

*RTM Consulting, LLC*

# Self-Assessment Guide for Resource Management

Randy Mysliviec  
CEO

Copyright © 2008 - 2009 RTM Consulting, LLC. All rights reserved. Just-in-Time Resourcing<sup>SM</sup> is a pending trademark of RTM Consulting, LLC.

*RTM Consulting, LLC*  
513-236-5585  
[info@rtmconsulting.net](mailto:info@rtmconsulting.net) [www.rtmconsulting.net](http://www.rtmconsulting.net)

## Introduction

How is your company doing managing utilization of billable resources? Are you struggling to maintain reasonable margins? Do you have issues with quality or project management? If your answer to any of these is yes, then read on.

This guide is intended as a self-assessment tool for companies that want to better understand how their execution of resource management processes are contributing or inhibiting the bottom line. While I will address the clear relevancy of utilization performance (and indirectly related cost performance) in this guide, I will also provide context and assessment ideas for other operational implications of resource management.

With more than 30 years in the services business, an important observation I have is that most services operations have (wisely) invested in operational processes for quality and project management, but not for resource management. These same organizations go through the usual ups and downs of process execution, making necessary adjustments as prescribed by their chosen quality or project management process. Resource management again is either overlooked or receives inconsistent attention, all while the underlying causes of failure in quality or project performance are often directly related to a simple failure of not having *the right person in the right place at the right time*.

Therefore my point is simple. Establishment of a well disciplined resource management process is at least as important to a services operation as any quality or project management process. The matrix below helps illustrate some key observations:

Operational Processes	Symptom	Resource Related Cause
Quality	<ul style="list-style-type: none"> <li>• Late stage system design problem</li> <li>• Rushed final stage e.g. test or user preparation</li> </ul>	<ul style="list-style-type: none"> <li>• Wrong or no expert in design phase</li> <li>• Late start due to initial staffing shortages</li> </ul>
Project management	<ul style="list-style-type: none"> <li>• Budget overruns</li> <li>• Project delays</li> </ul>	<ul style="list-style-type: none"> <li>• Wrong mix of skills</li> <li>• Staffing imbalances</li> </ul>

These are only a few simple examples but are hopefully exemplary of the types of issues we all deal with at some point. From experience I have seen that those

companies with a well oiled resource management process see far fewer of these symptoms than those who have quality and PM processes without an underlying/supporting approach to resource management.

### **Assessing Your Resource Management Readiness**

There are many aspects to developing an effective resource management 'ecosystem'. This guide will deal with six key performance checks you can apply to your operation, and six resource management related performance drivers. The performance checks will provide a quick analysis of how you are doing overall, with the performance drivers helping to understand what is driving the level of performance you may be experiencing. An aggregate score of:

- 100 or better indicates you are in good shape and should focus on incremental improvements
- 51 - 99 indicates you have work to do
- 50 or lower indicates you have serious issues with resource management, and thus will derive great benefit from implementing a resource management process

### **Resource Management Performance Checks**

*Scoring Directions:* With the exception of the first question in this section, score each performance check as follows: a 1 (poor) to 5 (excellent). The first question has its own scoring table referenced below. Aggregate your scores from this section and the next, and refer to the scoring summary above for your final assessment.

- 1) **Billable utilization performance:** You simply cannot make money in the services business if you are not doing this well. Even if you are a technology company and use professional services as a tool to drive technology sales (and not expecting PS to turn a profit), poor utilization of resources invariably drives costs outside the ranges necessary to make profit (or reasonable margins) on the technology.

There are many available benchmarks to use in assessing your utilization performance vs. peers. The benchmarks listed below are simple and based on the aggregation of data from many sources. The percentages are based on a 2080 hour work year. Non-productive time is assumed to be used for vacation, illness, training, and internal demands such as meetings, etc.

Job Type	Benchmark Range (%)	Comments
Software developers	80 - 84	On-shore or off, these are typical
Testers	78 - 84	Some non-billable time may be invested in test capability build out from time to time
Systems integrators	72 - 80	The type of products supported drives a wider variability in productive time
Architects	68 - 72	Typically would get involved in certain aspects of business capture
Business and technical consultants	66 - 70	Typically would get involved in certain aspects of business capture – lots of recurrent training

For scoring billable utilization performance:

- 5 – high end of the range or slightly above (but not well above)
- 4 – middle of the range
- 3 – low end of the range
- 2 – below the range
- 1 – well below the range (3 points or more)

At the high end, too high of a score probably means you are burning people out due to a failure to provide adequate down time, training, or both. For the remainder of the ranges, since small incremental amounts of productivity mean so much to your financial performance, the gradients for scoring are also small.

Billable utilization performance scoring:

- Benchmark performance
- Consistency (pick 1 for poor to 5 for excellent) based on how you do month to month

2) **Distribution of utilization:** Too many times what seems like good utilization numbers on the surface, really start to look different when you examine what is happening at the sub-group or individual levels. Almost without exception, when we analyze organizational utilization performance we see department variation, or variation of individuals within an enterprise that tell a different story. We will typically find a 20/60/20 type rule applies wherein a small percentage (~20%) of the workforce are working near 100% (or more with overtime) while some part of the population is substantially underutilized (~20%). The ramification of this situation is high attrition of the overworked population due to burnout.

Unfortunately these people were in demand for good reason; usually they are your invaluable experts that you can least afford to lose. Low morale in organizations is common where this 20/60/20 scenario is in effect.

- Distribution of utilization score
- 3) **Quality:** There are many ways to measure quality. Two quality measurements that I find directly impacted by resource management performance are defect levels and the amount of rework necessary to correct issues. Both are often directly attributed to the simple notion of (not) having the right person in the right place at the right time. Continuous improvement in the area of quality typically starts with a review of quality process adherence, before simply looking at the possibility that the personnel assigned were not ready, trained, capable, or available when needed due to a failure of, or lack of, a resource management process.
- Defect levels
  - Rework
- 4) **Project performance:** This one again begs the simple question, what comes first - project management or resource management? Being on-time and under budget with a project means starting on-time with the right people in the right place. Industry research shows that roughly one third of all projects are delivered late. Research shows that a significant contributor to schedule slippage is the failure of organizations to mobilize the right teams in a timely fashion. When the right people are not there to begin delivery on-time, projects begin to fail no matter how good your PM processes are.
- On-time project performance
  - On or under-budget performance
- 5) **Attrition:** Let's face it most people want to be part of a well run organization where things (that we can plan for) occur in a predictable fashion. The 'churn' that occurs when we do not plan for resource deployment in a disciplined way destroys morale and lowers the confidence of both non-managers and managers in the company and its leadership. While there are certainly many factors that may cause high attrition such as compensation and market conditions, bouncing people around in an unpredictable manner has very predictable ramifications when it comes to attrition.
- Attrition (relative to your peer group)
- 6) **Dependence on the (private) project whiteboard:** In this case, I will reveal a trade secret. When I walk into the office of a delivery executive and see a whiteboard with names of people, names of projects, dates, and long curvy lines

with arrows connecting the various pieces, I know I have a good chance of selling a resource management consulting engagement. You know the whiteboard I am talking about – it looks like a complex football play your high school coach used to draw. If this sounds like you, then you are in serious need of a resource management process and a professional services automation tool. Senior PS executives, like a good coach – should design the system (resource management process). The team should execute the system – and free up executive time for more strategic activities.

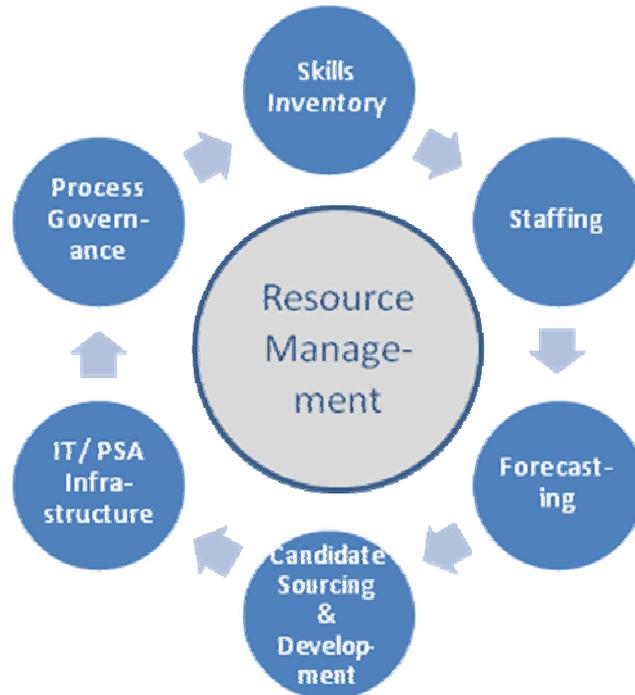
- Dependence on a project whiteboard

### **Resource Management Performance Drivers**

*Scoring Directions:* In each of the performance checks described below, score each area as follows: a 1 (poor) to 5 (excellent). Aggregate your scores from this section and the prior one, and refer to the table referenced above for your final assessment.

For purposes of clarity, the graphic below is the RTM Consulting resource management wheel. Our Just-in-Time Resourcing<sup>SM</sup> brand of resource management solutions uses this wheel to help define the necessary components of a successful resource management solution.

RTM Consulting Resource Management Wheel



RTM Consulting, LLC

513-236-5585

[info@rtmconsulting.net](mailto:info@rtmconsulting.net) [www.rtmconsulting.net](http://www.rtmconsulting.net)

Resource management performance drivers to score your company on:

- 1) **Skills data base** - The existence of a centralized data base identifying what people, skills, and experience they have. It's hard to plan for future capacity needs without a clear picture of what you are capable of now. A detailed skills inventory is the best way to start. Having a centralized view of enterprise wide skills and transparent access (e.g. more than just the practice lead can access the data) to this data is critical to making effective use of what are and should be your most important corporate assets – people.
  - Do you have a skills data base?
  - Is it easily accessible to all potential consumers of the resource?
  - Is there a process to keep the database updated?
  
- 2) **Staffing process** - A process to govern in a pre-planned way how people get deployed to projects, preferably a process free from department influences or the 'I want my favorite person' syndrome.
  - Do we have a well defined staffing process?
  - Is the process consistently followed?
  - Is the staffing process centralized with transparent access to potential consumers of resources?
  
- 3) **Forecasting process** – A process designed to help you predict in a more precise manner future staffing needs. Normally this requires some form of automation integration (CRM to PSA integration<sup>i</sup>), and a good interlock (collaboration) process with the sales team so that you get a full view on a recurring basis of future staffing needs, that can be combined with your known project staffing and backlog.
  - Do we have sales and delivery forecasting inputs integrated in some way and does an interlock process exist?
  - Do we regularly forecast our delivery needs beyond 30 days?
  
- 4) **Candidate sourcing and development** – A key to any good resource management process is the need to hire the right people at the right moment in time, keeping them trained with the right mix of skills, and preparing for peak-load needs in a planned way.
  - Does our recruiting process support our just-in-time resourcing needs?
  - Do we have a continuous skills development process in place?
  - Do we deal with our peak-load needs using a well-thought out process for integrating partners and contractors?

- 5) **Professional Services Automation (PSA) system** - Too many service organizations continue to manage their operations with spreadsheets or legacy systems that were poorly designed for the today's highly complex and fast paced markets. Integration of the various data sources such as your skills data base, project status and accounting information and CRM systems all with real-time support is critical to be competitive. The problem with many legacy systems is the frequent need to enter similar information in multiple applications creating redundancy, duplication of effort, and increasing the potential for errors.
- Have you deployed a COTS<sup>1</sup> (or robust) PSA system? (Vs. spreadsheets)
  - Are the various applications to support PS operations integrated?
- 6) **Governance** – We are what we measure in this business. And after we measure our progress/results, do we have a process to address ongoing issues, conflicts, and changing needs of the business in an orderly manner? Gaining senior management agreement to clear accountabilities and a process for governing the various decisions relating to PS operations in the enterprise are important. This governance process will always cross organizational boundaries to likely include sales, product, finance, HR, and delivery management.
- Does the enterprise have a clear set of metrics to measure progress and expected results?
  - Does the enterprise have a documented governance process for PS related operations?

### ***Closing comments***

If you scored well on the assessment, congratulations! You are in the clear minority of companies who manage their utilization of human capital well, likely because of your disciplined focus on a well defined and documented resource management process.

If you did not score well, the good news is there are processes, automation tools, and consulting firms that can help you.

At the beginning of this article, I stated that resource management is either overlooked or receives inconsistent attention, while the underlying causes of failure in quality or project performance are often directly related to a simple failure of not having *the right person in the right place at the right time*. Establishment of a well disciplined resource management process is at least as important to a services operation as any quality or project management process.

Good luck with becoming the most efficient and effective operation possible. Good resource management is the key!

---

<sup>1</sup> Commercial Off the Shelf Software

## **About the Author**

Randy Mysliviec leads RTM Consulting, providing high impact advisory and operational execution services for a wide range of companies with human resource intensive operations. Through better resource management and professional services optimization techniques, RTM Consulting helps companies increase revenues and drive improvements in operational efficiency. Acknowledged by industry sources as an expert in Global Resource Management (GRM) and author of the Just-in-Time Resourcing<sup>SM</sup> brand of solutions, Randy helps multi-national companies with the complex challenge of operating services teams serving the global market.

Prior to establishing RTM Consulting, Randy was SVP, Consulting and Professional Services for Convergys, successfully managing and growing a multi-hundred million dollar business with 1600 employees in 31 countries across six continents. Randy began his career with 18 years at IBM, serving in a variety of sales, marketing, and general management roles. Randy was also President and CEO of a successful start up services firm in the Carolinas. He is a founding member of the Technology Professional Services Association (TPSA) and served as a member of the TPSA Advisory Board. Randy is also an active and contributing member of PSVillage and the International Association of Outsourcing Providers.

*Copyright © 2008 – 2009 RTM Consulting, LLC. All rights reserved. Just-in-Time Resourcing<sup>SM</sup> is a pending trademark of RTM Consulting, LLC.*

---

<sup>1</sup> CRM = Customer Relationship Management    PSA = Professional Services Automation