BIGTIME

Capacity Planning for Scalable Growth

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Introduction

A professional services organization's brand and its success will always be driven by its talent. A services team's ability to sell project-based work, ace delivery, and retain existing customers is a direct result of the remarkable work and robust culture driven by its people.

As the predictability of business health becomes increasingly difficult to manage, professional services organizations need to prioritize their resource management to accurately forecast revenue and the ability to take on new projects.

> **Mismanagement of resources can lead to numerous issues, including:**
>
> ✓ Needless business expenses ✓ Likelihood of human error
>
> ✓ Employee burnout ✓ Missed deadlines
>
> ✓ Dissatisfied customers ✓ Wasted time

Services organizations around the world say that delivery matters most, but when managers don't have the data they need in order to make calculated decisions, projects are set up for failure.

Resource utilization is one of the central measures that services organizations can use to gauge the efficiency of their businesses. It expresses what percentage of time people spend generating revenue for the organization. Billable hours and time spent working on a project by a highly skilled, highly paid consultant cannot be stored away and used later. As soon as those hours pass, they are either used to generate value for the organization or they are lost forever.

Read on as we discuss best practices for professional services leaders to understand the current and future capacity of their organization, allowing teams to take on and deliver projects more efficiently while driving revenue for the organization.

Strike a Balance Between Capacity Planning and Resource Management

A professional services team's talent and potential are ultimately wasted if not maximized, yet many organizations fail to understand the gap between the resources they have vs. their capacity to take on more work, leading to lost hours and revenue leakage.

> **Companies that take on new projects without ensuring they have the available resources will often fail to meet their primary goal: delivering projects on time, on budget, and within scope.**

Capacity planning can't be solved with systems alone, and it also can't be solved with siloed departments. If an organization wants to make the most of its personnel – and ensure predictability around supply & demand – it's critical to understand the harmony and communication that must exist between capacity planning and resource management.

> **Capacity planning** is done at an organizational level, and evaluates the availability and skillsets of resources when deciding what work to take on.

> **Resource management** happens on an operational level, with a focus on optimizing those resources. The process includes assigning resources to projects as effectively as possible to get the most value out of factors such as availability, location, budget, and skill sets.

A successful balance of these two functions allows an organization to ensure that the availability of its people and potential new business are in lock-step. Disconnect between the two can often be attributed to a lack of reliable data from disparate systems or point solutions.

With trustworthy, real-time data and an alliance between capacity planning and resource management, services teams can stop guessing and start projecting their ability to grow their revenue. Robust sales forecasting, visibility into the health of the business, high productivity, and successful delivery all lead to the most important outcomes: a satisfied customer base and workforce.

Rethink Resource Utilization by Developing a Growth-Focused Strategy

Don't Rely on One Metric

While utilization is one key metric that has a significant impact on business growth, it's just that — one metric. A best practice for services leaders is to stop thinking about utilization in a vacuum and start thinking about resource management in a holistic view that better aligns with today's ever-changing business environment.

Solely thinking about running an organization through the lens of utilization targets, time tracking, and billable time may lead to negative repercussions, such as trying to maximize billable utilization rates as much as humanly possible without recognizing the impact on its employees. For example, staffing employees to full capacity might maximize resource utilization over a short period of time but at the expense of morale, potential burnout, and talent attrition in the long run.

> **Employee burnout can derail revenue per employee, project profitability, and client satisfaction.**

Optimizing Resource Utilization in Project Management

For as productive as consultants can be, it's not possible to increase the number of working hours in a day or the total hours needed to complete a project. However, organizations can determine how to optimize resource utilization in project management, leading to greater revenue predictability and more stable growth.

Many project managers find success by setting both a minimum and a maximum utilization target. This helps to control overutilization and ensure that time is strategically allocated to staff development, IP creation, and other internal developments that help an organization gain a competitive advantage in the market.

When utilization targets are measured and tracked systematically, an organization can leverage utilization benchmarks and project baselines to course-correct key metrics, making adjustments as needed.

Resource-Driven Forecasting

Another way to improve billable utilization is to implement a process for resource-driven forecasting. Resource-driven forecasts, also known as bottom-up forecasts, allow teams to schedule all of their planned work and match the right resources to projects accordingly, using their best judgment

> **Resource-driven forecasting provides teams with a clear understanding of the project pipeline.**

Planned work includes both projects in the proposal phase and also projects currently underway. Then, an organization can translate the scheduled work into accurate, time-phased revenue forecasts, providing insight into an organization's capacity to successfully deliver the work within the estimated time of completion. This transparency provides teams with a clear understanding of the project pipeline but also allows resource schedulers to mindfully balance resources across the organization's project workload.

Resource-driven forecasts should be monitored on an ongoing basis and adjusted accordingly to:

- ✓ Highlight capacity shortfalls and surpluses
- ✓ Call attention to projects that are both ahead and behind schedule
- ✓ Determine readiness to incorporate new work that enters the sales pipeline

Contingency Planning and Skill-Set Diversity

Plan for the Unplanned

One of the greatest risks to a professional services project is beginning it without scheduling any time for contingency planning. Unexpected challenges can always impact project delivery, even if it is a typical project, the client relationship is robust, and the team is more than capable of easily completing it. If a sudden obstacle strikes a professional services project, all of these advantages evaporate and managers are left scrambling to identify a solution while maintaining proper resource utilization.

Contingency planning for people-centric work is uniquely nuanced. Professional services projects often revolve around assumptions, expectations, and emotions that are inherently hard to predict.

> **Project managers need to incorporate risk identification into their resource management and project planning from the beginning.**

The contingency planning process really should start before a project is even pitched to a prospect, and at the point where the capacity to take on new work is being communicated to the greater organization.

Study Your Team's Skills

Prior to starting a project, managers also need to have a clear understanding of the skills needed to deliver the work and the available capacity of the people in the organization with those skills.

> **Project managers should look over their talent pool to identify not only who is the best match for the project team, but also who might be able to jump in if necessary.**

Depending on the complexity of the project, a good proficiency mix among the skills needed can also be an asset. A combination of junior and senior resources provides strong professional development opportunities for everyone involved, and will also allow managers to funnel work to the right person if the project is starting to slip. Including fresh talent can energize the existing team, provide new perspectives, or push a project past a roadblock.

Professional Services Automation Software

Once an organization understands how to measure the capacity to take on new work, it can go about selling new projects and hiring or upskilling existing resources. Critical to this understanding is having the tools to enable individual project managers to express staffing needs on a granular project basis.

Enabling a project manager to express not just when a new team member is needed, but how flexible he or she can be in terms of start dates and skill sets can mean the difference between being able to handle existing work with current staff or having to hire someone new. Providing a resource manager with the ability to survey availability at a glance to commit to a start date quickly could be the difference between winning a new piece of business and losing it. Simply being able to model a project's real staffing needs with more specificity can boost utilization by a few percentage points.

Benefits of PSA Software

Industry-focused Professional Services Automation (PSA) software provides resource and capacity planning tools that allow teams to quickly adapt to specific, constantly shifting project needs and budget conditions.

Configurable dashboards are a valuable tool for achieving a holistic view of all resource requests and ensuring all needs are properly fulfilled in real-time. Another benefit of a dedicated, full-service PSA software is the ability to drill down to a team's specific capacity on an hour-by-hour basis rather than a more generalized timeframe.

This granular resource tracking provides the complete context for team members' bandwidth and can help identify inefficiencies in project delivery. A flexible application that can drill down into different time phases allows for accurate forecasting around project completion. This empowers managers to properly assess priorities and set realistic goals for project progress

BigTime Software

By providing real-time visibility into project timelines, team availability, and resource utilization, BigTime Software enables project managers to make informed decisions and ensure that the right resources are assigned to the right tasks at the right time.

BigTime also gives organizations the ability to accurately forecast by analyzing historical data and identifying trends. This enables businesses to proactively adjust their capacity planning strategies, optimize productivity, and ensure efficient utilization of resources — all leading to improved project outcomes and organizational success.

Curious to see how BigTime streamlines the capacity planning and resource management processes?

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Conclusion

Once a company can accurately and reliably model the specific needs of individual team members and projects, things start to get exciting. When project timelines are matched up with available resources, organizations can effectively manage their business and experience efficient growth. Managers can gather and combine all those detailed insights to gain a broader understanding of operations. This newfound clarity enables managers to make well-informed decisions at the project level, assign tasks appropriately, identify skill gaps, and even save costs.

PSA software provides answers about when and how businesses can grow through accurate capacity planning and resource management. Today's ever-changing business landscape, paired with the fluid nature of project-based work, certainly presents challenges for services teams. For teams that can master resource and capacity planning, the rewards are tangible: the ability to reach new growth milestones, outperform their peers, and facilitate a well-balanced work environment for every organization's most valuable asset: its people.