

WHAT HAPPENS WHEN YOU

# EMBRACE THE POWER OF RESOURCE MANAGEMENT



# TABLE OF CONTENTS

<b>I. Introduction: Grow Your People, Grow Your Business.</b>	<b>3</b>
<b>II. Understanding Your People</b>	<b>6</b>
A. Project Manager Scenario	8
B. Resource Manager Scenario	9
C. Operations Manager Scenario	10
D. Sound Familiar?	11
<b>III. Resource Management Year-Round</b>	<b>12</b>
A. Resource Management in Busy Seasons	13
B. Resource Management in Lean Seasons	14
C. Resource Management for the Entire Firm	15
<b>IV. The Foundation of a Holistic Resource Management Discipline</b>	<b>16</b>
A. Project Staffing	19
B. Utilization Management	20
C. Demand Analysis	21
D. Revenue Forecasting	22
<b>V. What This Means for Your Consultancy</b>	<b>23</b>
<b>VI. Conclusion</b>	<b>26</b>
<b>VII. Learn More</b>	<b>27</b>
<b>VIII. About BST Global</b>	<b>28</b>

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# YOUR PEOPLE ARE YOUR GREATEST ASSET

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They are a manager's (and recruiter's) dream: the star players. The employees who take initiative, uplift your team, and consistently work hard to get the job done. Every company wants them because high performing employees equal a high performing company, right? Well, not always.

Take Apple, Netflix, Google, and Dell as examples – all high performing companies. When looking at their workforce, a study by leadership consulting firm Bain & Company, found that these high productivity companies were made up of 16% star players. Their less productive corporate counterparts? Their workforce consisted of 15% star players<sup>1</sup>.

So, how is it that these high performing companies have about the same percentage of star players as less productive companies, yet they are able to produce dramatically more output?

Well, contrary to popular belief, it's not because these companies attract high performers who are naturally gifted at productivity – it's what these companies actually do with these individuals that sets them apart<sup>1</sup>.

This goal of reaching high levels of efficiency and productivity through the proper use of resources (i.e. employees), coupled with the pressure to deliver projects for less money and in less time, has proven to be one of the greatest ongoing challenges for architecture, engineering, and environmental consulting (AEC) firms.



To make matters worse, this pressure is heightened by the constant tension between project profitability and the utilization of staff. As your staff add more time to a project, their billable hours go up, potentially impacting project profitability. But on the other hand, if your employees don't charge to a project, their utilization rates will slump.

So, what if we told you there was a way to improve utilization, project outcomes, and client satisfaction – all at once? And on top of that, help increase profits for your firm?

Well, there is. Here's how: [by implementing a holistic resource management discipline.](#)

While that may sound straight forward, it's not. If it were simple, resource management wouldn't be consistently cited as the top challenge – by a wide margin – for the past three years in an annual survey of project and portfolio management functions across a variety of industries<sup>2</sup>. That's why it comes as no surprise that firms across the AEC industry are still looking for ways to successfully adopt a well-rounded resource management discipline.

And because resource management is at the heart of how to strike a balance between improving utilization and improving project outcomes – this usually means a fundamental business process change for most companies.

**BUT IF THE THOUGHT OF A MAJOR CHANGE MANAGEMENT INITIATIVE HAS YOU RUNNING FOR THE HILLS, FEAR NOT! WE ARE HERE TO HELP YOU ADDRESS YOUR RESOURCE MANAGEMENT CHALLENGES HEAD ON.**

In this white paper, we'll uncover the power of adopting a full resource management mindset to help you:

- Gain a better understanding of some very important people in your firm, and how their roles are critical to this initiative's success
- Learn how this initiative is more than a one-time effort, it's a year-round exercise that can transform your business processes
- Unveil the four pillars of a holistic resource management discipline



# UNDERSTANDING YOUR PEOPLE

## 49% OF ORGANIZATIONS HAVE SEEN A PROJECT FAIL IN THE PAST 12 MONTHS<sup>2</sup>

**That's almost half of all projects.** Numbers like this show the constant push-and-pull that occurs between having available resources, and the challenge for companies to properly align those resources with the goals and metrics they use to determine project success.

As AEC firms continuously strive to overcome inefficiencies to improve project success, while also being tasked with trying to find better ways to effectively utilize staff, the need for a proper resource management discipline becomes apparent.

But before we get into the specifics of how adopting a holistic resource management practice can benefit your organization and improve project success, it's important

for you to understand what the current situation looks like for some critical roles in your firm.

Your Project Managers, Resource Managers, and Operations Managers are an integral part of successfully implementing a resource management mindset company-wide. And to ensure your resources don't fall through the cracks, you must focus not only on managing your resources from start to finish – but you must also focus on providing the proper support to each of these roles<sup>3</sup>.

By recognizing their unique struggles and role responsibilities, the impact a resource management discipline can have on your business starts to become clear.



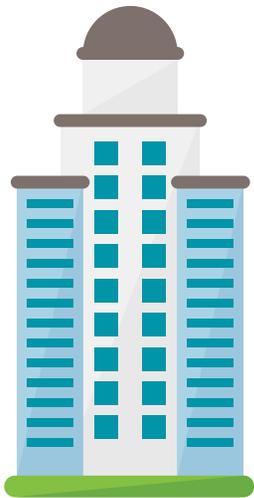
# PROJECT MANAGER SCENARIO

To begin, let's look at the story of a Project Manager who is looking for an individual with a particular skillset for an upcoming project.

After finding that the qualified colleagues in her office would not be available to work on a project, the Project Manager resorts to hiring an outside subconsultant.

Without insight into the available, skilled resources in other offices of the firm, the Project Manager was forced to turn to an outside vendor to fill in the gap.

Little did she know, she had a qualified colleague available to help in another office – and just gave away revenue and utilization for her firm.



**ABC DESIGN FIRM**  
Office Location One



**ABC DESIGN FIRM**  
Office Location Two

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# RESOURCE MANAGER SCENARIO

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Next is a scene with a group of Project Managers meeting with their office or department head on a Monday morning. This meeting is set to coordinate how staff will be utilized for that week.

In the meeting, the Resource Manager is trying to reconcile and add up the various spreadsheets attendees brought, each capturing their own view of how resources should be utilized – this is otherwise known as “spreadsheet hell.”

Unfortunately, the Resource Manager must suffer through this painstaking process on a regular basis, each time they try to balance work across the firm’s resource pool.



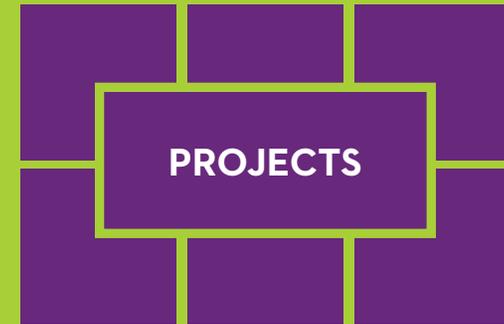
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## OPERATIONS MANAGER SCENARIO

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In this last scene, the Operations Manager seeks insight into project forecasts and overall demand versus capacity but cannot readily get this insight in time to make sound, proactive decisions.

This kind of “look ahead” is either a pipe dream, or something that requires so much manual time and effort to produce, that it rarely provides forecasts that are accurate or timely enough to make decisions from – talk about *serious* inefficiency.



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## SOUND FAMILIAR?

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So, if you've seen any of the above scenarios play out in your firm, or perhaps some combination of the three – it looks like you've got a resource management challenge on your hands. Here's what happens if you don't take the necessary steps to avoid continuing down this path:



You will continue driving your business via the rear-view mirror.



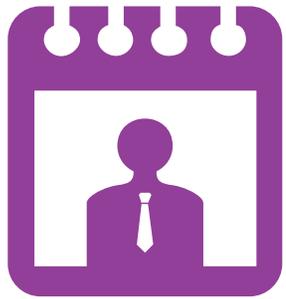
You will not be tapping into your firm's full potential from a talent perspective.



You will not be operating as a single firm, you will be operating as siloed organizations.

### **BUT THE GOOD NEWS IS, THERE'S A WAY FORWARD.**

In today's global marketplace, consulting firms that can get past these issues, can gain a competitive advantage by better planning and distribution of work. In other words, by evolving your firm's approach to resource management. Because with improved management of resources, comes improved efficiency and improved project outcomes, which also means better client satisfaction – and we all know what "better client satisfaction" translates into: more projects, and more revenue.



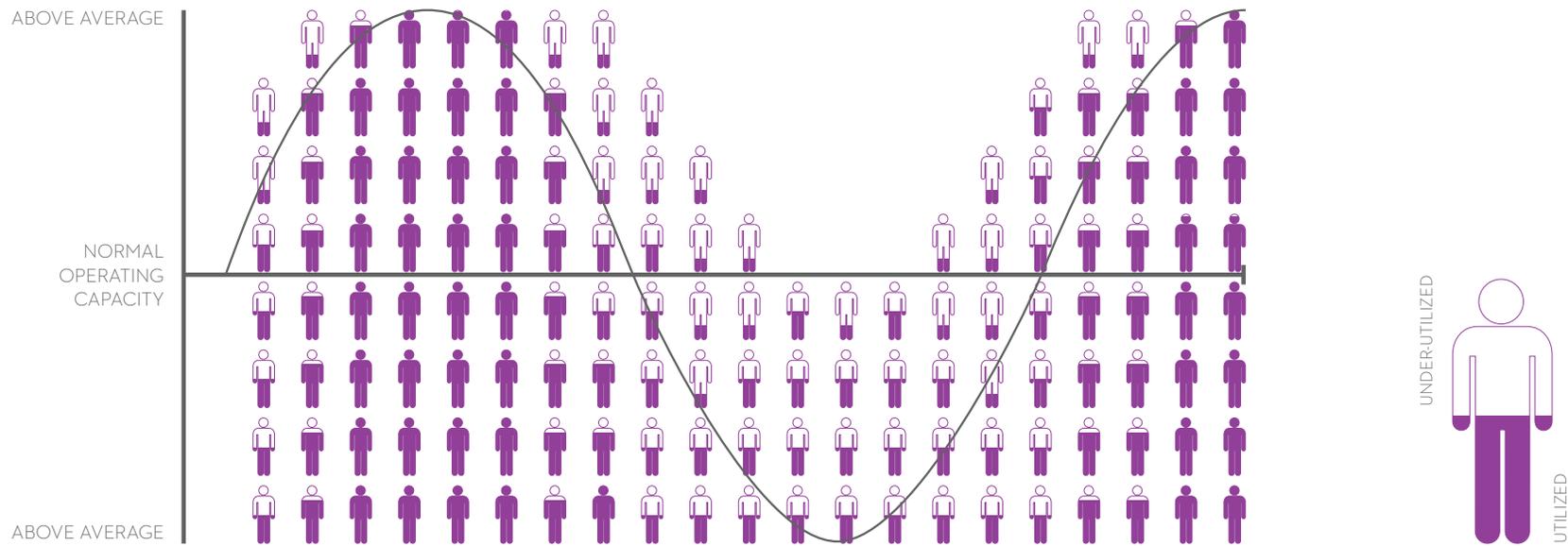
# RESOURCE MANAGEMENT YEAR-ROUND

Before you set out to improve your resource management processes, it's important to remember this:

**RESOURCE MANAGEMENT IS NOT A ONE-TIME EXERCISE, IT IS A PRACTICE FOR ALL SEASONS.**

In the lean times, effective resource management helps you identify pockets of underutilization, and in busy seasons, effective resource management helps spread the work around – all while helping mitigate staffing conflicts and unrealistic scheduling expectations.

Naturally, your resource management strategy will vary depending on the type of season your firm is in. Let's take a look at the impact both lean and busy seasons can have on your resourcing strategies.



# RESOURCE MANAGEMENT IN BUSY SEASONS

In a busy season, this means the whole firm is busy – which presents a different challenge than a firm experiencing a lean season. Consider this: an astounding 73% of organizations reported that they don't have enough resources to meet incoming demand<sup>2</sup>.

Even so, if your firm doesn't have enough people to do the work in a busy season, you don't want to refuse any new business opportunities that arise. At this point, some resource management questions you may start asking are:

1. What type of resources do we need to hire?
2. What skill sets are we short in?
3. Where exactly are we most taxed right now?
4. Do we need a new XYZ position? How many of those XYZ positions do we need?

The answer to these questions should be based off demand – but your firm won't have insight into what that demand looks like without executing resource management in a disciplined manner.

In a time like this, where resources are limited and there are competing initiatives, resource management ensures your people are working on the right things, at the right time. It also ensures that your firm spends its money wisely on adding capacity in areas of substantiated need. We call that a win-win!



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# RESOURCE MANAGEMENT IN LEAN SEASONS

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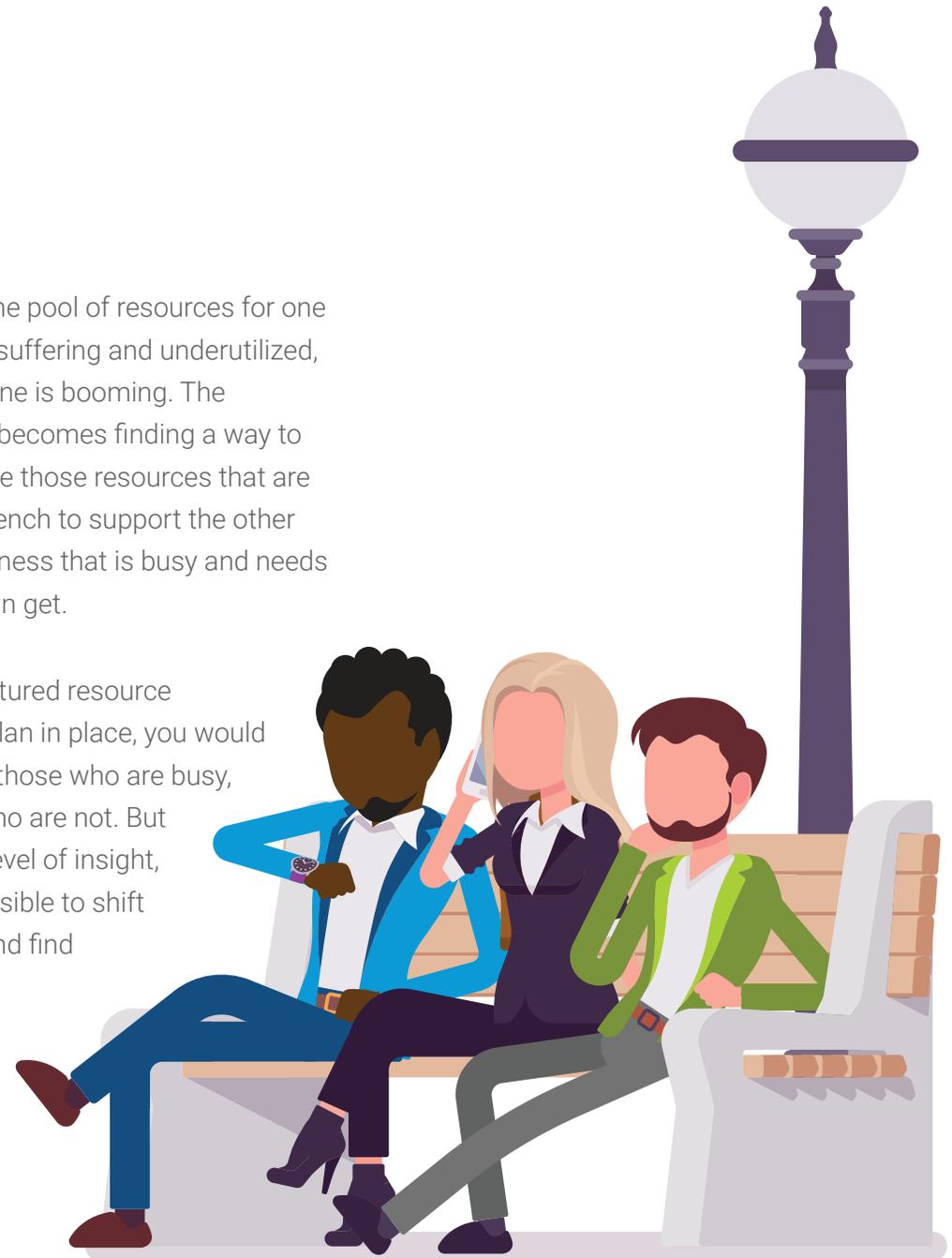
Conversely, a lean season is when projects your firm usually works on are not in motion – meaning your available staff may become underutilized. Whether this is a result of a broad economic downturn, or something specific that has happened in a key market sector or with a key client, one way to successfully overcome this challenge is with resource management.

Effective resource management gives you visibility across your firm's entire portfolio, so you know where your resources are underutilized, which means you can then effectively staff people and put them on projects where their skillset is needed.

It could also be the case that you work in more than one sector or are experiencing this utilization challenge with more than one client.

For example, one pool of resources for one client could be suffering and underutilized, while another one is booming. The challenge then becomes finding a way to properly allocate those resources that are sitting on the bench to support the other part of the business that is busy and needs all the help it can get.

Without a structured resource management plan in place, you would be oblivious to those who are busy, and to those who are not. But with a deeper level of insight, it becomes possible to shift work around, and find creative ways to use your underutilized resources.



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## RESOURCE MANAGEMENT FOR THE ENTIRE FIRM

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The impact doesn't stop there. Project and portfolio managers that reported their resources as being used for both strategic and operational work was consistently high at 86% in 2017. <sup>2</sup>

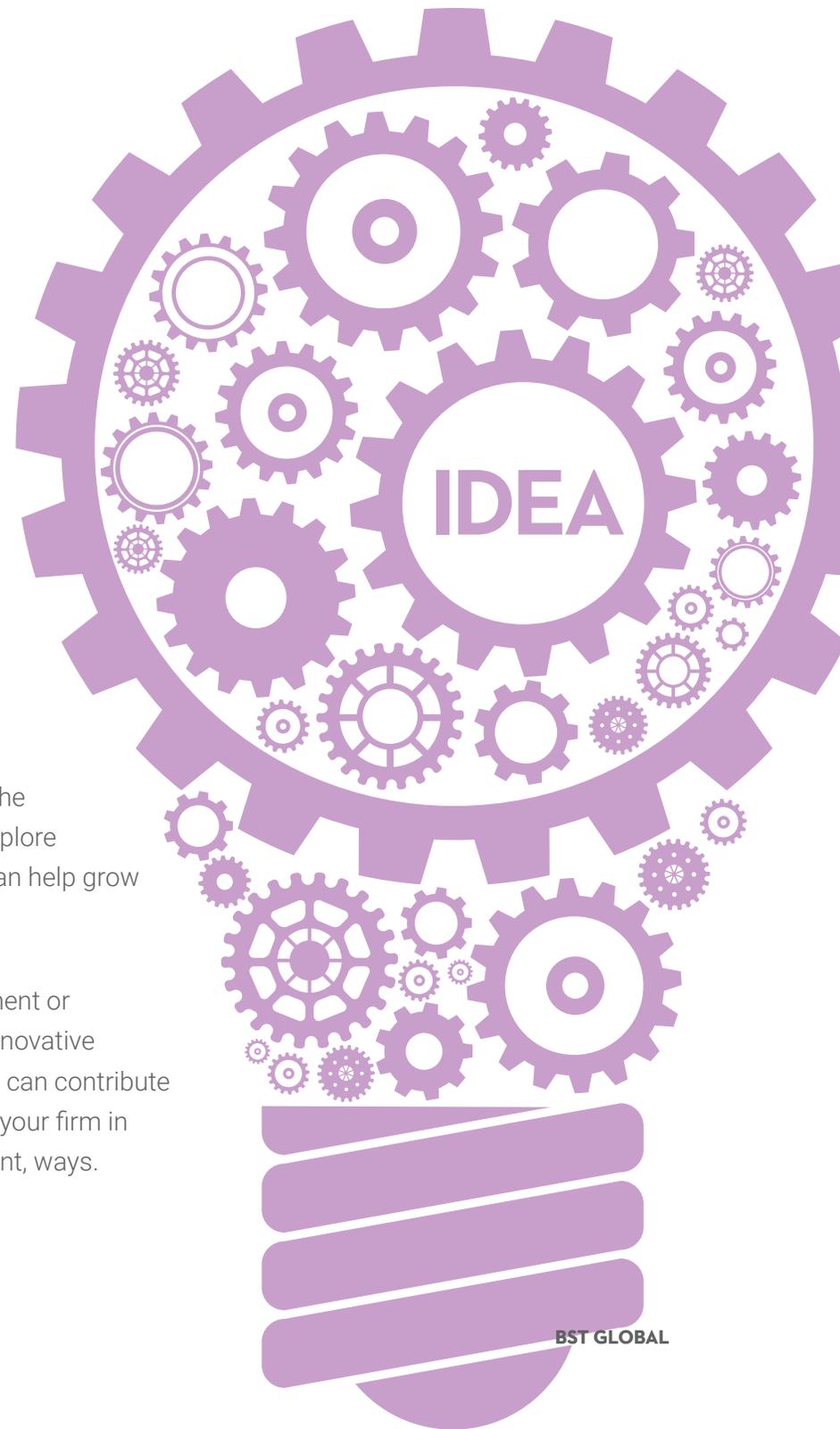
What this implies is, if resources are being shared among both types of work, it presents an even greater need to focus on proper resource planning.

And by planning your resources so they're focused on the highest-priority work (whether that work is strategic or operational will be up to management to decide), it then provides more value back to your firm. <sup>2</sup>

Time now becomes available for your employees to work on other critical areas of the business they may not have had time for otherwise.

How? Because it opens the door for employees to explore new opportunities that can help grow your business.

From business development or marketing activities, to innovative corporate initiatives, they can contribute to the overall success of your firm in different, yet still important, ways.





# THE FOUNDATION OF A HOLISTIC RESOURCE MANAGEMENT DISCIPLINE

## THE FOUR PILLARS

Now that you understand when and who is impacted by resource management in your AEC firm, it's time to unpack the what.

These are the four foundational aspects necessary for resource management success:

- 1) Project Staffing
- 2) Utilization Management
- 3) Demand Analysis
- 4) Revenue Forecasting

For each, we'll examine their common practices and unique challenges, as well as the important role technology can play in unlocking a new level of performance.

Speaking of technology, at this point, automation really deserves a dedicated mention. The reason is, effective resource management relies on leveraging automation in some targeted ways.

What's important here is to keep in mind that just as your firm goes through different seasons, it also faces an evolving set of challenges. And because software comes in diverse profiles, there will be products that are a better fit for your firm than others.

Choosing the right technology as part of your overall solution requires awareness about those internal challenges. So, as you read about each pillar, be thinking of your own firm's obstacles. Because ultimately, whatever tool you select will be rooted in the set of unique challenges your team comes up with.



### A QUICK NOTE:

You'll notice within each pillar of resource management, at least one of the three roles we mentioned earlier are involved.

Since these key roles are essential to forming a holistic resource management discipline, it's important for you to see how they play a part in making each resource management pillar successful.

# 1

## PROJECT STAFFING

Resource management for your project-driven organization begins with staffing people on projects. For most AEC firms, this is an exercise driven by Project Managers who are looking for the right resources to work on their projects, based on project scope, timing, and other considerations.

For some firms, Project Managers work through Resource Managers to get staff assigned to their projects. This adds an important level of coordination and

support for these Project Managers, given the dynamic, cross-team nature of their projects. Regardless of whether Resource Managers are involved or not, there are a variety of challenges you may face when it comes to effective project staffing.

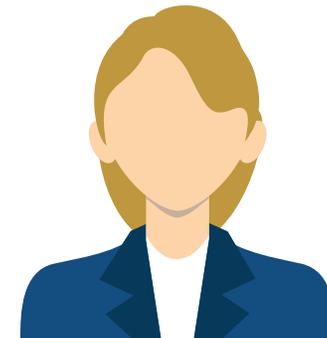
One of the most common challenges is that project staffing is done offline and inconsistently from project to project, or Project Manager to Project Manager. This makes it very difficult to make

informed staffing decisions, to keep those staffing commitments, and to anticipate staffing needs.

To improve your resource management processes, an automated solution can provide a comprehensive view of all your employees – including tracking of employee availability, skills, location, and related details. Having these details readily available makes the process of accessing your resource pool to staff projects much quicker and easier.



**PROJECT MANAGER**



**RESOURCE MANAGER**



# 2

## UTILIZATION MANAGEMENT

Part of an AEC firm's resource management efforts also commonly involves utilization management – which is an exercise driven primarily by Resource Managers. These individuals are typically responsible for managing an office, studio, department, or some other standing team of people.

This means balancing assignments across the project portfolio to ensure over-allocated staff get relief, and under-utilized staff get put on more projects. The process of utilization management might be done on a regular basis – perhaps biweekly, weekly, or monthly – but it can also occur on an as-needed basis.

A common example of this is when a new project is added to the portfolio, or when someone joins or leaves the team. When this happens, utilization

of your team must be reassessed almost immediately.

One of the greatest obstacles for AEC firms in the effort to manage utilization is limited visibility. This often stems from trying to manage a team's allocation via sporadic conversations, or perhaps a standalone spreadsheet that isn't connected to the variety of project plans – including some that aren't on record – that are drawing on your team's time. But by implementing an automated solution, it can provide access to real-time project and staff data that is invaluable.

Otherwise, it's a lost opportunity to ensure your Resource Managers have all the information they need to effectively manage resource execution. By putting this information at your Resource Managers' fingertips, it makes way for improved responsiveness to resource planning and priority changes – which is the epitome of resource optimization.

### RESOURCE OPTIMIZATION:

Ensuring the right resources are utilized on the right work, resulting in maximum business value or impact.<sup>3</sup>



# 3

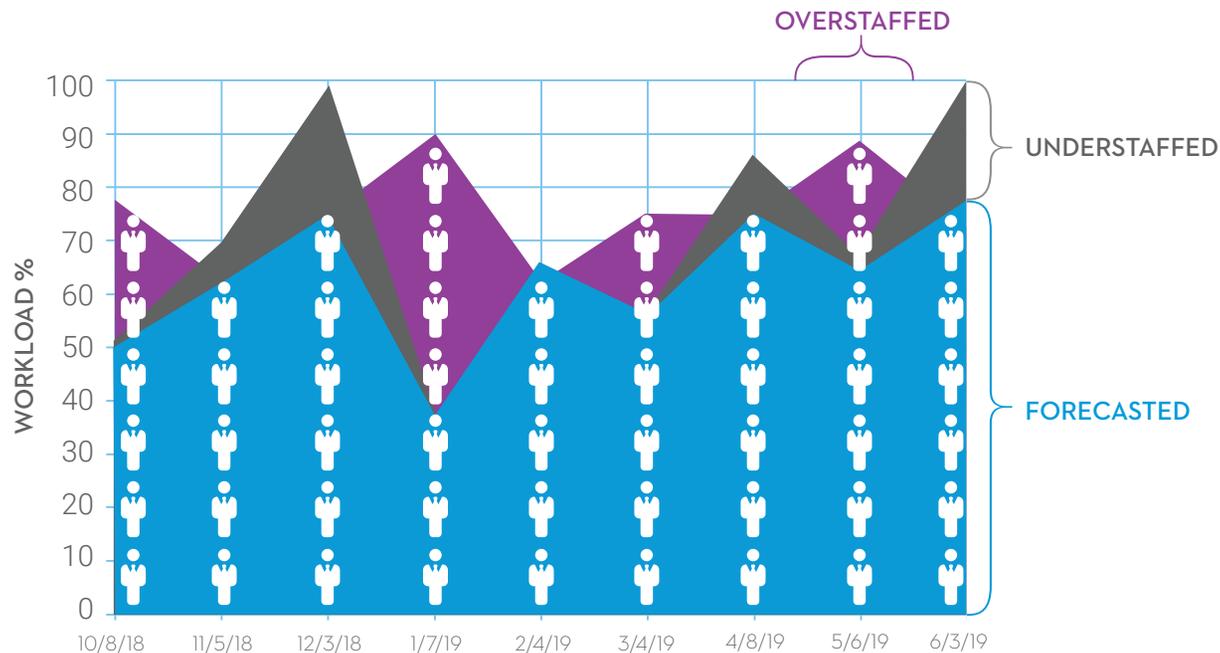
## DEMAND ANALYSIS

The third pillar of resource management is the ability for AEC firms to conduct demand analysis. This is a more macro level exercise that can take multiple weeks or months to perform. For AEC firms, the ongoing concern of whether there is enough project demand to keep the available pool of staff busy means Operations Managers are often looking at time-phased forecasts of labor capacity and labor demand.

This exercise provides a key indicator as to whether a firm has a healthy backlog and whether the business is tracking on plan or not. However, for many firms, effective demand

analysis is hampered by manual, time-consuming aggregation of data. Compounding this condition, is that the data being used has questionable accuracy due to siloed, inconsistent project planning.

If an automated solution can recommend how to use your resource capacity to deliver the highest business value, this will significantly cut down the manual intensive analysis needed to decide where your resources should be deployed<sup>3</sup>.



# 4

## REVENUE FORECASTING

Building on demand analysis, another pillar of resource management is revenue forecasting. Revenue forecasting is done by establishing time-phased forecasts of labor revenue, based on forecasts of labor demand.

This is often done on a monthly or quarterly basis by senior management – and because senior management is focused on steering your business in the right direction, a proper understanding of the go-forward revenue picture is critical for smart decision making.

Unfortunately, for many AEC firms, revenue forecasting is a difficult exercise as these firms don't have a way to tie anticipated revenue to resource forecasts. The result? Inaccurate forecasts that lead to clouded visibility and wrong turns. But with a solution that accurately forecasts demand, and that can price demand financially, the accuracy of revenue forecasting is dramatically improved.





**WHAT THIS  
MEANS FOR YOUR  
CONSULTANCY**

## NOW PICTURE THIS:

In a typical organization, a 5% efficiency increase for 150 resources results in approximately \$858,000 USD or 15,600 hours of annual savings<sup>3</sup>.

You can make this happen. The notion of resource optimization should no longer be a mere ambition for your firm – by accurately managing your resource capacity and demand planning with an automated solution, it can become your firm's reality.

## HERE'S WHY YOUR FIRM SHOULD DO IT:

1. The ability to manage your projects and your business more proactively
2. Increased utilization
3. Improved insight for staff into what they're scheduled to work on, as well as upcoming projects they may want to be part of
4. Staff expansion and consolidation decisions based on data, not guesswork
5. More accurate demand forecasts
6. Revenue forecasts that are resource-based and more accurate as a result

Also, remember the research study by Bain & Company we mentioned at the beginning? That same research study found that the top quartile of companies organized their business processes in a way that makes them 40% more productive than the rest<sup>1</sup>. As a result, these firms have profit margins that are 30%–50% higher than industry averages<sup>1</sup>.

There you have it. By streamlining your processes and allocating resources properly, your firm can improve efficiency and deliver better project outcomes that help your firm's profits sky rocket.



**THIS IS WHAT MAKES RESOURCE MANAGEMENT SO POWERFUL: THE POTENTIAL IT HAS TO ALTER YOUR ENTIRE BUSINESS.**

# CONCLUSION

To implement a holistic resource management discipline, it's a matter of fully understanding the impact it will have on your AEC firm.

And what's probably the most important takeaway is in the understanding that resource management is not a one-time exercise – but a complete change in mindset that constantly has to be worked on and reinforced.

**To recap, here are the major ways your firm will be impacted:**

## **WHO?**

Project Managers, Resource Managers, and Operations Managers' participation is key to resource management success. But they're not the only ones that benefit from good resource management practices – your entire team does.

## **WHEN?**

All year-round, in busy seasons and in lean seasons, your firm will reap the benefits of a holistic resource management discipline.

## **WHAT?**

In virtually limitless ways – but, there are four distinct areas of resource management that will be impacted: project staffing, utilization management, demand analysis, and revenue forecasting.

Now take this information and take a long hard look at your firm's resource management practices. Only then can you identify what your own unique challenges are and develop a plan that's right for your firm.

So, get started, and find out what happens when you embrace the power of resource management!

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## LEARN MORE

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At BST Global, we're here to help. If you would like to learn more about how BST Global's robust enterprise resource planning solution, BST10, can power your firm's resource management discipline, drop us a note at [hello@bstglobal.com](mailto:hello@bstglobal.com) or visit [bstglobal.com](http://bstglobal.com).

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## ABOUT BST GLOBAL

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BST Global is the leading provider of enterprise resource planning and work management software solutions for architecture, engineering, and environmental consulting firms globally. Today, over 100,000 end users across six continents and 65 countries rely on BST Global's software solutions to manage their projects, resources, finances, and client relationships.

## REFERENCES

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- 2 Planview, [\*The Project and Portfolio Management Landscape 2017\*](#) (2017).
- 3 Planview, [\*Your Resources Are Falling Through The Cracks\*](#) (2016).