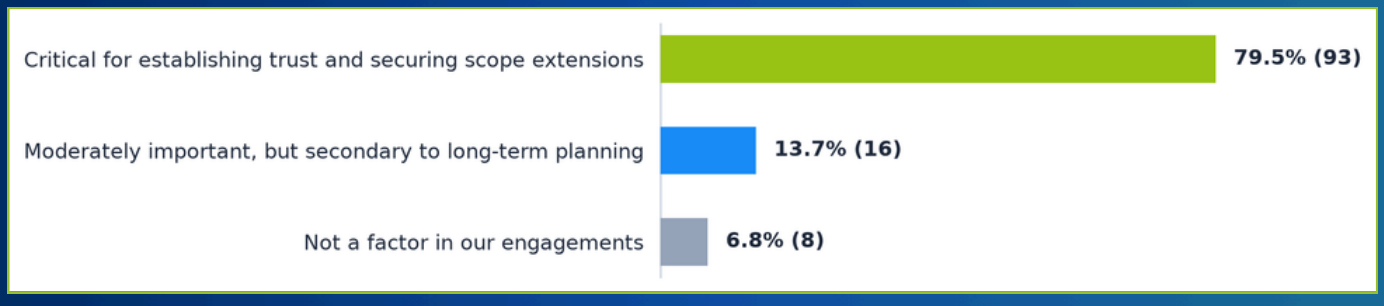
Strategic roadmaps encounter severe delivery paralysis once advisory recommendations are finalized. Almost half of respondents (47.9%) are forced to engage third-party development agencies, exposing their client relationships to agency rate-creep, lack of domain context, and unmaintained code. Another 14.5% watch their roadmaps stall in 6-month internal IT backlogs. To prevent projects from failing, more than one in four advisors (27.4%) step in to write scripts and build pipelines personally. This self-delivery trap erodes advisory hourly rates, converts strategic partners into low-cost developers, and prevents firms from scaling concurrent engagements.



8 out of 10 advisors confirm that delivering an automated quick win in the first 60–90 days is critical to proving advisory ROI and securing scope extensions.

4. In 6–12 month fractional engagements, how important is delivering a measurable, automated quick win in the first 60–90 days to prove advisory ROI to leadership?

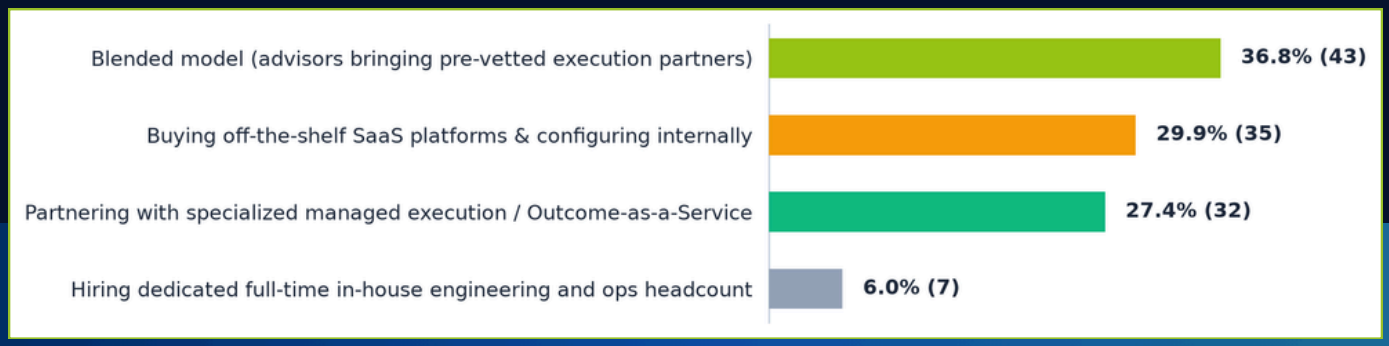
Executive leadership teams in regulated mid-market firms have little patience for purely theoretical strategy decks. **Almost 80%** (79.5%) **of practitioners confirm that standing up a measurable, automated quick win within the first 60 to 90 days is essential to cement client trust and justify advisory fees.** When an advisor can point to an automated workflow that clears a document backlog or eliminates hundreds of hours of manual entry within month two, retainer renewals and scope extensions become natural next steps. Without early delivery proof, engagements can face skepticism, scope reductions, or early termination.



Nearly two-thirds of the mid-market is shifting toward blended advisory and Outcome-as-a-Service models as traditional SaaS shelfware fails to deliver.

5. Which delivery model are you seeing mid-market clients increasingly adopt to execute AI or digital modernization projects?

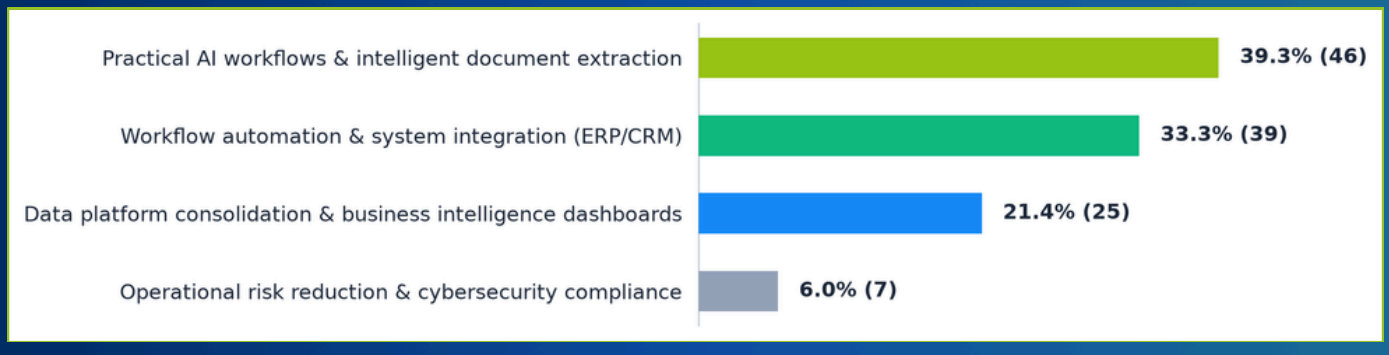
The market is undergoing a structural realignment in how digital modernization is consumed. A combined **64.2% of advisors see mid-market clients moving toward blended delivery models** (36.8%) **and specialized Outcome-as-a-Service partnerships** (27.4%), where vetted execution firms are brought in to deliver guaranteed workflow outcomes. Meanwhile, 29.9% of clients still fall into the off-the-shelf SaaS trap. Organizations buy subscription seats hoping for an instant fix, only to discover their internal staff lack the technical bandwidth or integration expertise to maintain the software. The platform sits half-configured as expensive shelfware, and the operational pain remains unsolved. Only 6% attempt to hire permanent internal engineering headcount.



An overwhelming 94% of operational investment over the next 12 months is concentrated in practical AI workflows, ERP/CRM automation, and consolidated data platforms.

6. Over the next 12 months, where are you seeing the strongest client demand and budget allocation for operational investment?

Client capital allocation has matured rapidly from speculative AI pilots to practical, high-impact operational execution. **Nearly 40% of budget is dedicated to practical AI workflows and intelligent document extraction, while 33.3% targets core workflow automation and system integration.** Together, 94% of mid-market spending is concentrated on removing manual friction and connecting disparate operational systems. **Clients are no longer looking for broad AI hype;** they are actively funding solutions that eliminate manual document entry, automate exception handling, and deliver clean, verified data into their core platforms.



THE 2026 BENCHMARK DATA HIGHLIGHTS AN UNSUSTAINABLE DISCONNECT IN THE MID-MARKET:

Strategic advisors are being forced to act as unpaid software developers, while regulated clients are accumulating expensive SaaS tools they cannot staff or maintain. Shore Group was built specifically to bridge this accountability gap. For over 20 years, Shore has operated mission-critical, data-heavy operations for regulated institutions. Operating under rigorous ISO 27001 and SOC 2 Type II compliance, we deliver Outcome-as-a-Service™ (OaaS), combining proprietary AI-enabled automation with human-in-the-loop exception handling. We take contractual ownership of operational outcomes backed by rigorous SLAs.

Proven Real-World Impact in Regulated Environments:

- **Credit Union Proof of Concept:** Automated processing of loan documentation from cold storage against CORE account information, developing break identification and reconciliation workflows that compressed months of manual QC audit work into a few days per month.
- **Telecom Expense Managed Service:** Automated invoice data extraction, circuit inventory mapping, and billing audits that deliver an error-free, NetSuite-ready file for automated financial import without manual intervention.
- **Airline Accommodations Service:** Reconciling complex, high-volume hotel folios and ground transportation charges against flight reservation manifests at enterprise scale to produce airline-ready billing files.

The "Pilot-to-Partnership" Model: De-Risking Delivery

Partner With Shore Group to Scale Your Advisory Practice

Shore recognizes that mid-market clients rarely commit to digital overhauls until they see working functionality. To eliminate risk, we employ a gated **Pilot-to-Partnership approach:** we begin with a rapid, low or no-cost working Proof of Concept (POC) using real client data samples, then transition to a fixed-rate 60-day pilot that delivers a critical quick win, and only then move into full-scale production. Clients face no long-term software lock-in and maintain total control over their data retention policies. When your clients need more execution horsepower than their internal team can deliver, or need an ongoing managed service after your roadmap is complete, Shore is designed to be your on-demand execution partner.

Ready to explore what Shore can do for your operations? shoregrp.com