Kantata

The Step-by-Step Guide to

Successful Resource Management

Contents

Today's Most Significant Resource Management Trends and Challenges

> Resource management is such a significant challenge, some call it the black art of services delivery.

Simply said, the goal of effective resource management is to align the right resources with the right skills to best meet your client's needs at the right time — while meeting your firm's business objectives. While this sounds like a simple statement, it's a complicated challenge that services businesses face each and every day. At the foundation of resource management, you are hiring full-time employees,

engaging with subcontractors, planning projects, finding appropriate skills, scheduling resources, allocating time for resources, and then constantly making adjustments to resource plans as client engagements and dependent needs across the business evolve.

It's a process that's alive and never stops. In addition to staffing projects to meet the needs of the client and their desired outcomes, a resource planner also has to keep one eye on the financial targets of the business, maximizing utilization rates and hitting margin targets.

While it can feel daunting, there is a set of best practices that have emerged that will help you improve control and tackle the challenges of resource management head on.

The next few chapters will provide actionable tips so you can develop a plan to capitalize on current trends and the latest thinking in resource management.

IN THE NEXT SECTION
We will provide tips to improve the most important metric in resource management— utilization.

Four Steps to Improve Your Utilization Rates

For a 100 person services team, increasing billable utilization by one hour per week, per person, at an average realized bill rate of $200 per hour increases annual revenue by $1M.

Increase billable hours, and increase revenue

Utilization rate is a metric used in professional and creative services to reveal your employees' efficiency and productivity, which is based on the percent of time spent working on productive activities.

→ **Total utilization**

This metric measures the percent of time your paid resources spend on any productive work, including business development and proposal-writing.

→ **Billable Utilization**

This metric is the percentage of a paid resource's time you can bill to clients. Billable hours reflect time spent specifically on revenue-generating activities (i.e., project tasks, client meetings).

Billable utilization rates in particular are critical for services organizations. The more billable hours, the greater the potential revenue that can be generated from those hours. Also, the greater the billable utilization of a given resource, the more margin you're able to generate from that resource. Utilization can, therefore, have a significant impact on both your top and bottom line. For a 100-person services team, increasing billable utilization by one hour per week, per person, at an average realized bill rate of $200 per hour increases annual revenue by $1M.

However, you can't just assign more work to your team without any insight into their current utilization rate and how they're spending their time. In fact, for most resources, they're likely already very busy. So how can you start realizing the benefits of improved utilization in your organization?

01

Step 1: Create healthy time tracking policies

Time tracking is the place you want to start, as it's central to analyzing utilization. Almost all services organizations track time in some capacity. Most will also admit to needing to improve time tracking processes. Start by simplifying and standardizing project plans and templates, and the associated way you capture and track time. Keep it simple and make sure that team members can input time easily and from any device. Then be sure to provide detailed, written policies and procedures for all team members. No exceptions.

Once you have comprehensive and reliable time tracking in place, implement regular audits of time and utilization (at a minimum, do this weekly, but daily audits can be even more effective) to be sure entries are being done by all resources, and so you can keep regular tabs on utilization. Review and highlight under or over-utilized people. Finally, take swift action to get your under-utilized people billable again.

02

Step 2: Empower your people with real-time data

A resource management dashboard is to a manager what the cockpit instrument panel is to a pilot: without it, you can't effectively manage the journey or land at your desired destination. A dashboard with Time and Utilization Tracking can work as your personal utilization manager, providing important metrics in real-time, which create a high degree of visibility on performance against time targets and utilization goals. Don't keep the information to yourself — it's much more valuable when the entire team can access the information as well. Provide real-time data that shows your team how they are performing so they can take immediate action to improve their performance by raising their hand when they have available time.

03

Step 3: Centralize resource management across your entire talent pool

Centralization allows you to fill gaps quickly by tapping excess internal capacity before looking outside to a partner. According to our State of the Services Economy report, 80% of services organizations currently provide remote work. This amount will continue to rise as remote working options become an expectation and not an exception, meaning that the location of a resource is less of a constraint. It's getting easier to manage a team across geographies, even globally.

Today, the best practice is to provide visibility to staffing managers across the entire company, even in different regions, for shared access to a talent pool.

04

Step 4: Monitor and reduce non-billable time

It's important to also track your non-billable work closely. Identify three to five different types of non-billable activities your people spend time on — for example, new business efforts, marketing, or administrative tasks — and track against those categories so you can easily see the distribution of time and trends. The goal is to reduce this type of work to only value-added activities — work that advances your future utilization, revenue and margin achievements.

IN THE NEXT SECTION
We will discuss new ideas to get the most value from your resources.

Get the Most Value From Your People

Five Tips for Effective — and Profitable — Resource Management

As a business that profits on billing out your human resources, it's critical that you get the most value from the team you have. In addition to increasing billable utilization, here are several tips you can implement that will help increase productivity and profitability from your talent pool.
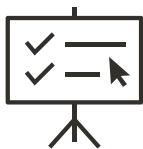
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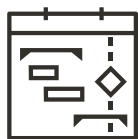
Track Skills

Share Resources

Effectively On-Board

Refresh Your Incentive Plan

→ Plan for Incoming Demand

The demand for resources usually starts in the sales department. Visibility into an accurate pipeline is critical for the appropriate allocation of resources. If you know what is coming beforehand, you will be able to manage your supply against demand and get the right resources on the right projects at the right time. As such, it is critical for businesses to have a well-designed integration platform that connects your Customer Relationship Management (CRM) solution to the solution you're using for resource management, providing the insights needed for accurate planning.

In very well run organizations, resource managers participate early in the sales process. They help plan and scope out projects before submitting to clients; providing input on timelines for delivery of projects based on resource availability, as well as the best resources for each project based on skills.

Progressive resource managers also automate the creation of projects within their services delivery technology platform during the sales process. They automatically create a project when a certain sales stage is reached, creating alignment with the teams generating new business. This allows resource managers to begin scheduling out far enough in advance to either staff or hire for an upcoming project.

→ Track Skills

Great resource managers are incorporating skills tracking information into their systems and planning process, and for good reason. This allows you to staff the absolute best resource for the job. As work increasingly requires highly specialized skills, detailed skills tracking will be required to effectively manage your resource pool. Without a clear way to determine which skills your business has in your resource pool and which skills will be needed to complete upcoming work in the sales pipeline, resource managers will be unable to proactively address skills gaps through hiring and training. They will also be blindsided by discrepancies that impact project timelines and client satisfaction. Incentivize your teams to maintain their skills profiles in order for them to land the next great assignment they are seeking.

→ Share resources

Sharing resources is the practice of leveraging different types of roles across multiple parts of the same organization. It has become easier in the age of remote and off-site project delivery. Shared resources are by definition more highly utilized across larger teams. Oftentimes, these resources can become very efficient in executing repeatable tasks. They are also typically in lower cost locations, which helps you bolster both utilization and margins.

You can take advantage of this type of sharing by centralizing resource management across teams, offices, and even geographies. You can also leverage your internal global network, or build one through partnerships, so you can tap into a global resource pool. Once you achieve this, you can effectively scale up (or down) while protecting your employees from either burnout or reductions in force.

→ Effectively On-board

Help your new hires be successful, for both their personal goals and your company's goals. While it may be tempting to throw your newest resources directly onto projects so they can start generating revenue, consider a three-month boot camp program to help new hires ramp up and build their skills. Resources who attend boot camps have been reported to shave 14 months off from the time they start to when they reach 100% of utilization goals.

One highly successful professional services organization recently revealed that before instituting their Boot Camp, resources took 12 months to achieve 60% utilization and 18 months to achieve 75% utilization. However, the cohort of resources that started with a three month Boot Camp took only 4 months to achieve 75% utilization.

→ ## Refresh Your Incentive Plan

Is your employee incentive plan encouraging collaboration? One of the best ways to do this is to include a team goal, such as revenue attainment, in addition to an individual utilization goal. This keeps team members focused on getting a project done in the most efficient manner and more quickly get to the next project to help achieve your revenue goals (and get their bonus).

IN THE NEXT SECTION

We will discuss new ideas to get the most value from your resources.

Resourcing in the Era of Hyperspecialization

And why you need a new strategy.

> You can't afford to turn away good work that demands hyperspecialization.

In the world of services delivery, the concept of effective resourcing has become more critical than ever to success. That's because the last several years have seen a dramatic acceleration in the hyperspecialization of skills. Work is increasingly being broken into highly specific tasks that require unique expertise to attain the best results. Because awareness of available expertise is broader than ever, the market now demands a depth of skill beyond any previously required. This presents a real dilemma for organizations already working with slim margins: when you have resources sitting on the bench, you aren't making any money. At the same time, you can't afford to turn away good work that demands such specialization. This dilemma is the basis of a specialization resourcing strategy, and if you don't have one yet, keep reading.

How is a specialization strategy different from my current resourcing strategy?

The best resourcing strategies today enable managers to quickly tap trusted networks independently, at speed and scale.

At its most rudimentary level, resource management is the process that creates a plan to develop the right mix of skills that allow your team to be both more competitive and profitable. Resource managers, therefore, are responsible for gaining visibility into team utilization and productivity, as well as current and upcoming projects, and then effectively and efficiently assigning resources to projects.

The best companies assemble their teams with an optimal mix of skills. They find ways to put a billable resource on multiple projects at the same time to reduce downtime. Herein lies the problem — it's increasingly difficult to manage your wide variety of business needs when clients are demanding new and different services from your organization.

While the goal of the resource manager is to reduce bench time and increase productivity, it's getting harder to determine the right formula for your business. What resources do you need available full-time to deliver on the majority of work? What new skill sets do you need to plan for future work? How often do you need them? What can you make money on? What's more cost effective to outsource? How do you effectively leverage outsourced talent?

Let's provide an example of why it's difficult to manage resource capacity effectively in the era of hyperspecialization. If you work in the tech industry, you need people with deep knowledge on very new technologies. You need to find a way to keep these people on billable work as long as possible, ideally 35 hours a week or more. Furthermore, with the pace of change in technology, it has proven difficult to train existing resources to understand new solutions. There have been many examples of an important skill set that is completely obsolete within a matter of only a few years.

It is this combination of specialized work and the pace of change that makes it very difficult to only utilize an in-house team to deliver great work for your clients today.

Do I have an effective resource strategy?

The best resourcing strategies today enable managers to quickly tap trusted networks independently, at speed and scale. Here are three ways to determine if you have an effective resourcing strategy that will set your organization up for success:

→ **You can dynamically scale up and down based on demand.**
Part of the challenge with effective resource management today is the speed of work. We can only expect the trends of quicker kick-offs and shorter client engagements to increase in the future. If a client comes to you with a new project, how long will it take you to pull together the right resources? This needs to be days, not weeks.

→ **You trust the talent you are tapping.**
It's natural to turn to third-party companies that provide quick access to contractors and freelancers to help fulfill specialist needs. However, the risk is you haven't worked with these people before, and you don't know anyone who has. They are often ranked by volume of work completed, not quality. Moreover, you don't know who is ranking them. It is paramount that you develop a network of sub-providers that you trust to uphold your standards of work.

→ Your margins improve.

If your resourcing strategy involves hiring, training and onboarding all new talent, your margins are going to take a hit. It will take months before your new resources are able to hit target utilization rates. An alternative strategy is to develop relationships with sub-providers and contractors that you can tap to fulfill incoming demand. A network approach allows you to leverage resources needed for very specific projects without the downtime on the bench that will erode your margins.

Mastering Resource Management

Mastering resource management can increase profitability, drive greater project success, and ensure higher client satisfaction - but it will take time and effort.

The steps discussed within this eBook will help you more effectively staff projects, balance the competing staffing priorities that every business experiences, and develop a capacity plan that can keep projects moving forward. Remember, mastering resource management is a continual process.

After implementing the steps we have detailed here, resource managers must continuously learn about their team's skill sets and the skills needed to deliver each project type offered by their business, be organized and prescriptive in all data entry they are in charge of, and be aware of the management and delivery teams' goals for utilization and staffing.

By improving how you deploy your resources, increasing your company-wide utilization rates, and effectively using a distributed workforce, resource managers can quickly experience noticeable improvements within their organization. The long-term result is a more profitable and successful approach to doing business only made possible through thoughtful, strategic improvements.

> "Kantata has completely transformed how we manage our department's workflow. We can now see a clear path thanks to the increased accuracy of our work capacity views."
>
> **Ben White**
> Marketing Production Team Lead, Pearl Companies

To better understand the impact the Kantata Cloud for Professional Services™ can have on your organization, schedule a conversation with our team now.

Start the conversation →