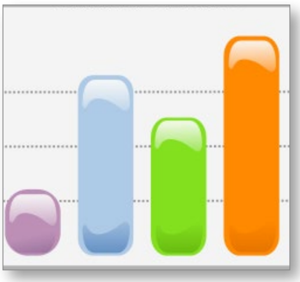
CAPACITY PLANNING: THE ISSUES AND THE PAYOFFS

HOW DO YOU KNOW IF YOU NEED A CAPACITY PLANNING SYSTEM?



INTRODUCTION

Imagine if the following happen in the next hour:

- You hear that two of your key people will not be available for project work for the next few weeks for various reasons.
- The second phase of one of your biggest projects has been unexpectedly brought forward by two weeks.
- A prospect has just asked for a quote on a project that, if given the green light, would entail a fast start.

A host of questions come to mind...

Can you be certain of knowing the impact on other projects?

Are you sure you have the resources to handle the new project?

What will the workload be on the team? Will people be overloaded? Will you need to hire?

And here's what some call the 'golden question':

'How much can you achieve with the resources you have?'

These are tough questions, needing a great deal of information-digging and cross-functional data merging to pull it together. It's hard to see the big picture when you're looking at isolated pieces of data rather than a total Capacity Planning system.

WHAT IS CAPACITY PLANNING?

What exactly is it? And how does it differ from resource management?

Capacity Planning is the process of evaluating what availability you have, and when.

Resource Management is the continuous assignment of people and other resources to projects, taking into account availabilities, skills, qualities and costs of the elements and how they map to the projects.

THE CLASSIC PAIN POINTS

If you find it hard to pull all the capacity-related information together in your company, you're not alone. Many project-based companies typically report the following pain points.

You might want to use it as a checklist to see if any apply to your company...

- Overstretched resources
- Projects not completed on time
- Continuous changes
- Difficulty prioritising tasks
- Internal conflicts over resourcing
- Lack of visibility of the overall picture
- Lack of visibility of people's availability
- Missed business opportunities

- Complexity of mapping roles and skills to projects
- Clients requesting repeated ‘minor’ changes that don’t get charged for
- Constant stress on team members, team burnout, staff turnover
- Reduced profitability
- Unhappy clients
- Forecasting that is fragmented or not integrated
- Rushed jobs, reduced quality

EIGHT REASONS WHY RESOURCE PROBLEMS HAPPEN

It’s no coincidence that the same problems occur in company after company. There are eight underlying traits that every manager wrestles with.

1. Rose-coloured glasses

Companies typically overestimate their resource availability when considering taking on a new project. It plays to their positive tendencies.

Of course every company has a natural temptation to take on new projects. Seizing opportunities is a trait that is built into any company’s culture. So when opportunities surface the discussion is less ‘Do we have the resources to do the work?’ but rather ‘How could we even consider turning opportunities like this away?’

But this inevitably leads to crisis from time to time. Surprises happen, projects reach breaking point, staff are stressed to the limit and clients are less than happy with the result.

2. Special delivery

Every possibility of a new project seems to be a ***special case.*** So you hear colleagues say phrases like ‘It’s a new client. It should lead to more in the future’, and ‘It’s a new market sector. It’s bound to become a growth area for us.’ So cautions are regularly overruled.

3. Always room for a little ’un

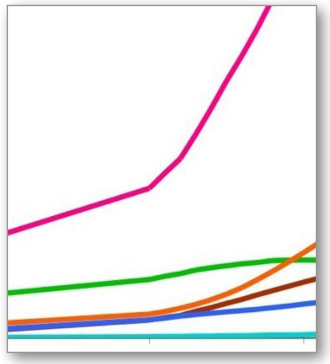
Small projects tend to be taken on almost automatically, because ‘surely we can squeeze that one in.’ But projects that sneak under the wire can become the tipping point.

4. Complexity

It’s a convoluted task to manually cross-reference projects against people skills against team member availability against forecasts. To do it constantly is a major effort. The picture changes every day: priorities, client demands, unexpected problems, staff sickness – there’s never a shortage of complications. It’s no wonder that resourcing difficulties are often cited as a company’s biggest pain point.

5. Hijack

Plans can get nobbled and people can be



borrowed (hijacked) from one project to another at speed when there’s a crisis. Every plan has to be flexible, but some companies seem to lurch from crisis to crisis with regularity. Who to blame? Perhaps it’s their system that’s letting them down.

6. Creep

Clients often request ‘just a little change’ without an increase in fee, resulting in continuous and barely documented feature-creep. The knock-on effect on other projects can be huge. Inexperienced team members are particularly prone to being leaned on in this way, wanting to keep customers happy but not being aware of the big picture.

7. Sudden impact

When things go wrong, there is rarely advance warning without a system. When projects blow up, it’s too late to take actions that could have avoided them.

8. He who shouts loudest wins

The company manager of a 45-strong project-based company recently told us:

> *“It used to be a bun-fight in the studio to decide which job was going to get which resources. Imagine: over 20 people, and the one who shouts loudest wins. Not now: it’s all transparent. Everybody can see everybody else’s priorities and workload.”*

THE THREE THINGS AT YOUR DISPOSAL

1. RESOURCES 2. TIME 3. DEMAND

All three are in constant flux and need to be managed. But in reality, your resources day-to-day aren’t very flexible at all. You can’t double your available specialist skills overnight. And the amount of time you have to complete projects is also not massively flexible in the short term. Clients are unlikely to want you to stagger projects over long periods simply because it suits your availability patterns.

So that leaves demand - the amount of projects you take on. It means that the golden question *‘How much can we achieve with the resources we have?’* becomes the one in the spotlight. Answer that right, and you’re in control.

This was highlighted when the Chief Operating Officer of a 46-strong project/time-based company recently told us:

> *“Synergist has streamlined our processes. Before, if we wanted to grow we would invest in extra people and hope that the turnover would increase by the percentage we needed. It’s all completely different now. Today, we’re much better at seeing exactly what we can achieve from the resources we have.”*

Even with good information to hand, what’s important is asking the right questions of it.

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(Continued)

THE PAYOFFS

So, what can you expect from getting the right capacity planning system?

You get **total visibility** of projects, time, clients, resources and priorities, and how they all fit together in real time.

Everybody sees the same information, so no-one is working on obsolete data.

You can easily make **continuous adjustments,** safe in the knowledge that the update flows where it needs to across the entire system.

You gain **senior management** buy-in because the reports are at the heart of company performance indicators. Engagement with the system is at every level of the company.

You achieve **empowerment of the teams.** People who previously worked in isolation now see the day-to-day impact of their work on capacity, resources, commercial implications and how everything fits together.

It results in **better decision-making** at every level because of the bigger-picture awareness. This leads the culture of the company to reflect greater transparency and efficiency.

You enjoy a **reduction or removal of the pain points** listed earlier.

It also makes for **more informed client discussions** in client-facing roles, because team members can now steer clients and projects in ways that optimise resources and improve client satisfaction yet increase profitability.

The coherent insight into demand and capacity leads to improved **forecasting and estimating.**

Internal capacity decisions are now seen as objective, fact-based and transparent, as opposed to the perception of them being arbitrary or favouring those in a special clique.

The coherent insight into demand and capacity leads to **fewer lost business opportunities.**

And the resultant evened-out workflow r**educes team burnout and staff turnover.**

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