



# Five Steps to Effective Resource Management

## *Introduction*

Effective Resource Management not only impacts profitability by optimizing utilization and minimizing bench time, but when done well, can generate goodwill and loyalty that translate to competitive advantages in recruiting and retaining the best talent. It can also give you the ability to move beyond tactical project management to strategic portfolio planning.

The problem is that with all of the inefficiencies created by the systems we have in place to manage our current resources, most of us have trouble finding the time to improve our Resource Management processes or upgrade our systems.

The good news is that achieving more effective Resource Management is possible – if you take it one step at a time. The following steps aren't always easy to achieve, but you'll find they are worth the effort to master.

### **1. Know Your Projects**

Inaccurate forecasts result in unpredictable and unrepeatable results. Project over-runs and low utilization rates diminish profitability and client satisfaction. Yet many services managers still rely on reactionary horse-trading to staff their projects.

From a traditional supply and demand perspective, your project portfolio represents the demand side of the equation. Simply put, Resource Management is understanding this demand to effectively allocate your supply. In order to support a service-oriented business model that will meet that demand, you must have consistent, centralized, proactive Project visibility.

The goal is to identify which resources are required, by time period into the future as far as is reasonable, and then to schedule them as effectively as possible to ensure seamless coverage across all project requirements.

The challenge is moving beyond reactionary decision making by implementing and tracking the right metrics to create better predictive models and allow yourself adequate time to make key staffing decisions.

While there are certainly many more metrics you can implement, the following four metrics alone can help you increase project visibility to support better strategic planning:

- **Burn Rate** - determines the rate at which hours (allocated to a project) are being used, to identify when work is going out of scope, or when efficiencies are being lost.
- **Earned Value** - monitors the progress of a project in terms of integrated cost, schedule, and technical performance measures.
- **Budget vs. Actual** – tracks hours billed against hours planned by phase throughout the project lifecycle
- **Utilization** - measures the organization's ability to maximize its billable resources.

## 2. Know Your People

If Projects represent the demand side of equation, then your people represent the Supply necessary and available to fulfill that demand.

But unless you know your resource capabilities, you can't possibly begin to allocate them efficiently or effectively. That means knowing your employees' skill sets and availability. Individual metrics such as efficiency and track record will also help you to assign the right individuals the right tasks at the right time.

Personal preferences, career goals, and utilization should also be closely monitored to ensure that you're not risking burn-out for your most valuable resources. At the end of the day, everyone wants to work on "cool" projects – so you have to know what "cool" means to each of your employees.

Managers should take the time to find out what technologies people are interested in learning, and include them in continuing education and development programs, to develop deeper subject matter expertise, and build better morale and loyalty.

Here's a basic list of information that managers should track for each employee:

- Current Skill Set
- Preferred Technologies
- Efficiency
- Travel Tolerance
- Utilization
- Development Path (new technologies and skill sets desired)
- Career Goals

## 3. Automate Manual Processes

Low employee productivity from repeated collection of data and recalculation of reports can devastate organizational performance and bring down employee morale.

Using home-grown solutions, standalone spreadsheets, telephone conversations, and other non-integrated methods to make staffing decisions means that key decisions are often based on inaccurate, untimely information. 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, 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.

Firms must have a consistent, enterprise-level 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 improvements garnered from a move to highly integrated resource management are significant, economically attractive, and worthwhile. In fact, PSVillage's Professional Services Automation Survey recently showed average increases of 9.4% in utilization and 2.8% in Project Profitability after deploying a PSA Solution.

#### **4. Know What's Coming**

Once you understand your people and current projects, and you've leveraged technology to eliminate the time and errors associated with manual data aggregation, it's time to begin looking forward, to ensure that you're proactively planning and scheduling resources to map to the project pipeline.

It's not enough to simply staff to needs once a project is sold, as ramping new employees can often take longer than the relatively short time between the close date and the project start date. In order to ensure appropriate coverage, you should constantly be modeling your existing skill sets against pipeline project requirements to identify any gaps, and begin on-boarding and ramping new resources prior to closing key projects.

It's also critical to aggregate the metrics you track for individual projects to gain better overall visibility into your project portfolio performance. This will help you to identify any project interdependencies or gaps, and prioritize new project opportunities accordingly.

Beyond individual project investment decisions, ongoing analysis of the project portfolio allows you to monitor each investment's relative contribution to business goals versus other portfolio investments.

#### **5. Keep Your People**

A few years ago, minimizing bench time was one of the biggest challenges facing most service providers. Today, however, Economic Growth coupled with a shortage of skilled labor have made Employee Retention a mission critical priority for the Professional Services Organization.

Once you've invested the effort, time, and money to recruit, hire, and train top talent, the last thing you want to do is lose them to a competitor because they feel undervalued, unhappy, or overworked.

Employee turnover can devastate profitability and productivity through lost knowledge and the financial expense associated with filling the vacancy. Therefore, you must apply what you know about your people to keep them happy and productive.

Pipeline projects are a great opportunity to fulfill employees' desired development paths and cultivate deeper subject matter expertise throughout your organization. This relieves the pressure on individual SME's that can lead to burnout, develops loyalty and morale among your employees, and creates resource redundancies that can provide you much better flexibility for future scheduling exercises.

Happy, motivated employees create happy customers, so many organizations are now measuring employee satisfaction as well, and learning about potential morale issues before they spiral out of control.

**Conclusion**

As the Services Economy continues to evolve, Effective Resource Management is becoming an increasingly important topic. There is obviously much more to it than can be discussed in this article – and it can often seem very daunting. The outline above is intended to break Resource Management up into manageable components, and provide the baseline for your own Resource Management planning efforts. Good luck!

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