

# *The Evolution of Resource Management - Remaining Competitive In an Integrated World*

*Elizabeth Davis, CEO, QuickArrow*



As the evolution of service firms continues, one of the more interesting areas of progress is resource management – including the methods, tools, and business needs that drive it.

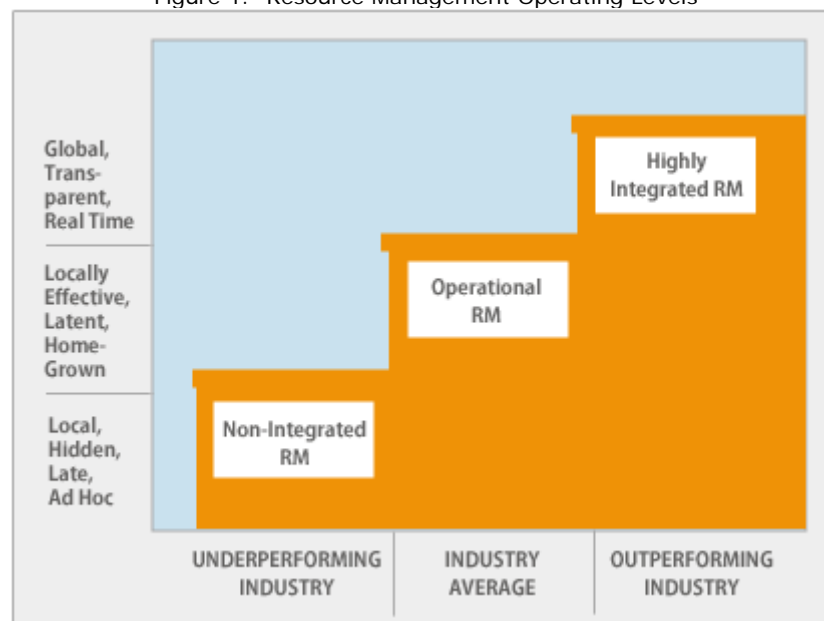
Better resource management, while containing some challenges, can offer significant benefits to service firms and their professional staff, clients, and shareholders.

It's not enough to have regional or national resource management. In order to support a global services delivery model, you must have global resource management. That's why Industry and Thought Leaders are embracing and finding new uses for technologies that push the envelope and enable better resource management.

Resource management describes a number of activities within service firms that permit optimal utilization of professional service personnel. Great resource management allows companies to closely match skilled professionals with client needs, maximize income, win more proposals, etc.

There are three operating levels of resource management environments evident in service organizations today (see Figure 1).

Figure 1: Resource Management Operating Levels



At the base level, **Non-Integrated Resource Management**, you find service firms that are functioning, albeit, at a less than optimal basis. These companies often have a profile where:

- different offices, regions, or country practice groups lack timely visibility (if any visibility at all) of service professionals in other organizational units
- neither project managers, practice leaders, staffing coordinators, trainers, or employees have accurate knowledge of time and resource commitments
- current staffing information is maintained on spreadsheets or paper
- proposal opportunities are made more difficult as key resources may be frequently and inadvertently double booked or knowledge of their status is unavailable
- third party contract workers are sometimes used in lieu of internal service resources as the company cannot locate available, skilled personnel within their own firm

Non-Integrated service firms are often in trouble -- and survival can become an issue for them. Inefficiencies are hammering their bottom line, crippling employee morale, and limiting their ability to deliver quality client service. There's no doubt about it – they need to make some material changes and move out of this operating level as quickly as possible if they hope to retain their workforce and clients.

At the next level, **Operational Resource Management**, we see a large number of service firms who are operational and functioning, but not as competitive as they could be in the marketplace. Some processes may be performing in an outstanding fashion, while others could range from best to worst in class. The unevenness of these operations gives these firms an average performance rating. Unfortunately, in the world of professional services, average services delivery may not be enough to remain competitive.

When it comes to resource management, these companies may be using home-grown solutions, standalone spreadsheets, telephone conversations, and other non-integrated methods to make staffing decisions. Often, many critical inputs to staffing decisions are not captured or are seriously out of date. For example, training and vacation schedules, performance reviews, etc. may not be captured by these ad hoc solutions.

Without having adequate visibility into their resource pool, these firms are unable to make consistent, optimized business decisions. As a result, costly and time-consuming adjustments create ill-will among staff; project managers miss deadlines due to personnel short-falls; clients find key resources are unavailable; and ultimately, revenue, margin, and utilization all suffer.

We believe that the number of firms who are willing to be simply 'operational and functional' is declining rapidly. The key driver of the migration out of this

operating level has been the availability and acquisition of software solutions for resource management and other service operational areas. These tools are facilitating the rapid abandonment of this level of business performance for many service firms. We'll discuss this more later.

The third level of resource management sophistication represents another step change in business performance. It is called: **Highly Integrated Resource Management**.

Firms at this level of operational excellence usually:

- have centralized information systems to assist in the identification of skills, training commitments, vacation, performance evaluations and more
- possess tightly integrated solutions that permit real-time access and updates to critical personnel, proposal, and client engagement needs
- are highly efficient at coordinating, investigating, and negotiating staffing decisions. The answers that resource coordinators need are usually instantly available and free from error
- have a measure of transparency throughout all matters pertaining to the company's number one asset – its people
- integrate resource management applications into front end CRM systems, HR and backend accounting systems, and tools such as Microsoft Project and Outlook.

Figure 2: Desired Services Visibility



The most distinguishing aspect of these firms is that many processes, especially resource management, are operating at maximum efficiency and effectiveness. This translates into a low cost resource management environment that delivers a very high level of service to all of its constituents: service workers, project leaders, clients, etc. This category is the fastest growing segment of resource management we see at QuickArrow.

### **Evolving to the Next Level**

The different levels of resource management we have just described were intentionally identified as levels because service organizations undergo a step change when moving between these operating environments. These changes are not minor tweaks to a process within a service firm as they often touch all employees, compensation, sales, etc.

These comments are not meant to dissuade readers from making the leap from one level of resource management to the next. However, they are intended to illustrate that major benefits will come when a firm is willing to address more than surface-level or minor enhancements to one's resource management challenges.

There is a baseline group of technologies required for firms to move to each new level of performance. Firms must have a consistent, global resource management system -usually as part of a Professional Services Automation (PSA) solution. These technologies enable two groups of benefits.

Some of the direct benefits include:

- better staff utilization
- increased capture of billable hours
- improved win/loss ratio
- improved margins

Indirect benefits often include:

- improved client satisfaction
- increased employee morale
- better coordination between offices/divisions/regions

Overall, the direct and indirect improvements garnered from a move to the highly integrated resource management level of performance are significant, economically attractive, and worthwhile. It is for these reasons that so many of service firms pursue new technologies like Professional Service Automation (PSA) to drive this change. Companies seek out these solutions because they see operational excellence as a vehicle for competitive differentiation and advantage.

The transition to a highly integrated resource management organization has its challenges. Organizational barriers are often tested, if not breached permanently, when firms decide to make staffing decisions on a broader, more transparent basis. When personnel from one business group can be considered for assignments in another operating unit's theater of operations, new protocols for sharing personnel, internal revenue sharing (or payroll transfers), etc. must be developed. While none of these matters are insurmountable, readers should be aware that they may need to alter a number of policies, processes, and even compensation methods to accommodate:

- utilization of staff from different operating units or countries
- the needs of their largest clients, particularly those with global operations
- new decision making processes for deciding when one client's needs supersede those of another
- how service sales professionals will be compensated should they choose to utilize service workers in lower cost countries
- whether employees have any say in accepting or declining assignments with distant or in dangerous regions

Dealing with these organizational, policy, and process matters is often a necessary step for service organizations as they develop a global service delivery model. But, firms cannot embark on a global delivery model if their resource management tools and practices are still rooted in country-specific, localized business methods. The problem is exacerbated when a company has numerous, non-standard resource management data sources and technologies (as discussed in the non-integrated resource management level.)

Business writers everywhere are cautioning service firm leaders to create firms that are more agile, more nimble, more global, and more specialized. They also have harsh words for those who want to cling to outdated business practices as the business world is being flattened into a new order with blinding speed.

We believe that service firms must look at their biggest asset, their professional staff, and their internal operations and ask the following questions:

- Are we doing everything we can to optimize utilization?
- Are we making decisions about proposal opportunities, client staffing requests, vacations, etc. with the speed of business today or the timetable of 20 years ago?
- Are we as nimble as our competitors in making resource decisions?

- Are we evolving into a global service provider with a true global delivery model or are we still geographically bound?
- Will our people find other firms more attractive because of the way they staff, develop, and deploy their personnel?

If you feel that your resource management efforts are not where they should be, your firm needs to make a level change.

### **PSA – The driver behind major Resource Management performance changes**

PSA solutions, when used in conjunction with quality back office software and office automation tools, make a potent technology enabler for those firms desiring better operating outcomes.

PSA solutions integrate with front end salesforce automation systems, and HR and accounting systems, providing the end-to-end visibility needed to optimize staffing decisions. Integrating workflows between the front end systems that track project opportunities allows the resource manager to begin forecasting and planning resources earlier in the cycle to better staff to requirements. This visibility is critical when making key hiring decisions and building partnerships to supplement service delivery capabilities.

More importantly, PSA solutions are real-time solutions. They take the latency out of staffing decisions and render multiple phone calls, emails, etc. obsolete.

Data availability is the key functional requirement of any good resource management solution. PSA vendors connect service professionals, project managers, staffing coordinators and many others to a single, real-time view of the company's pipeline, project data and, of course, human resources. Knowledge of where people are, who they are serving, what tasks they must complete, what's on their schedule, etc. is possibly the most important information a service firm needs. Moreover, all manner of service people need this information in a continuously updated fashion.

The mobile nature of service work makes the integration of resource management solutions even more challenging. PSA solutions must be accessible anywhere, anytime if data is to be useful and stay updated. Whether a staffing coordinator in Kansas, a worker at a client site in the Ukraine, or a part-time worker checking in from home -- all need the ability to access and update data. Universal web access must be supported to complete the highly integrated resource management environment service companies need today.

## **The Future? Ecosystem Resource Management (ERM)**

We are seeing signs of a new operating level emerging in the world of resource management. Some of our clients, especially those in the high-tech world, work with a number of service providers or partners to help their customers implement solutions.

These firms have opened up their resource management tools to third parties, such as service providers (e.g., systems integrators) and technology staff augmentation firms. The goal of this very open access is to create a single services ecosystem so that the technology firm's customers gain access to the best possible teams, with immediate availability at the lowest cost.

Service organizations who are still at the lower operating levels will find this approach to client service very difficult to provide because global enterprise visibility is a prerequisite for successful ERM. For example, if your firm is at the operational level and you try to move straight to the ERM level you would likely begin to use expensive, third-party personnel on projects instead of internal bench resources that are available – but still invisible to you.

While this level of resource management may seem overly ambitious, we are seeing clients make the transition to ERM already. Those who wish to compete with such firms must be both honest in evaluating their current systems, and committed to making the significant changes necessary to make each progressive step-change – since the operating levels do not exist along a continuum.