



RMI *Survey Series*

Resource Utilization

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AGENDA

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Survey Background

1

The industry's most in-depth look yet at utilization in three different project-based domains conducted in 3Q/2018

2

Input from 57 different companies, their IT services executives, resource managers and resource management office leadership

3

Professional/Consulting services and Enterprise/IT services made up 94% of the respondents. Newly added to the Survey Series is input from Product Development orgs.



Survey Questions

1 What type of organization do you represent?

- a) Professional or Consulting Services (PS or CS)
- b) Enterprise/IT (E/IT)
- c) Product Development (PD)
- d) Other

2 How many resources in total does your organization manage collectively with all resource managers?

- a) 10-50
- b) 51-100
- c) 101-200
- d) 201-500
- e) 501-999
- f) >1000

3 What standard (hours) do you use for the denominator of the utilization calculation?

- a) 2080
- b) 1760
- c) 1560
- d) Other

4 What time categories do you track in the numerator of the utilization calculation? (check all that apply)

- a) Billable (PS/CS only)
- b) Productive (E/IT only)
- c) Sales Support (PS/CS only)
- d) Internal projects (PS/CS)
- e) PTO
- f) Sick leave
- g) Training
- h) Internal meetings
- i) Other

5 How often do you report utilization results? (check all that apply)

- a) Annually
- b) Quarterly
- c) Monthly
- d) Weekly
- e) Other

6 Utilization targets are set at what level (check all that apply):

- a) Company
- b) Division or Business Unit
- c) Department
- d) Manager
- e) Role
- f) Other

7 Are utilization targets part of employee:

- a) Goals
- b) Compensation
- c) Both
- d) Neither

8 Who ultimately owns responsibility for achievement of the utilization metric in your organization?

- a) CxO
- b) VP
- c) Managers

9 At what level do you publish results (internally) for utilization performance? (check all that apply)

- a) Leadership level
- b) Manager level
- c) Individual level
- d) We do not publish results

10 Do you count overtime hours in your utilization calculation?

- a) Yes
- b) No

11 On average, what percent of the total hours used in the numerator of your utilization calculation represent overtime hours?

- a) 1% - 5%
- b) 6% - 10%
- c) 11% - 15%
- d) 16% - 20%
- e) 21% - 25%
- f) > 26%

12 What is your average utilization result over the past 12 months?

- a) >85%
- b) 80% - 84%
- c) 75% - 79%
- d) 70% - 74%
- e) 65% - 69%
- f) 60% - 64%
- g) <60%

13 My PSA, PPM or RPM tool helps me with measuring and reporting utilization results?

- a) To a great extent
- b) To some extent
- c) Neutral
- d) The tool is not sufficient

14 Do you use more than one automation tool to help with utilization tracking and reporting? (check all that apply)

- a) PSA
- b) PPM
- c) RPM
- d) Spreadsheet
- e) Time tracking software
- f) Internally developed tool
- g) Other

Key Takeaways

1

Resource utilization has clearly hit the radar as more important than ever for project-based businesses but the industry has plenty of room for improvement in both process and technology used to manage this important element of a service business.

2

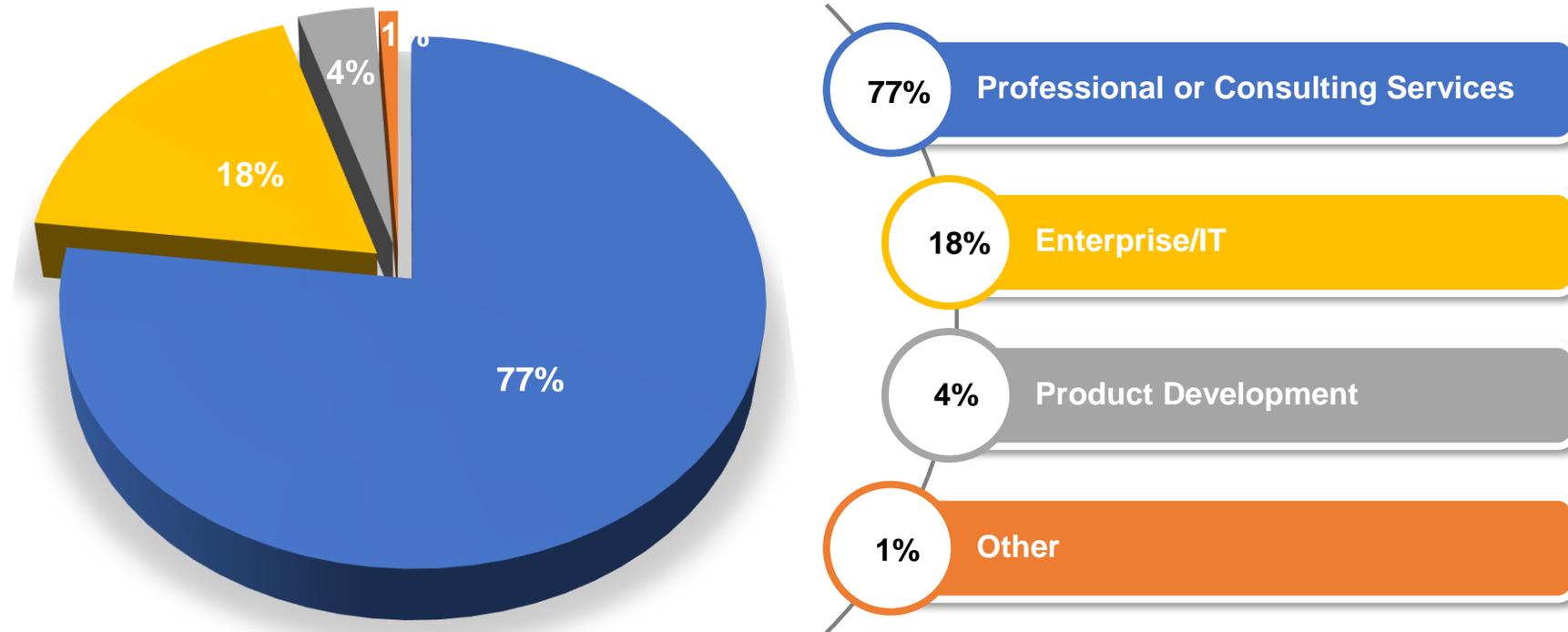
Standardization of the utilization metric is under-way, but there remains too many one-off approaches to measuring and governance which often mask internal issues inhibiting better utilization performance.

3

Improving clarity of utilization expectations and accountability/transparency are clearly making a difference for many companies already linking goals and compensation to utilization outcomes, particularly in E/IT. E/IT teams can learn from the PS/CS industry where more precision exists in closer tracking and targeting of utilization tied to enterprise priorities (are we working on the right stuff?).



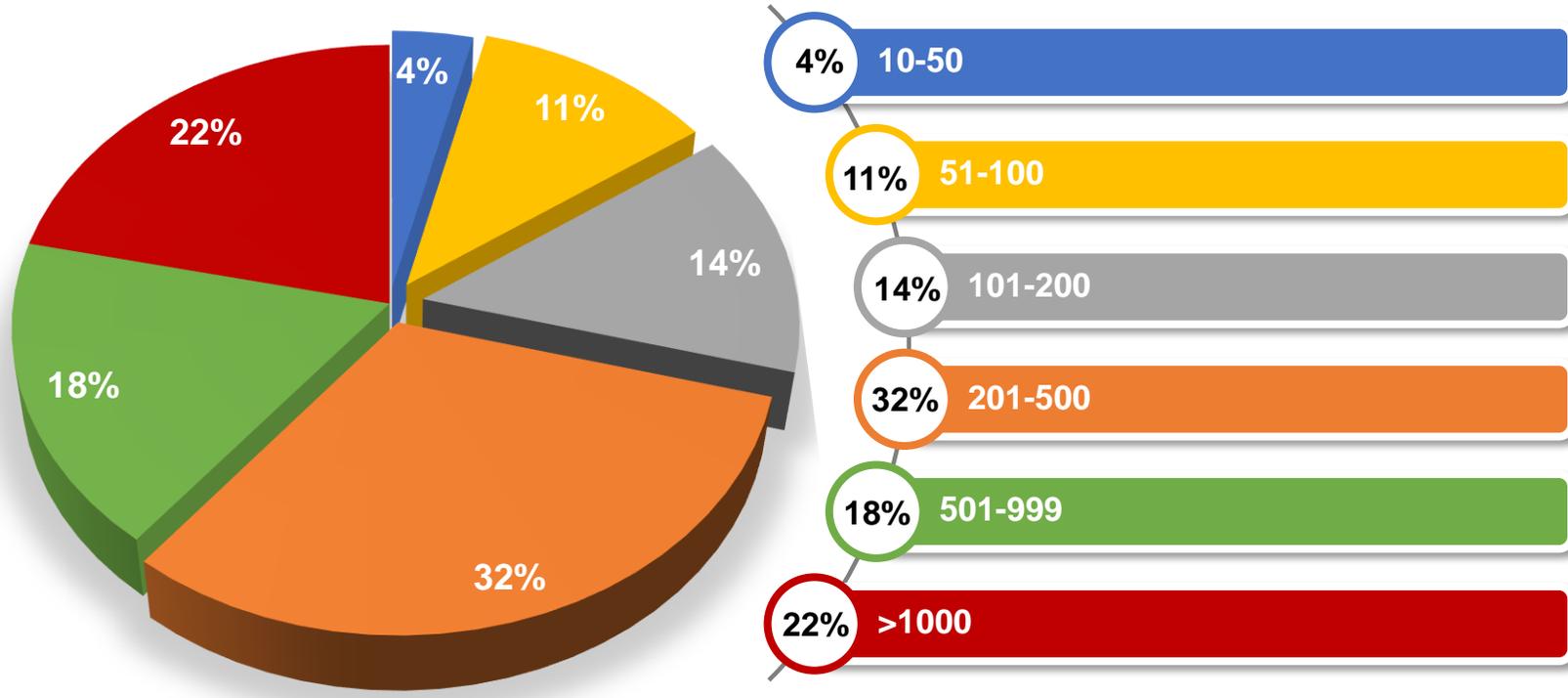
Type of Organization – All Respondents



Professional and Consulting Services (PS/CS) Responses

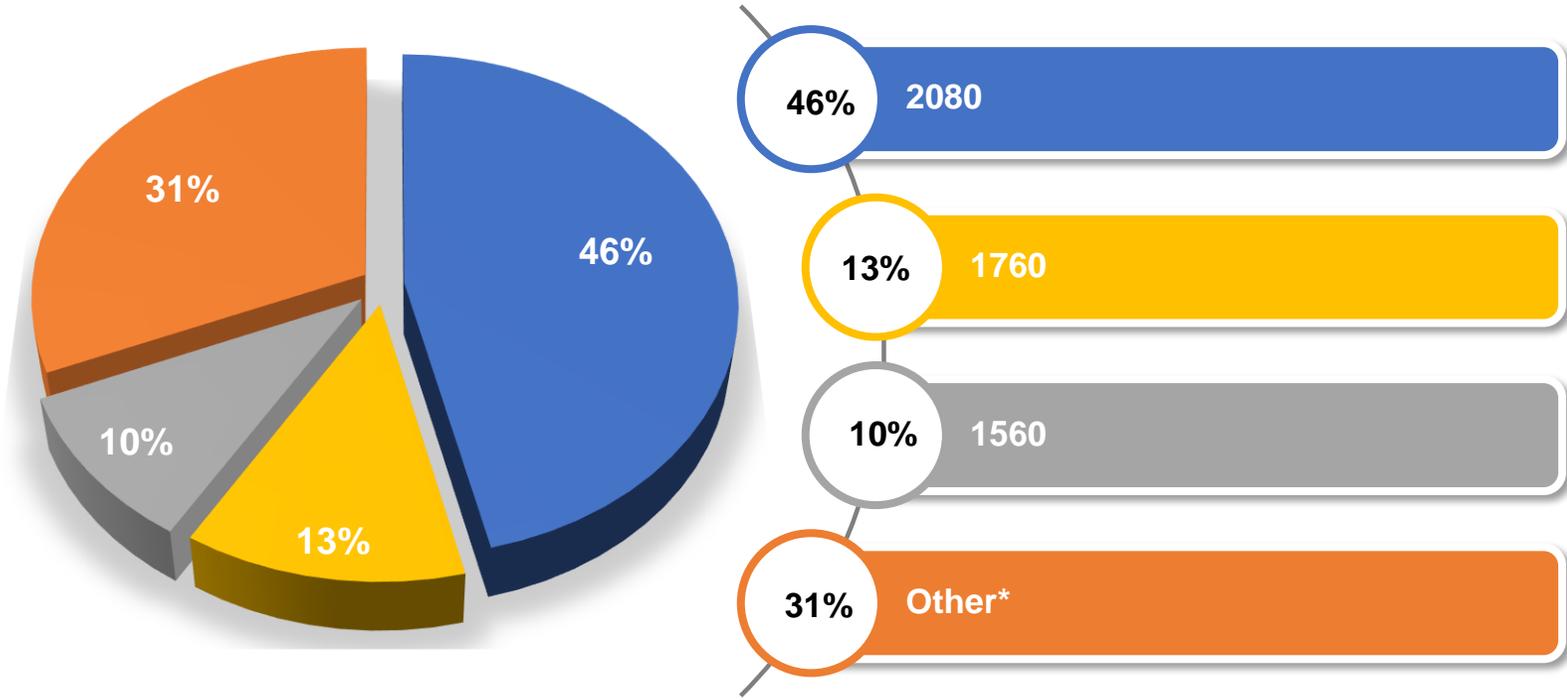


Q2: How many resources in total does your organization manage collectively with all resource managers?– PS/CS



The survey had a good cross section of respondents from many different size organizations.

Q3: What standard (hours) do you use for the denominator of the utilization calculation? – PS/CS



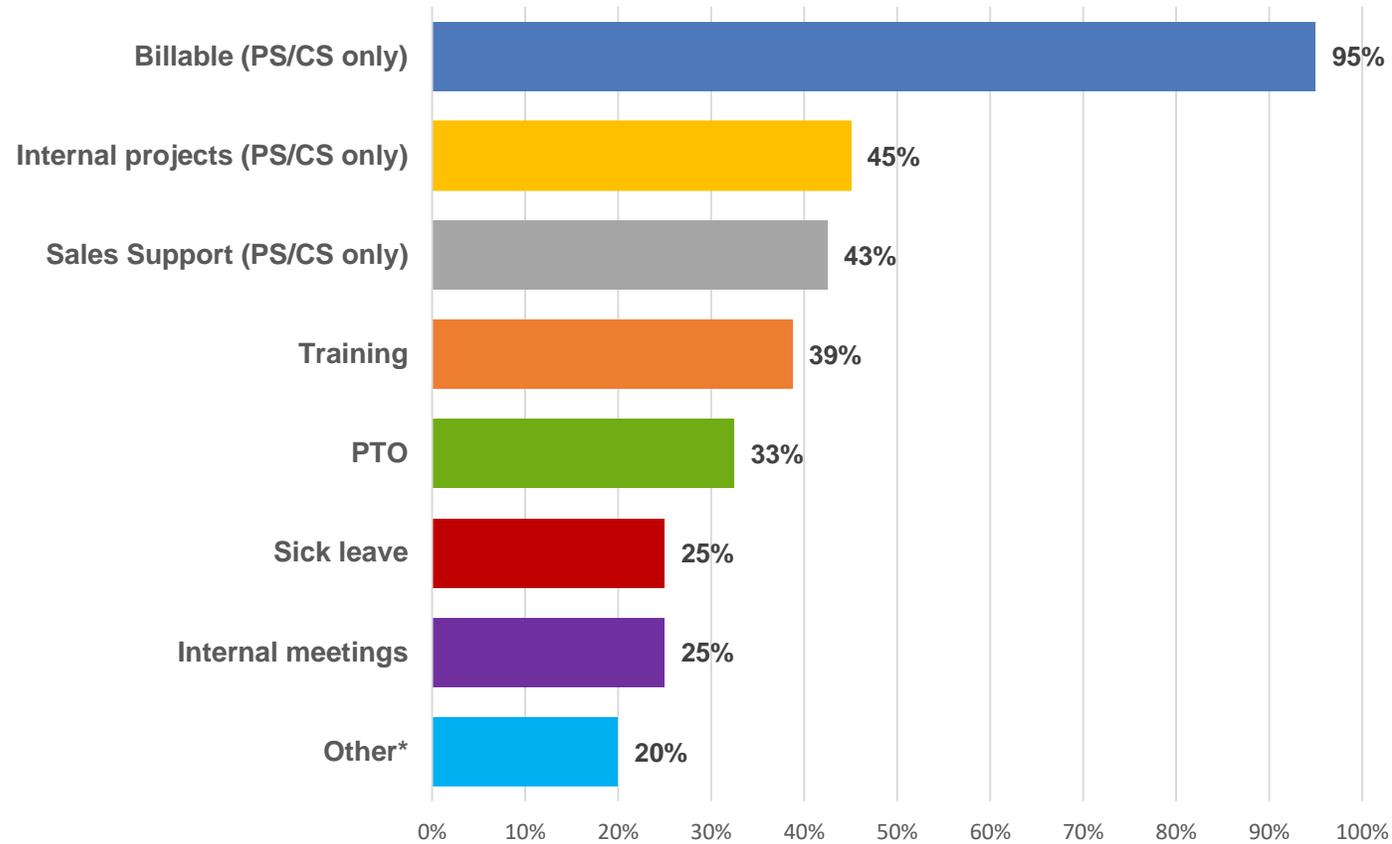
The 2080 standard recommended by the RMI is now used by nearly half of the PS/CS organizations in the survey. Adoption of a standard will enable more precise peer to peer benchmarking.

Data shown later in this report also shows adoption of the 2080 standard drives better overall utilization performance.

*Other

- Some comments mostly about using 2080 less certain time buckets but many different variations of this
- Variances by country usually due to different PTO or other labor norms

Q4: What time categories do you track in the numerator of the utilization calculation? – PS/CS



The number of time categories helps make clear the complexity of setting utilization targets.

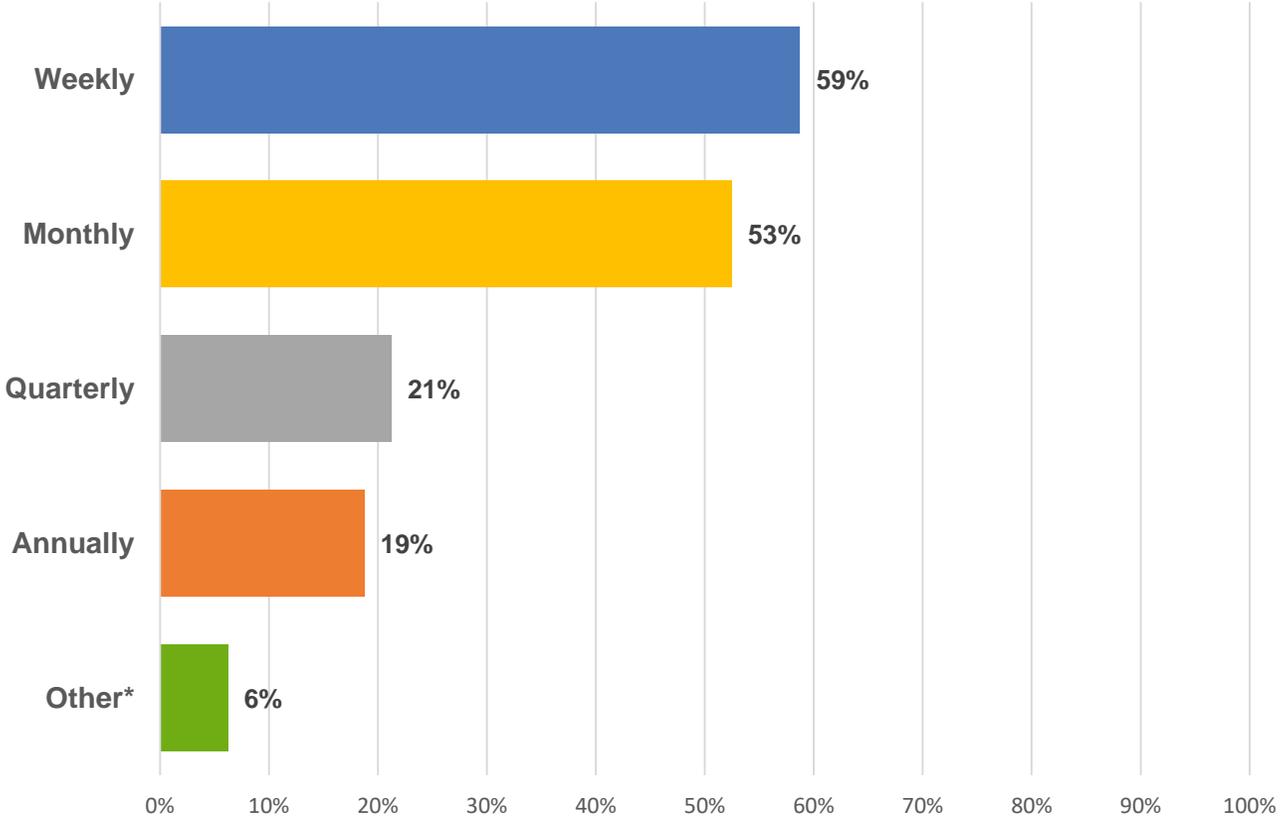
For PS/CS organizations, managing the non-billable time buckets is important to controlling unproductive time.

It is not clear why certain non-billable items like PTO and sick leave are being carried in the numerator by some.

*Other

- Various other time buckets such as Conferences / Seminars / Customer Sat remediation
- Some separately track billable vs. productive time

Q5: How often do you report utilization results? – PS/CS



The RMI recommends monthly or more frequent measurement of utilization data so trends can be spotted and addressed early.

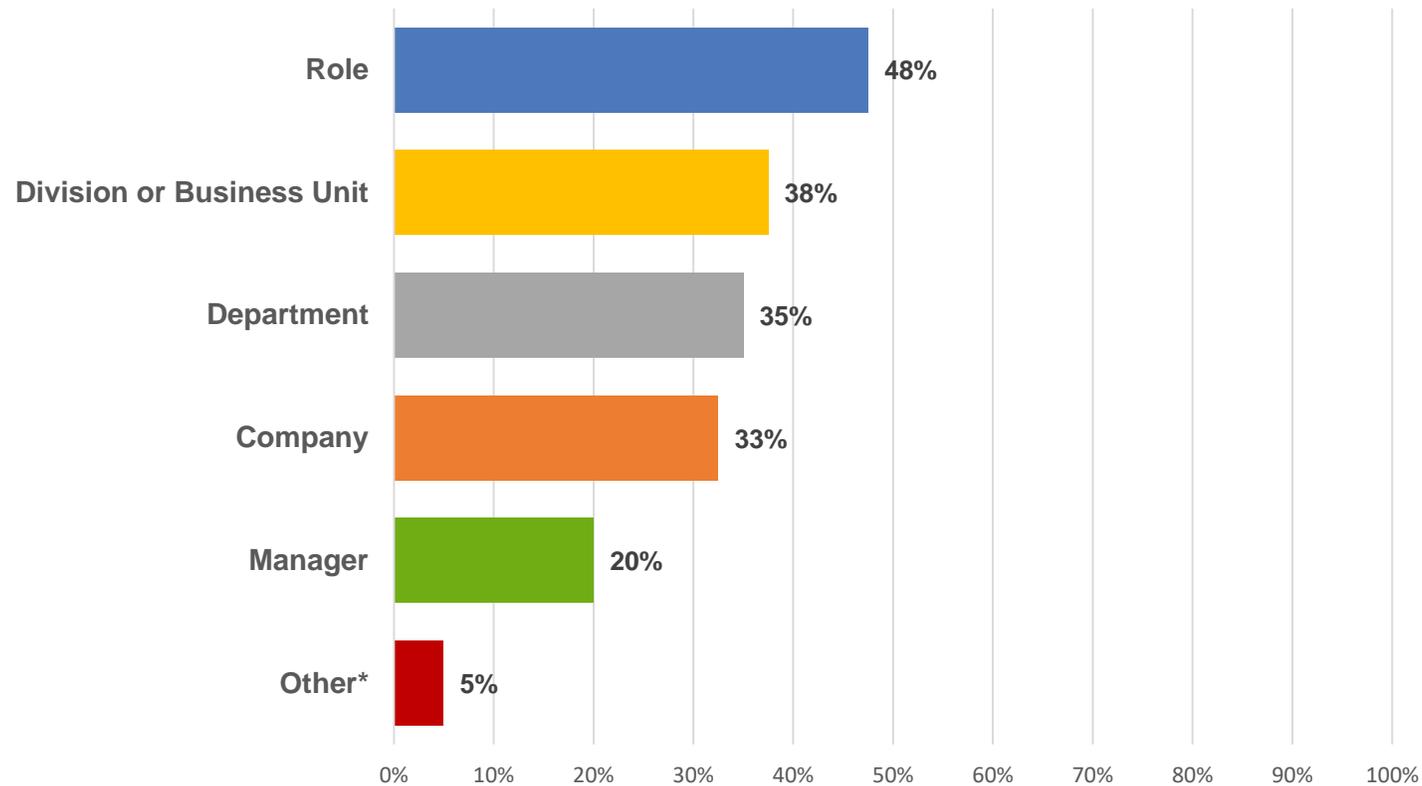
Often reporting capabilities are impacted by time reporting standards and rigor of compliance which should align with the need for more information earlier.

Real-time dashboarding is the future for reporting and monitoring utilization performance!

*Other

- Many comments from companies that have implemented real-time dashboards.

Q6: Utilization targets are set at what level: – PS/CS



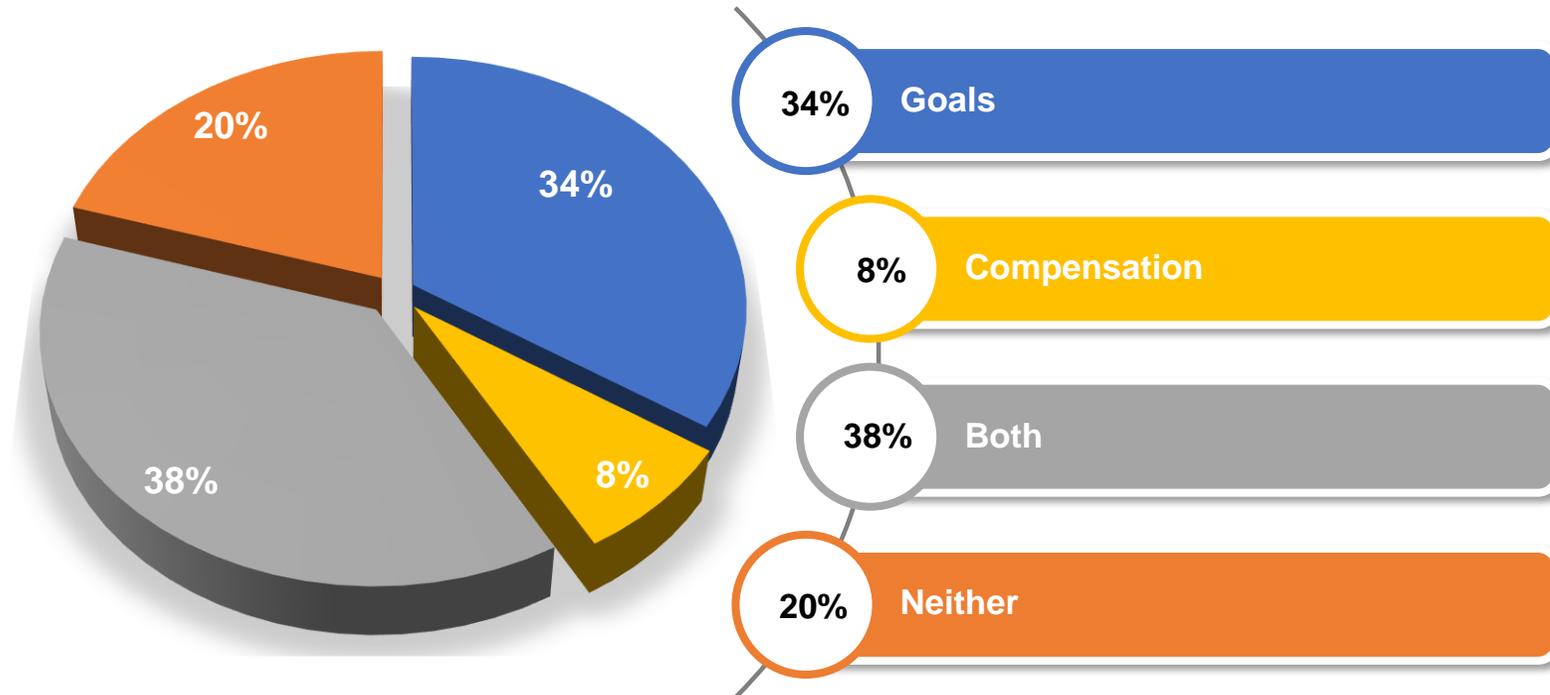
The RMI recommends accountability for utilization should be aligned with those most able (empowered or authorized) to affect the drivers of utilization.

Most organizations surveyed hold various people or departments accountable.

*Other

- Individual resource, named people or 'Practices'

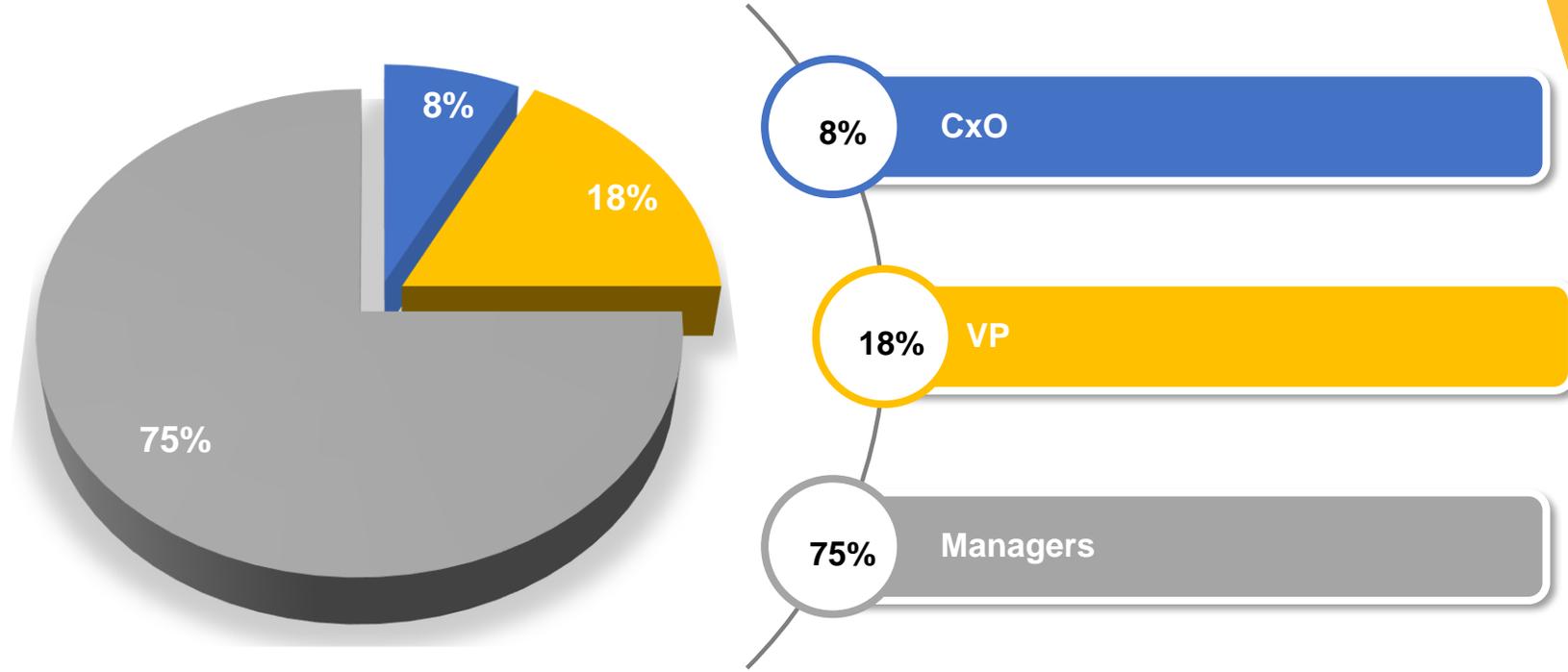
Q7: Are utilization targets part of employee: – PS/CS



The PS/CS industry benefits from greater alignment of employee goals and compensation to utilization targets.

This requires that those being held accountable are empowered to make choices to positively impact the outcome of utilization performance.

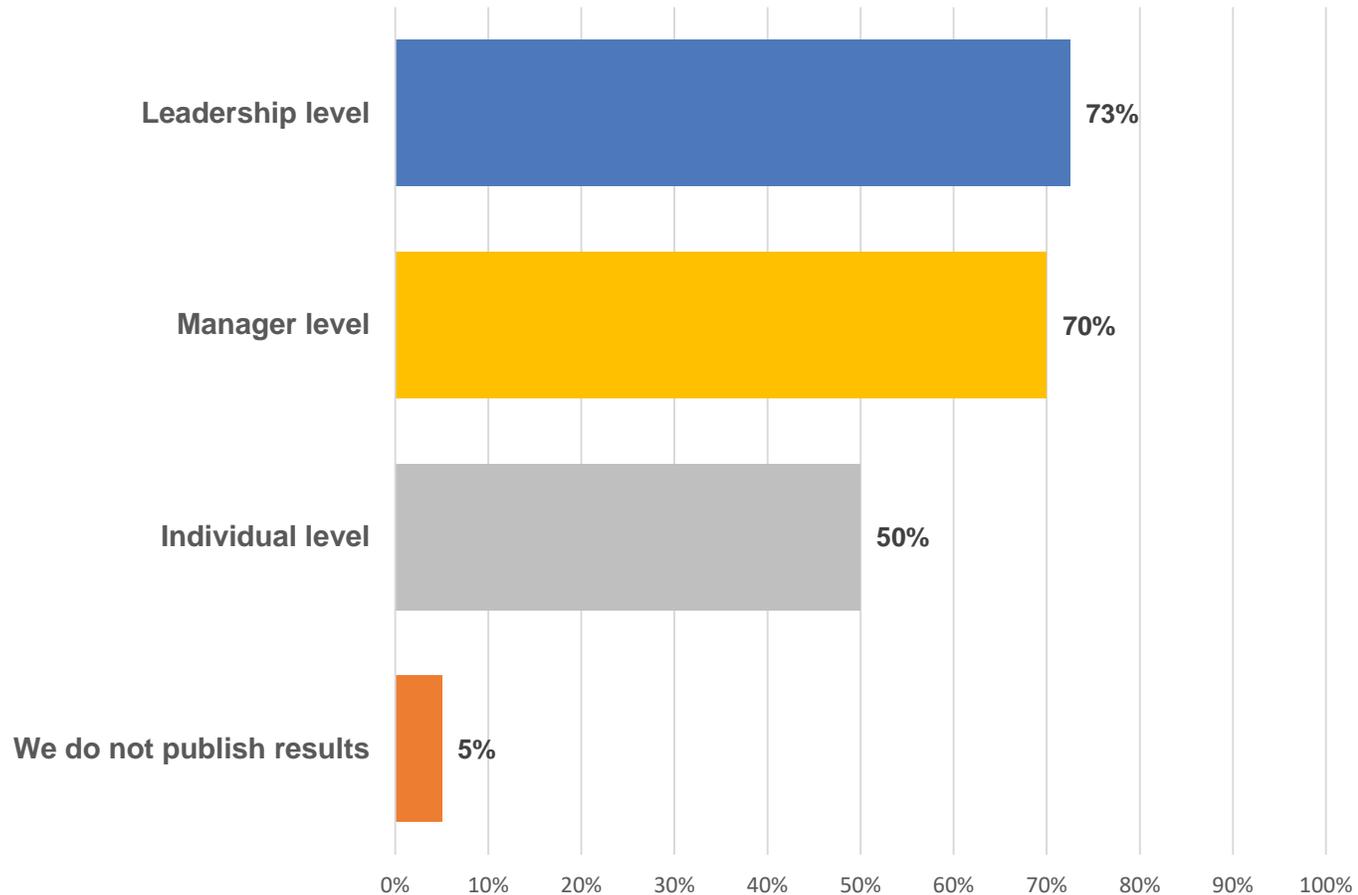
Q8: Who ultimately owns responsibility for achievement of the utilization metric in your organization? – PS/CS



While the 'Managers' ownership of utilization performance is predominant, it is surprising that those higher in the organization are not. This is particularly puzzling since labor costs are typically 75%+ of these organizations budgets.

The survey did not attempt to capture titles of those completing the survey and therefore the mix of respondents could have a bearing on the actual mix of who is assigned the utilization metric.

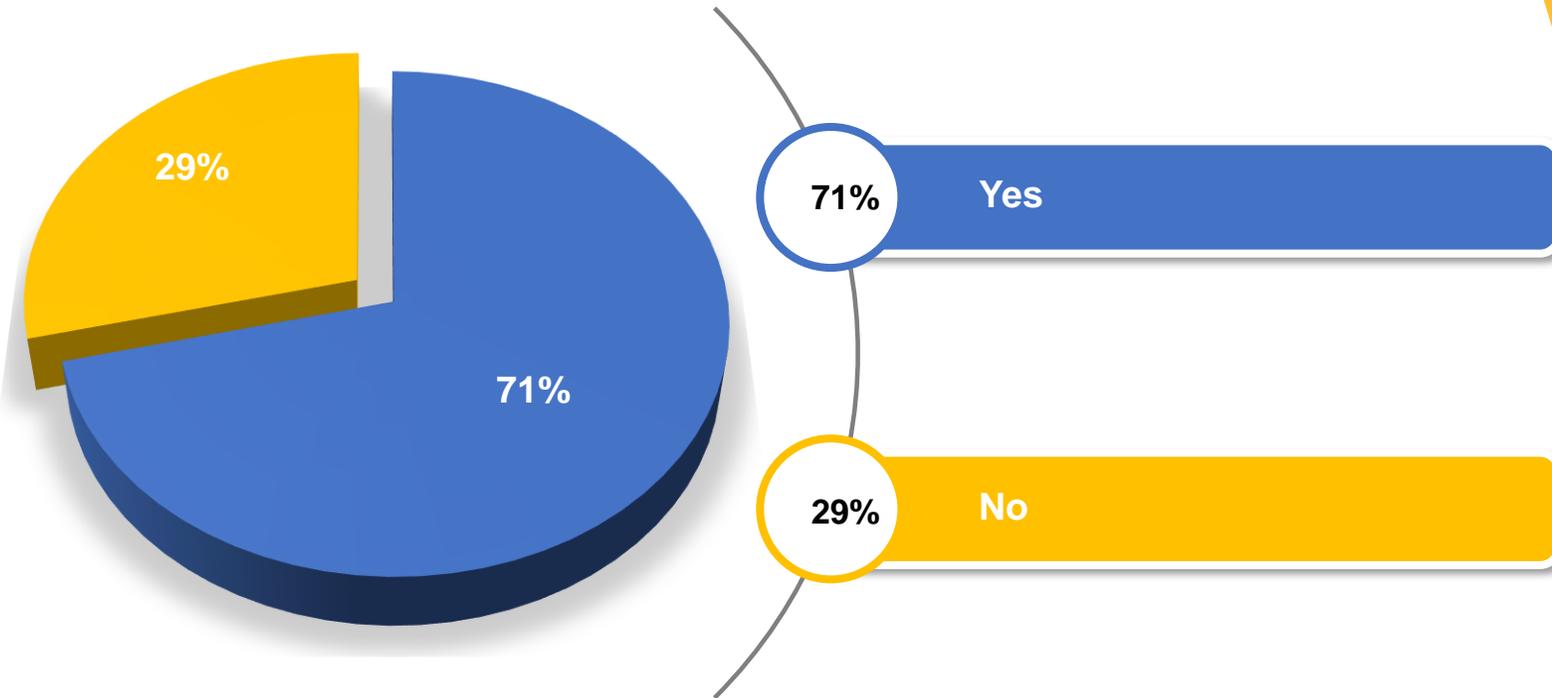
Q9: At what level do you publish results (internally) for utilization performance? – PS/CS



Utilization reporting and therefore visibility and awareness in the organization is fundamental to good governance of utilization.

The frequency and currency of the data is also important to give management time to spot negative trends needing action, and reinforcing positive trends as they occur.

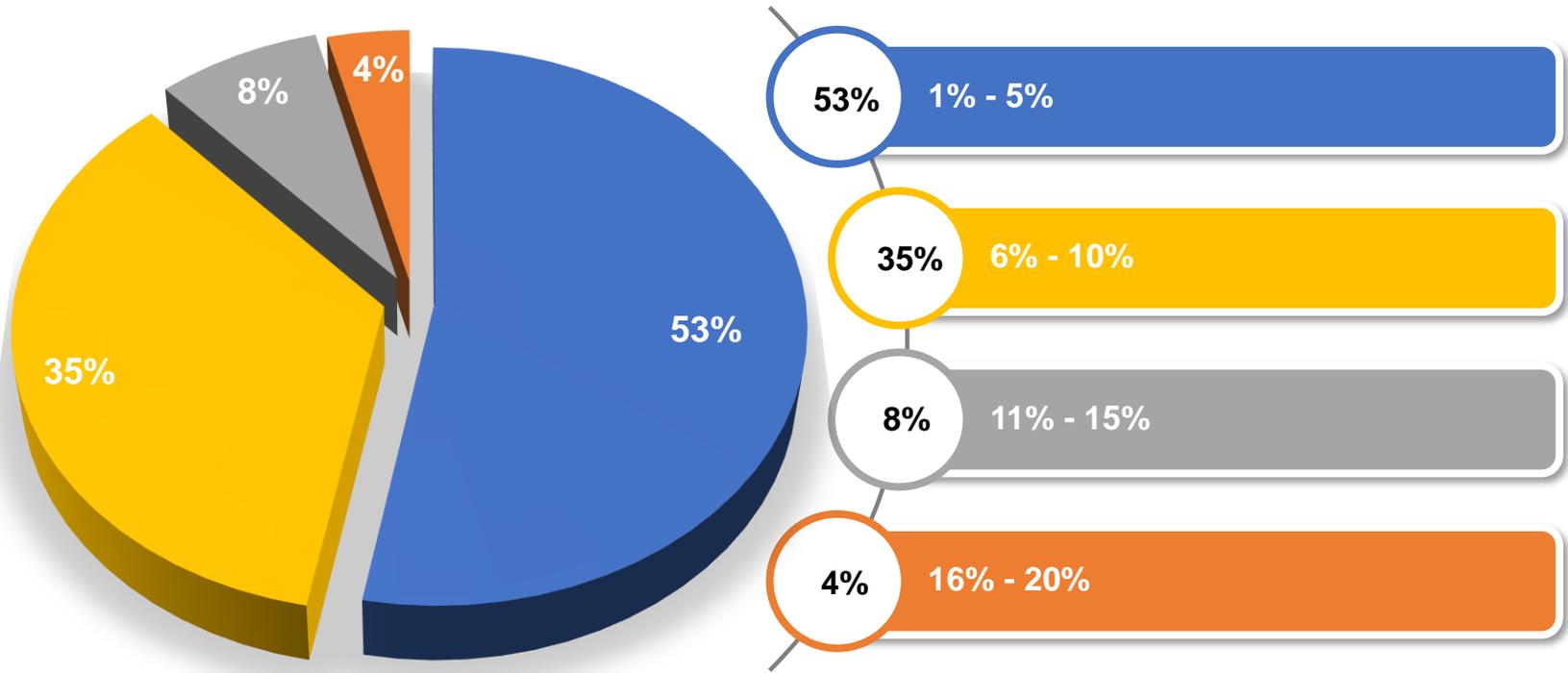
Q10: Do you count overtime hours in your utilization calculation? – PS/CS



The data indicates nearly three quarters of firms include overtime in the utilization calculation.

Organizational analysis and reporting should also focus on how that overtime is spread to manage employee morale and burnout, and identify under-utilized resources.

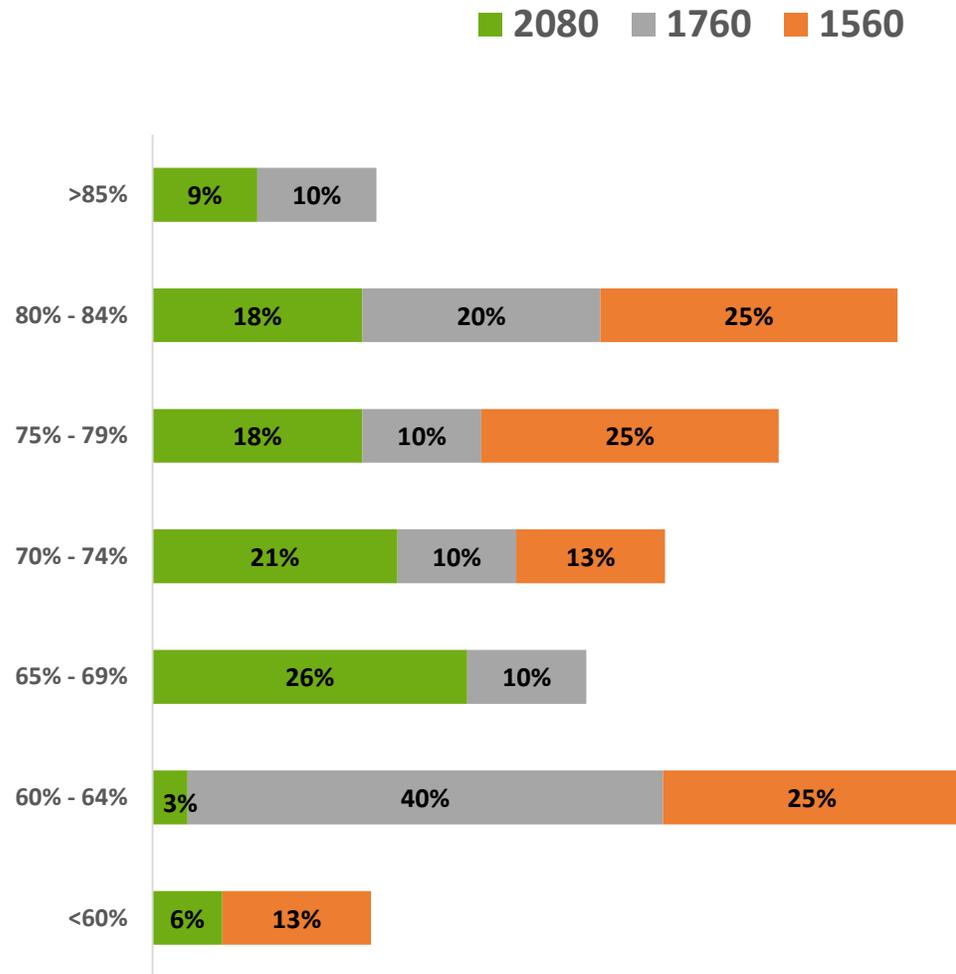
Q11: On average, what percent of the total hours used in the numerator of your utilization calculation represent overtime hours?– PS/CS



No surprises here. As stated on the Q10 slide, knowing which employees are incurring that O/T is important to track and manage otherwise it can lead to employee sat issues, and mask under-utilized resources.

Q12: What is your average utilization result over the past 12 months?– PS/CS

(Consolidated data for all denominators)



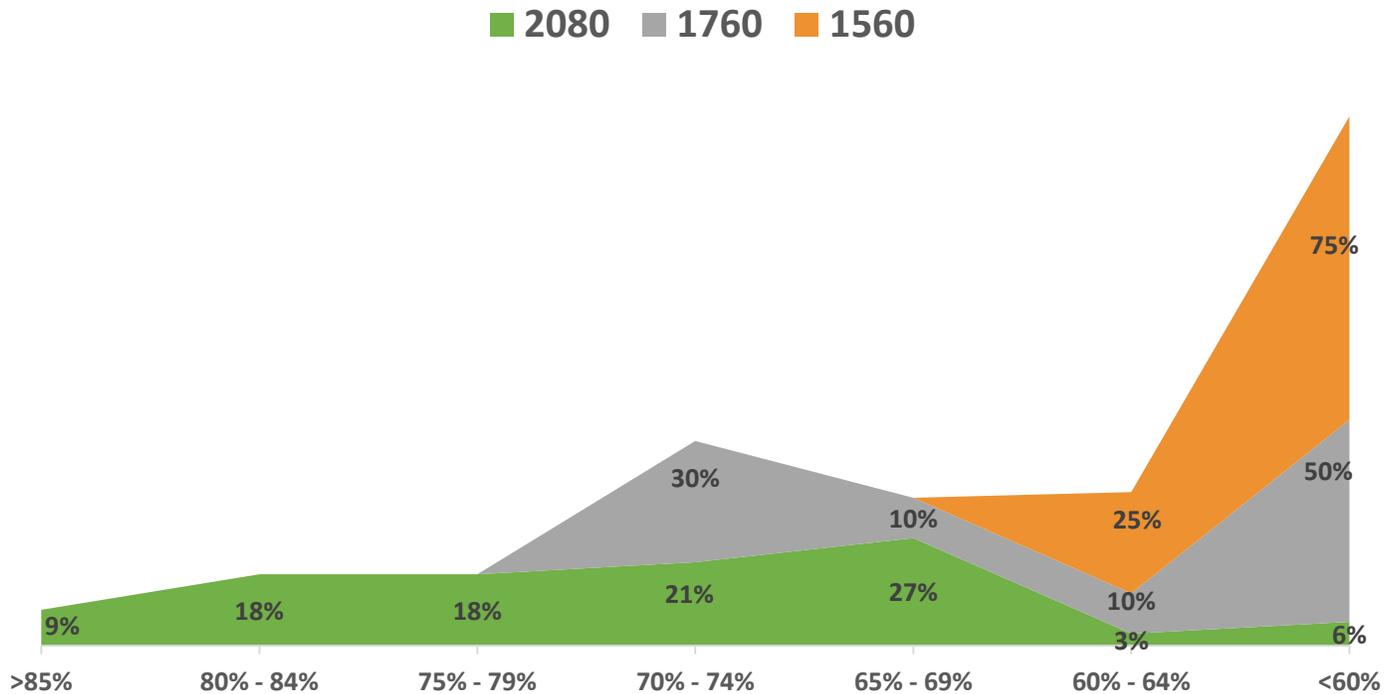
This chart provides the raw data indicating reported utilization performance for PS/CS organizations segmented by what those respondents use for the denominator of the utilization calculation.

The RMI recommends the industry all move to the 2080 standard so that peer comparisons are more easily drawn.

A view of all the data 'normalized' to the 2080 standard is provided on the next chart.

Average Utilization – PS/CS

(data is normalized to 2080 denominator)



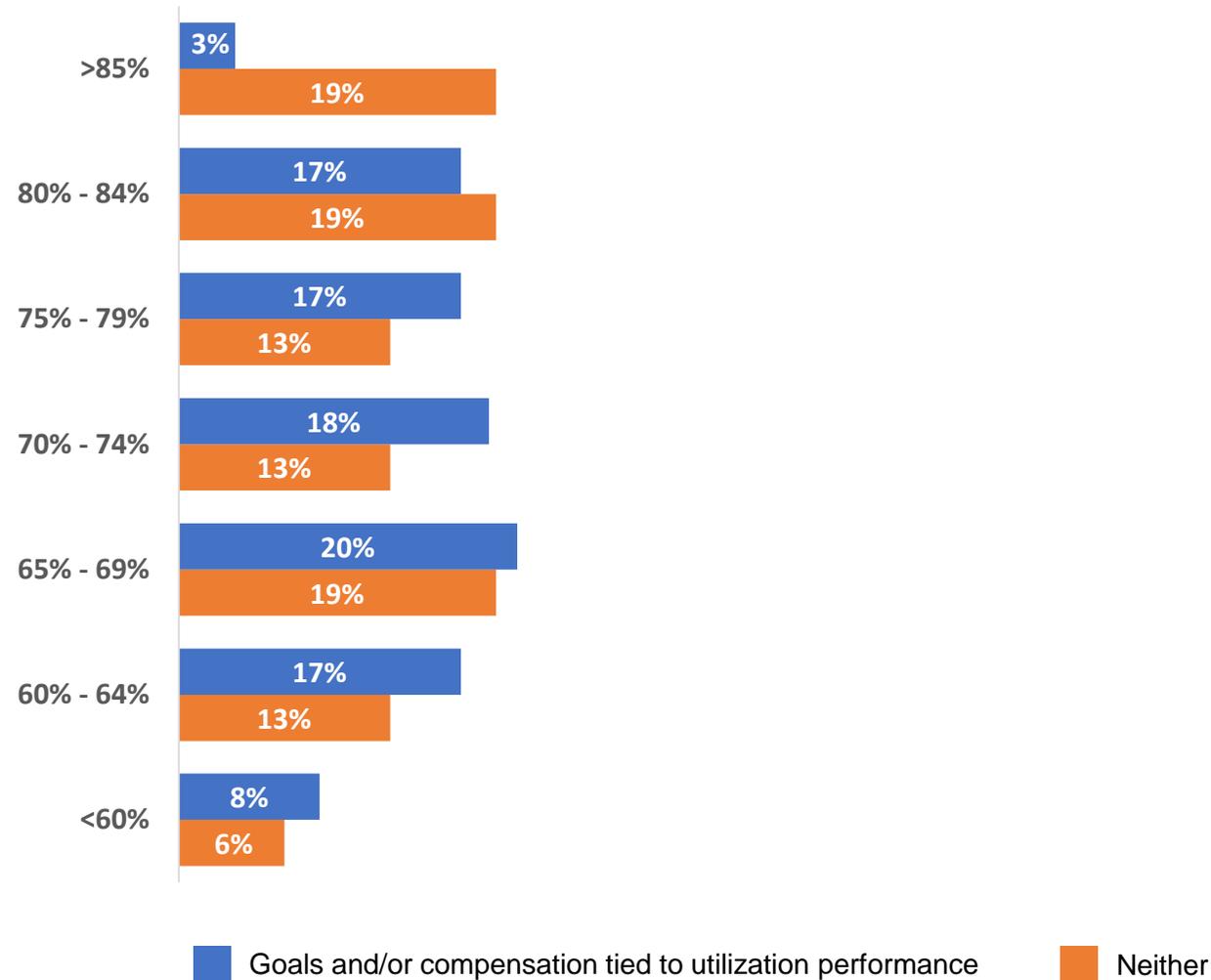
The data once again strongly supports the RMI's recommendation to adopt the 2080 standard for the denominator of the utilization metric.

This data, which normalizes (provides an apples to apples comparison) reported utilization, show how dramatic the deterioration of utilization occurs as the denominator is lowered.

This occurs for many reasons, mostly by rationalization of why 'we are different' and therefore must adopt a different standard. Some can be attributed to human behavior with a desire to depict the best possible outcome when compared to peer groups.

Average Utilization – PS/CS

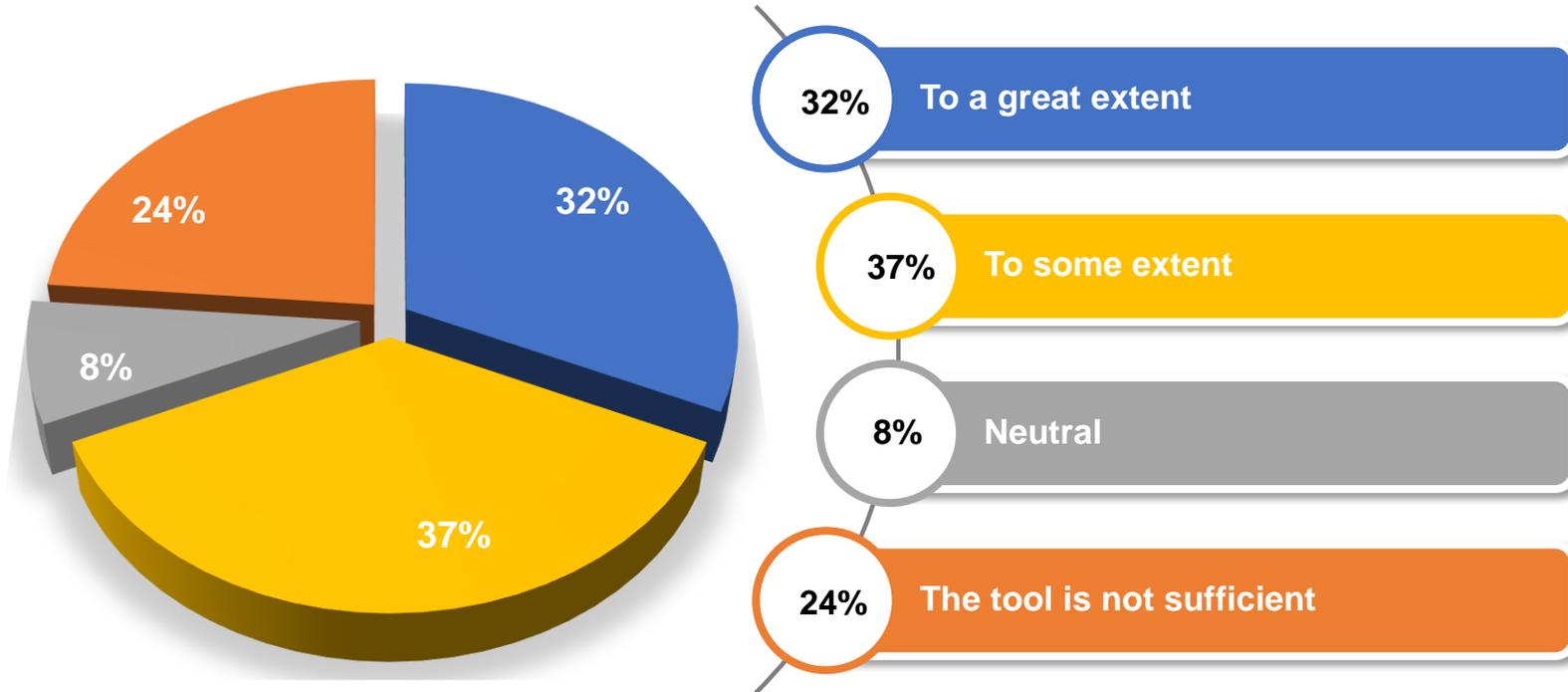
(value of linking goals/compensation to utilization performance)



The PS/CS group had mixed results with the use of linking goals and compensation to utilization performance.

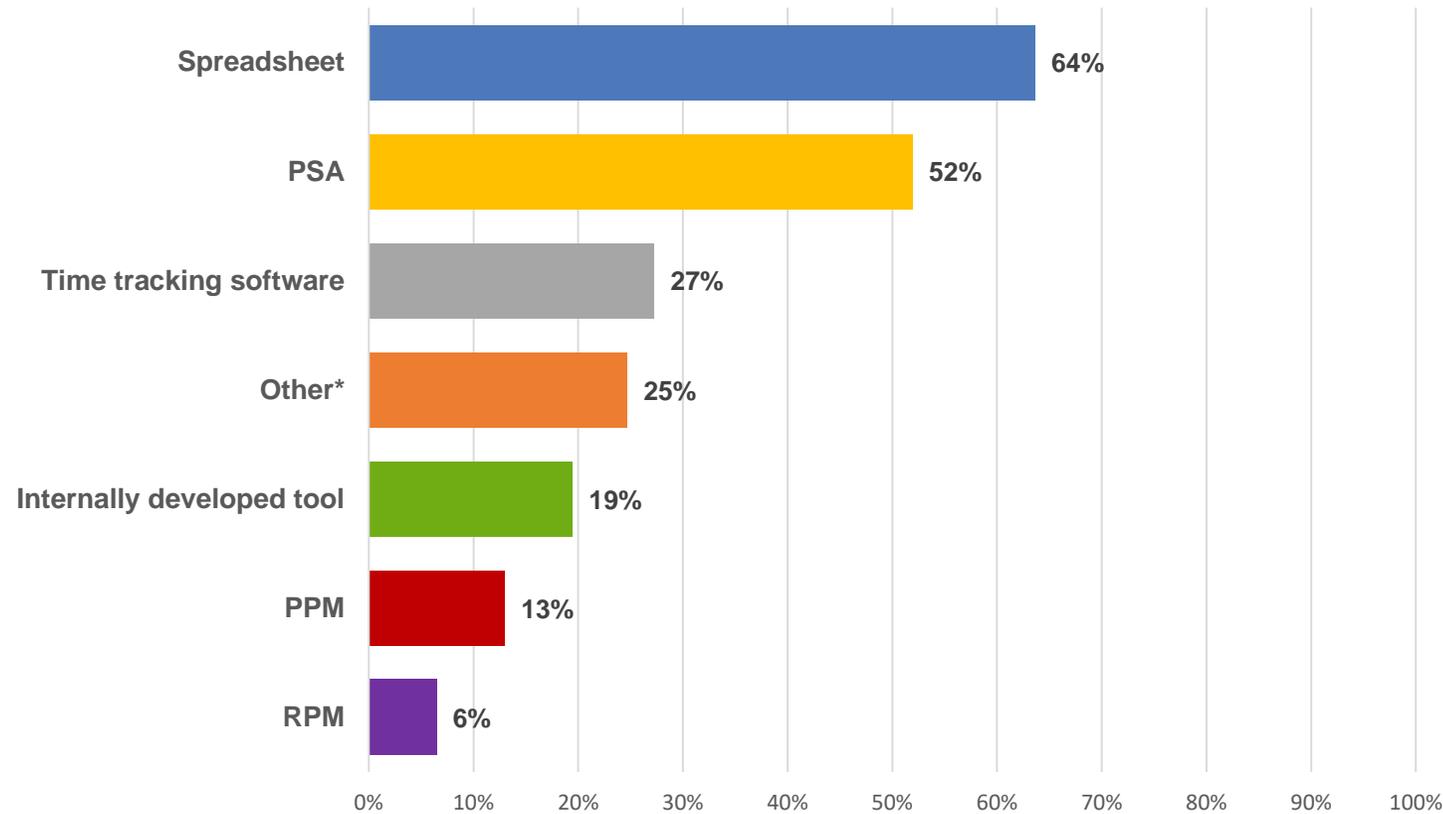
The RMI recommends using appropriate incentives to drive utilization behavior in the right direction.

Q13: My PSA, PPM or RPM tool helps me with measuring and reporting utilization results?– PS/CS



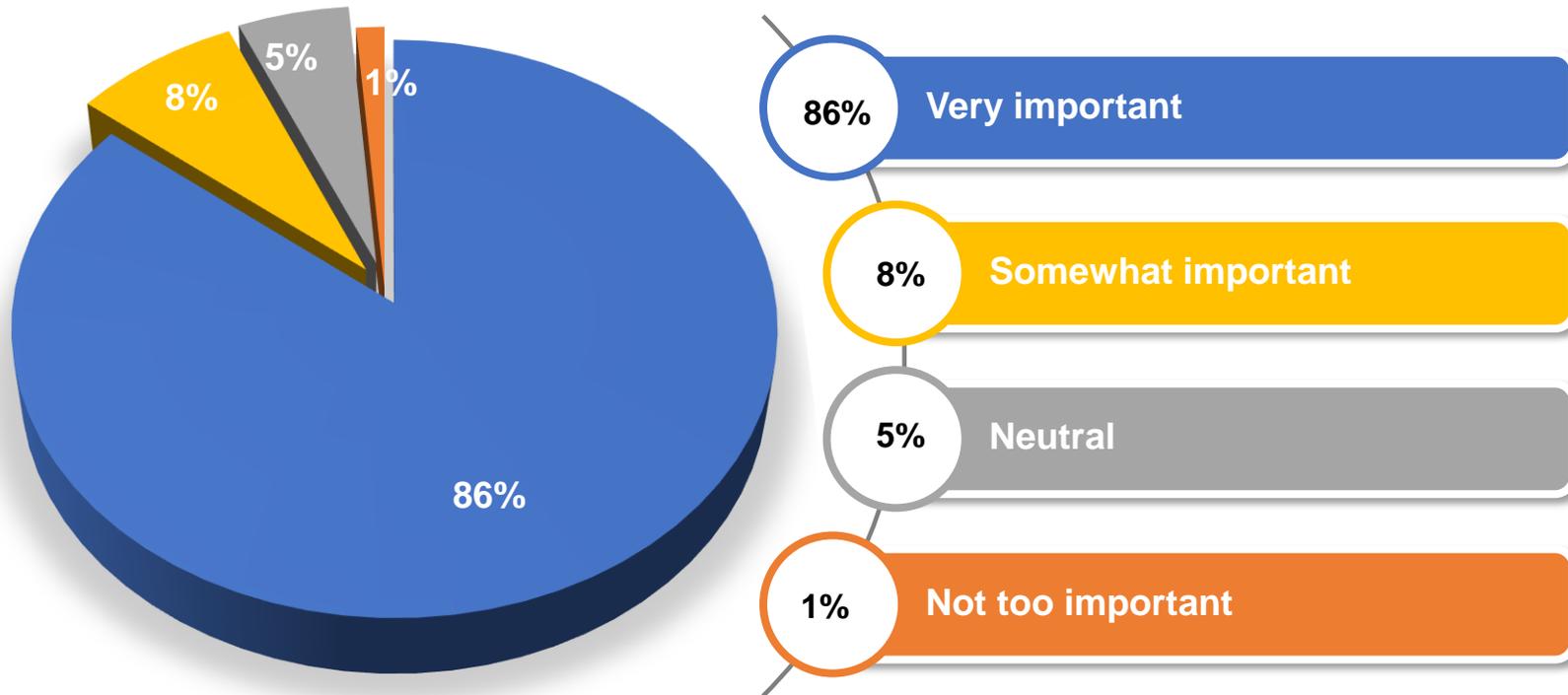
The good news is nearly a third of respondents get good support from their automation tool. The data suggests the tool vendors have more to do to improve tracking, analysis and reporting capabilities.

Q14: Do you use more than one automation tool to help with utilization tracking and reporting? – PS/CS



PSA tools are certainly becoming more capable and dominant in the space, but reliance on spreadsheets still shows how far we need to go to improve automation support for resource management.

Q15: Utilization performance for our company is: – PS/CS



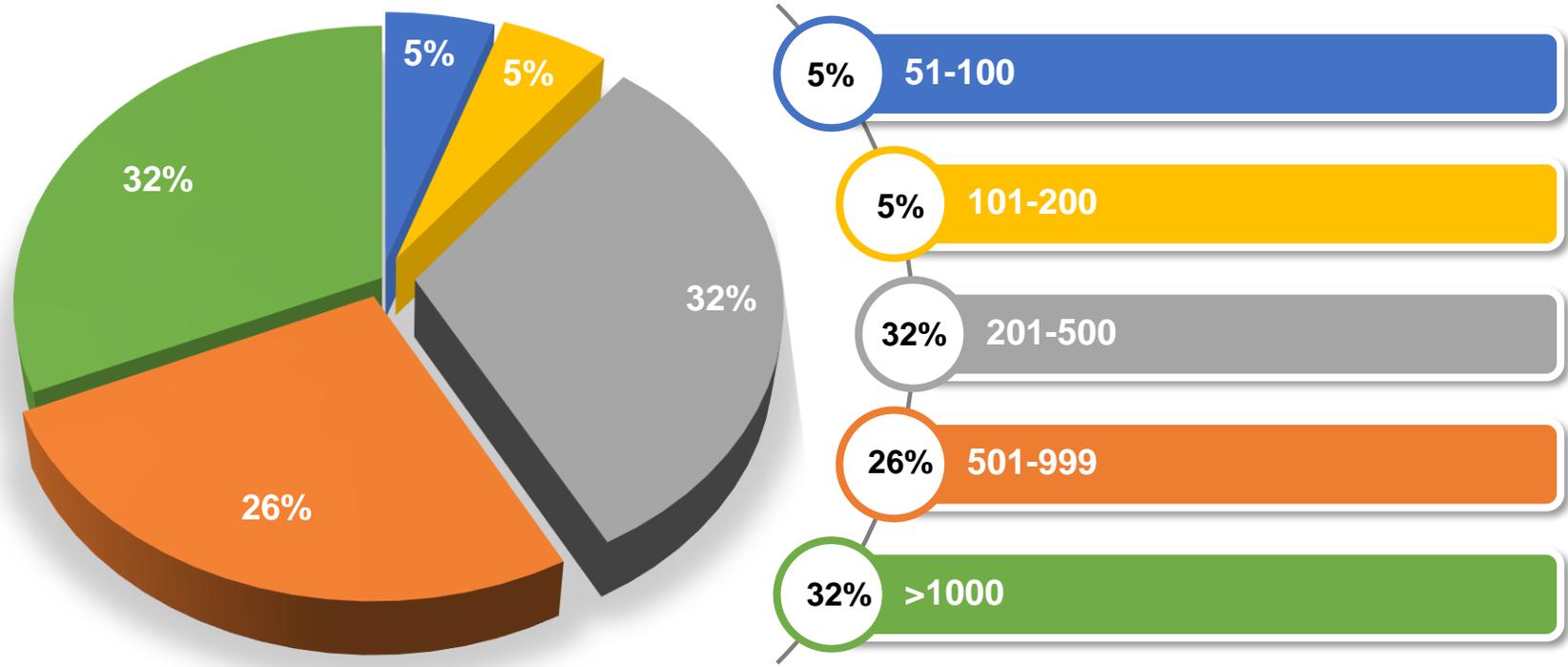
Great news that with more than 75% of a typical PS/CS budget invested in people, utilization is on the radar with most.

The survey results however show that making a connection from that high level understanding of the importance of utilization to closing the gaps in metrics, reporting and clear accountability are still work-in-progress for many companies.

Enterprise/IT Responses

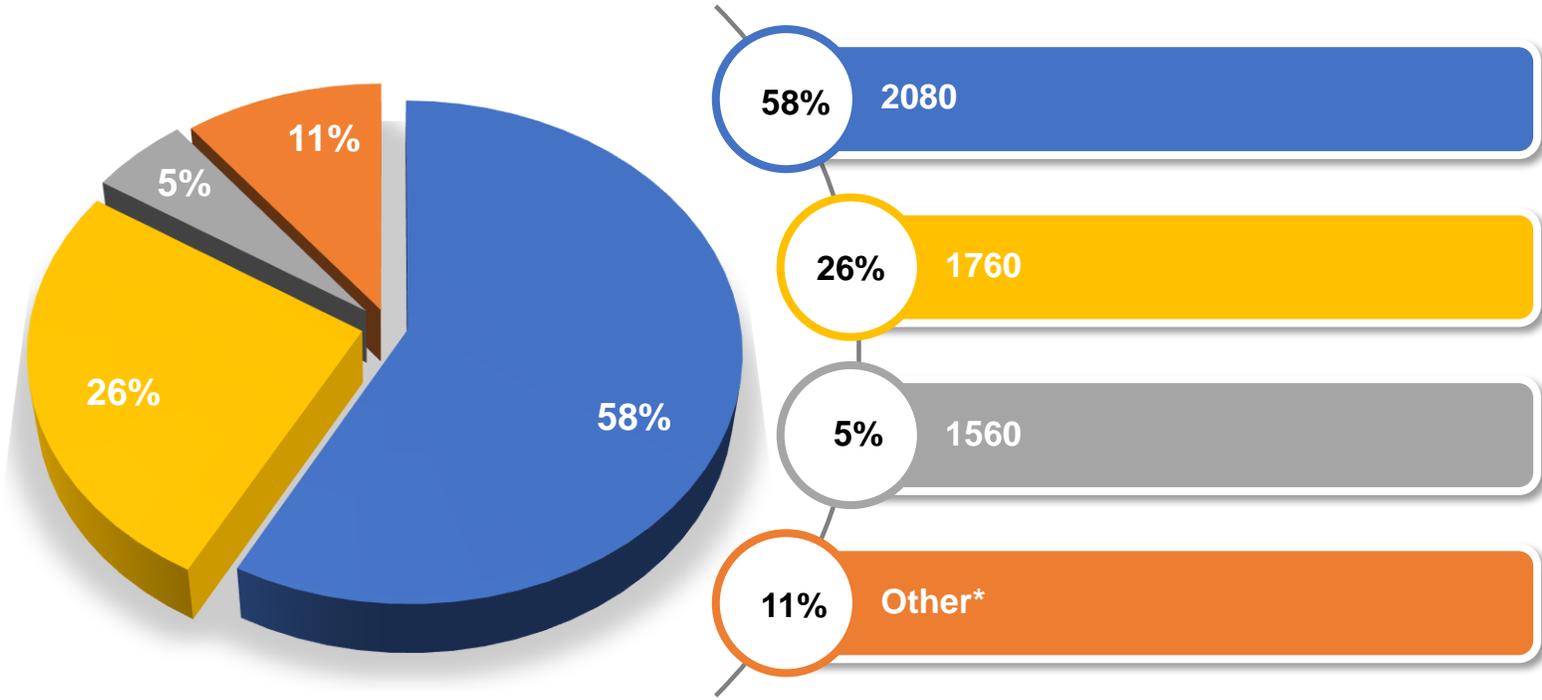


Q2: How many resources in total does your organization manage collectively with all resource managers?– E/IT



The survey had a good cross section of respondents from many different size organizations.

Q3: What standard (hours) do you use for the denominator of the utilization calculation? – E/IT



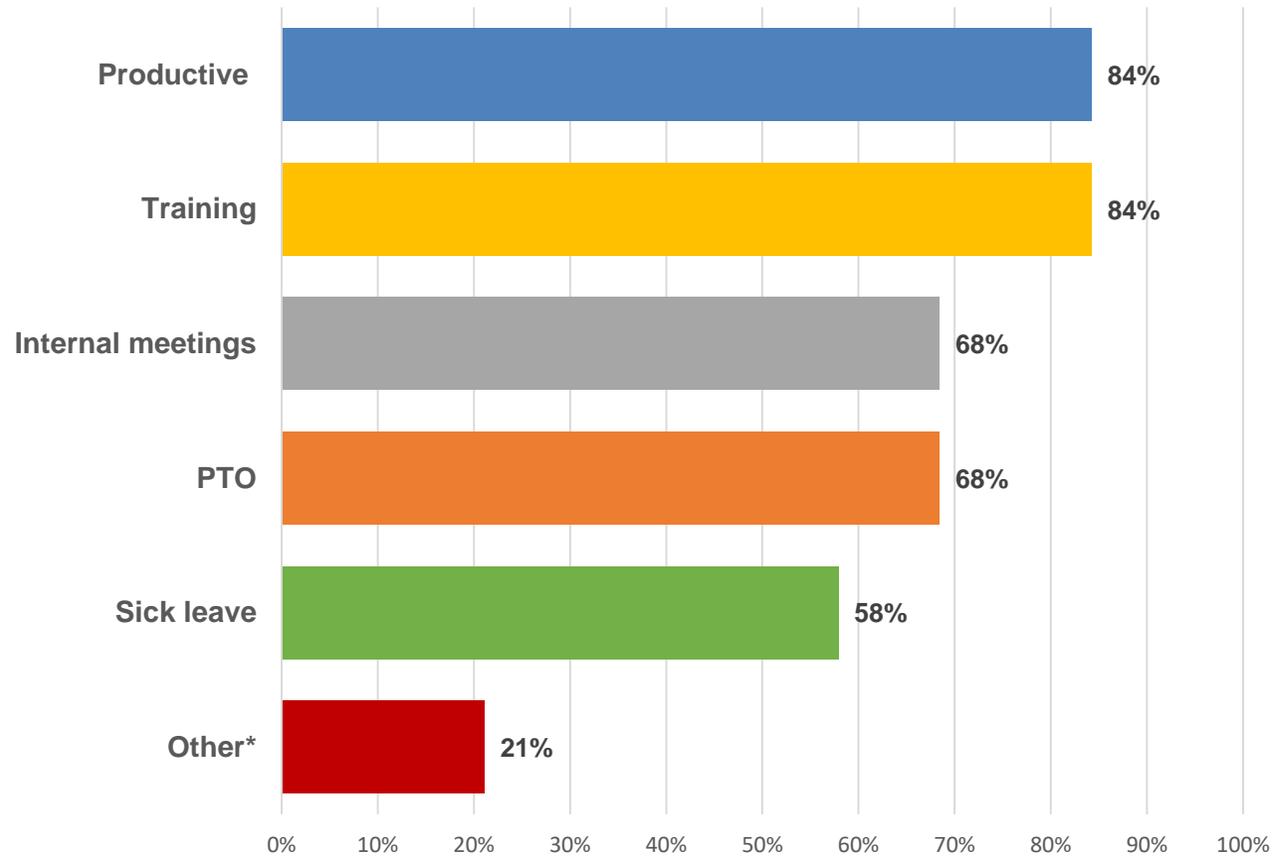
E/IT is leading their PS/CS counterparts in adoption of the 2080 standard recommended by the RMI.

Data shown later in this report also shows adoption of the 2080 standard drives better overall utilization performance.

*Other

• Different variations of 2080 less certain selected time buckets.

Q4: What time categories do you track in the numerator of the utilization calculation? – E/IT



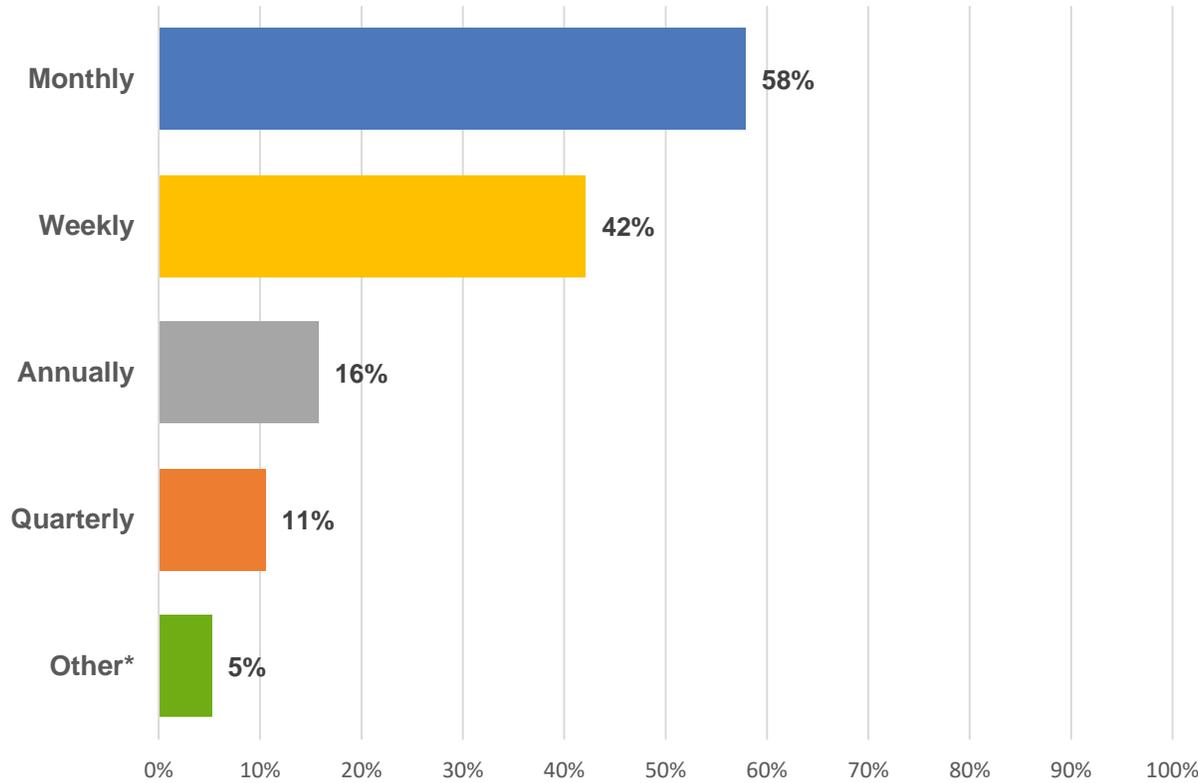
The number of time categories helps make clear the complexity of setting utilization targets.

For E/IT organizations, managing the non-productive time buckets is important to controlling overall utilization.

It is not clear why certain non-billable items like PTO and sick leave are being carried in the numerator by some.

- *Other
- Service and app support
 - High level incident, requests and enhancements
 - Operational support (KLO)

Q5: How often do you report utilization results? – E/IT



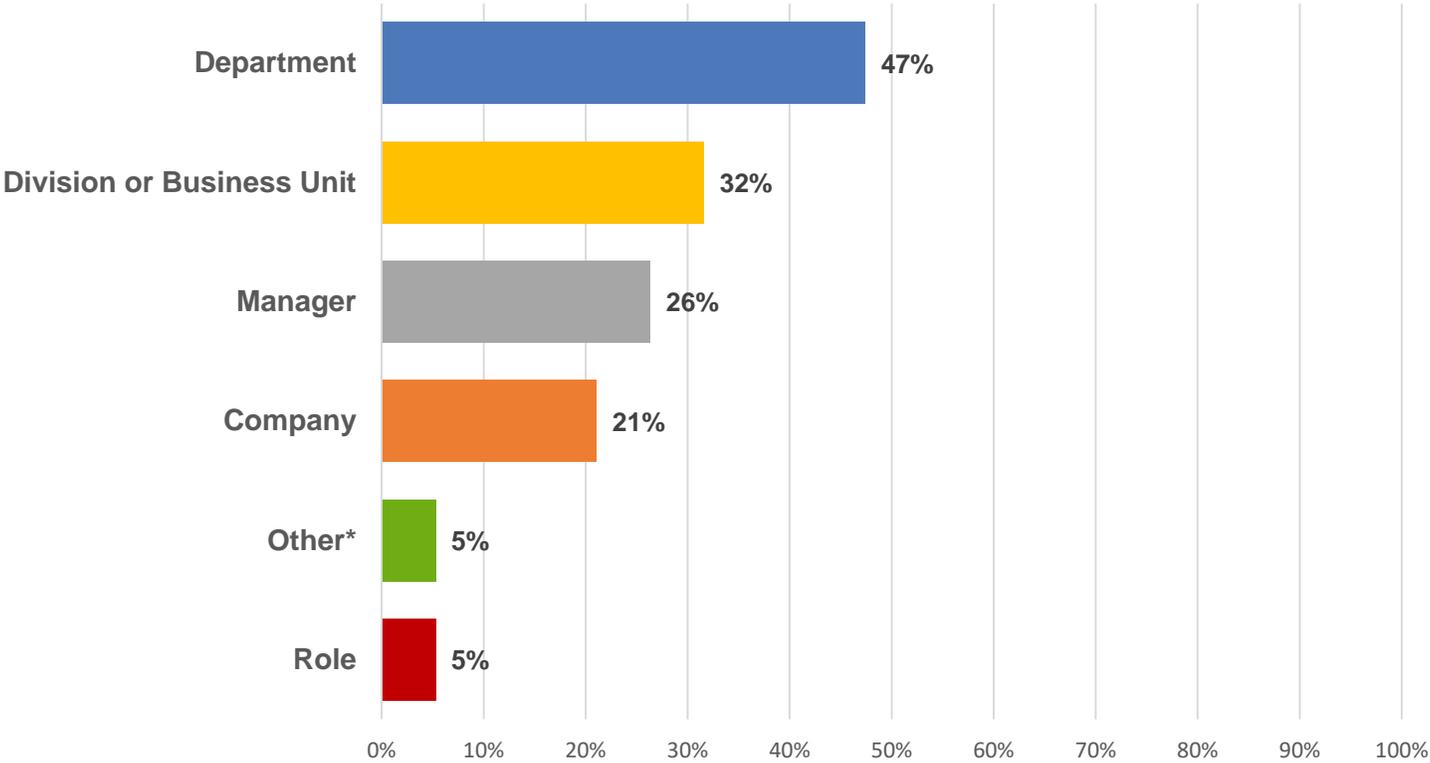
The RMI recommends monthly or more frequent measurement of utilization data so trends can be spotted and addressed early.

Often reporting capabilities are impacted by time reporting standards and rigor of compliance which should align with the need for more information earlier.

Real-time dashboarding is the future!

*Other • Daily

Q6: Utilization targets are set at what level: – E/IT

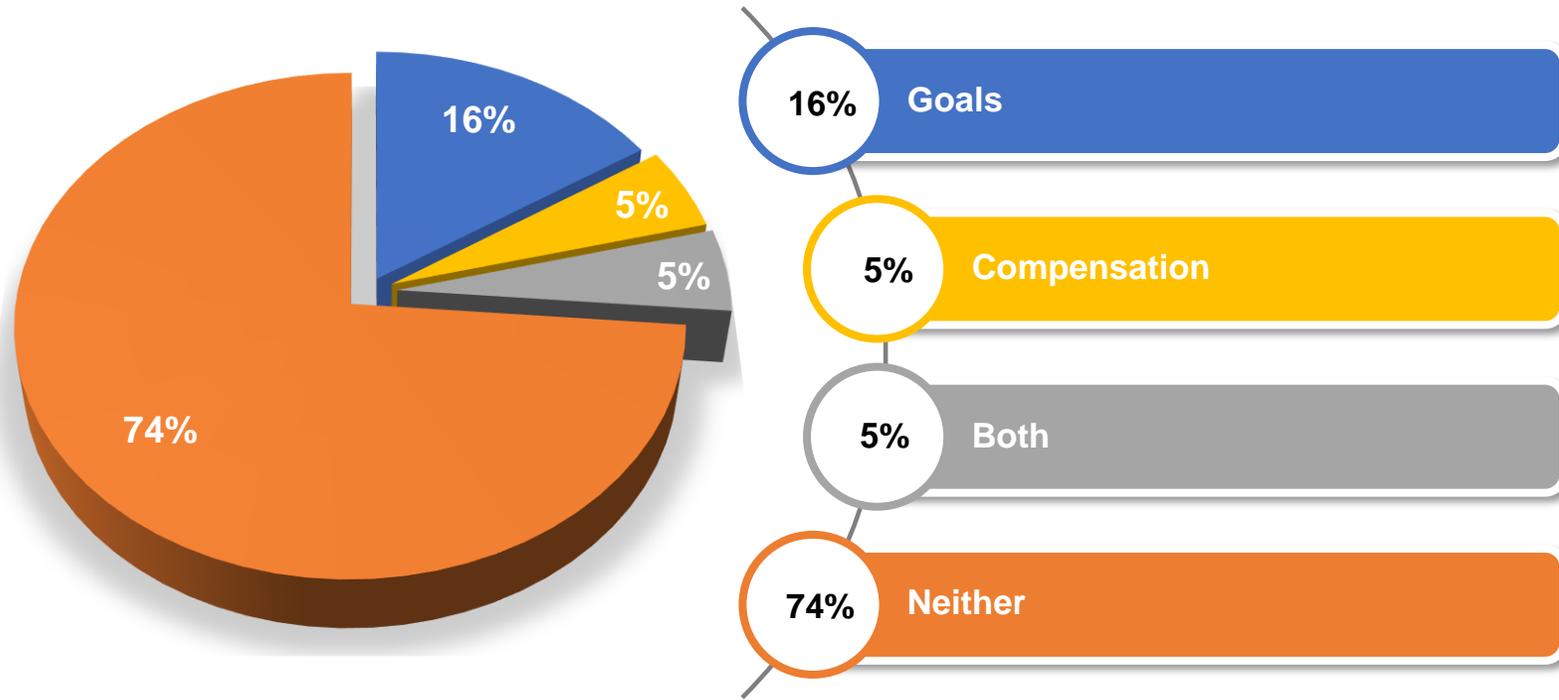


The RMI recommends accountability for utilization should be aligned with those most able (empowered or authorized) to affect the drivers of utilization.

Most organizations surveyed hold various people or departments accountable.

*Other • Individual Resource

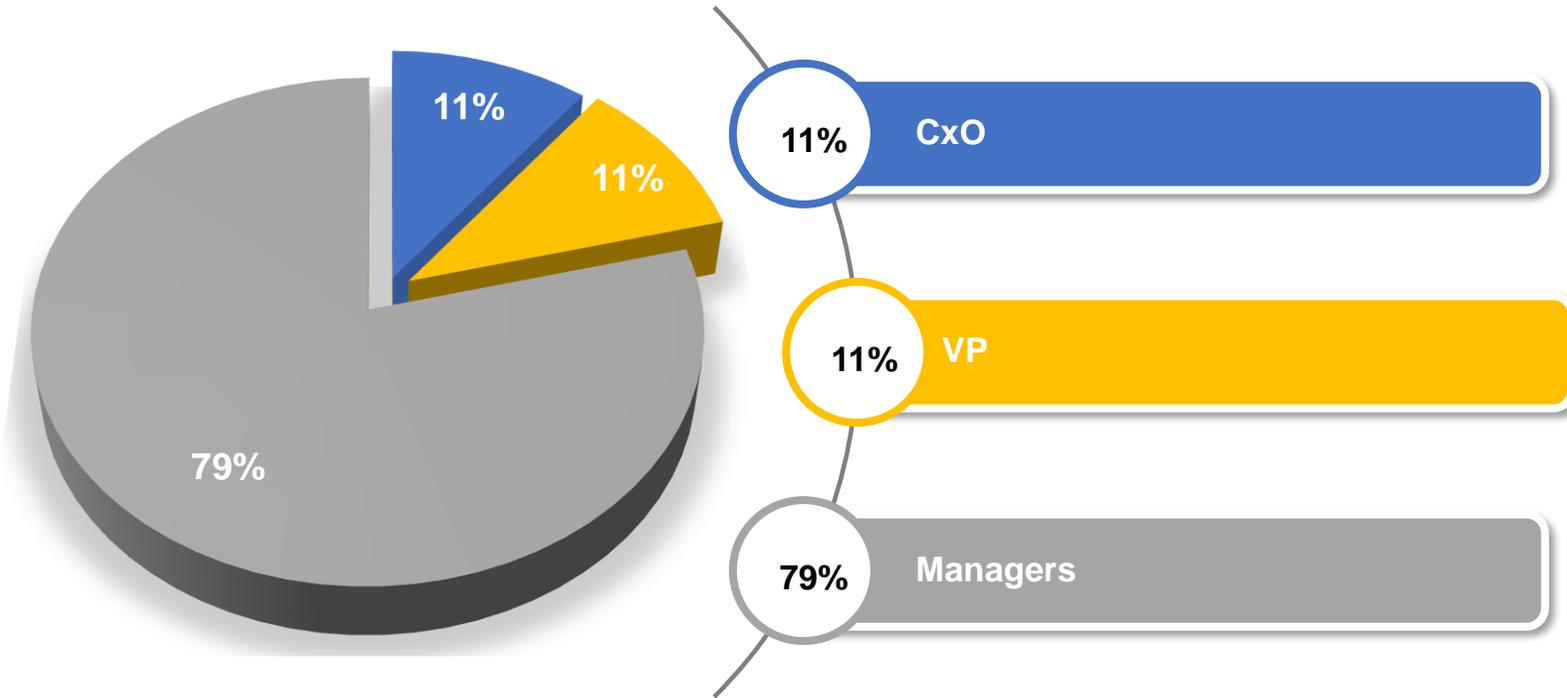
Q7: Are utilization targets part of employee: – E/IT



The E/IT industry would benefit from greater alignment of employee goals and compensation to utilization targets, and specifically to working on the right company priorities. The RMI has observed that E/IT orgs can benefit from greater precision of tracking time buckets with better definition of high priority projects.

This would also require that those being held accountable are empowered to make choices to positively impact the outcome of utilization performance.

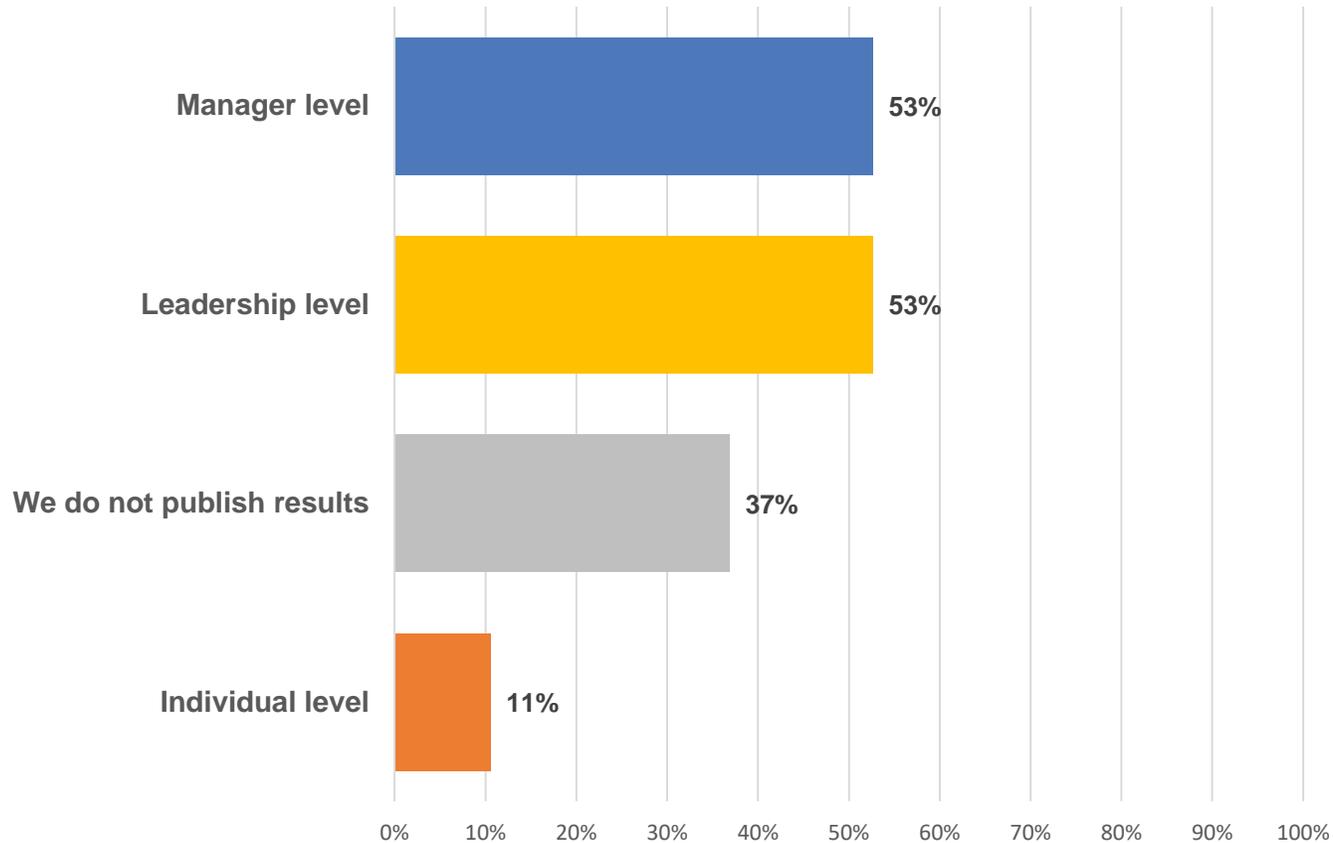
Q8: Who ultimately owns responsibility for achievement of the utilization metric in your organization? – E/IT



While the 'Managers' ownership of utilization performance is predominant, it is surprising that those higher in the organization are not. This is particularly puzzling since labor costs are typically 75%+ of these organizations budgets.

The survey did not attempt to capture titles of those completing the survey and therefore the mix of respondents could have a bearing on the actual mix of who is assigned the utilization metric.

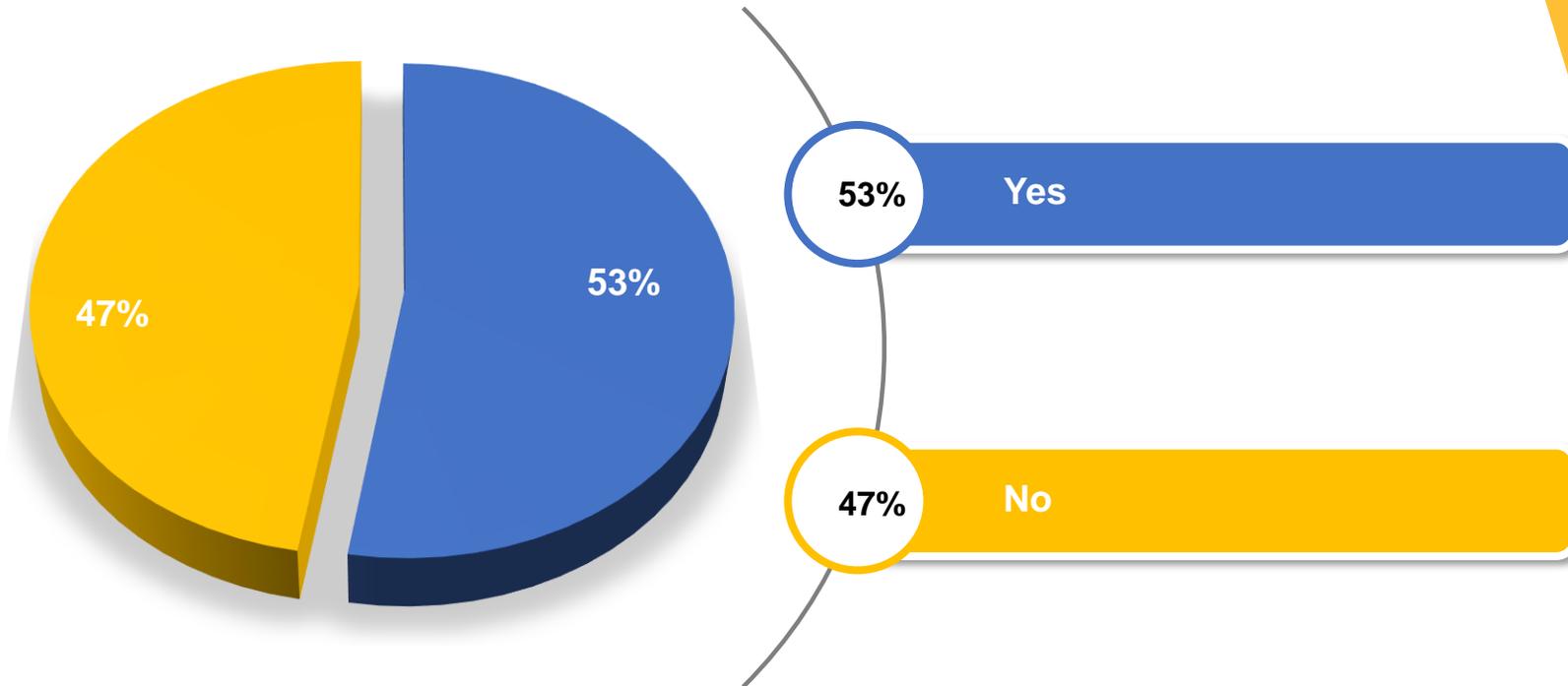
Q9: At what level do you publish results (internally) for utilization performance? – E/IT



More than a third do not publish results for utilization. Utilization reporting and therefore visibility and awareness in the organization is fundamental to good governance of the cost of human capital particularly where these resources are not externally billable.

The frequency and currency of the data is also important to give management time to spot negative trends needing action, and reinforcing positive trends as they occur.

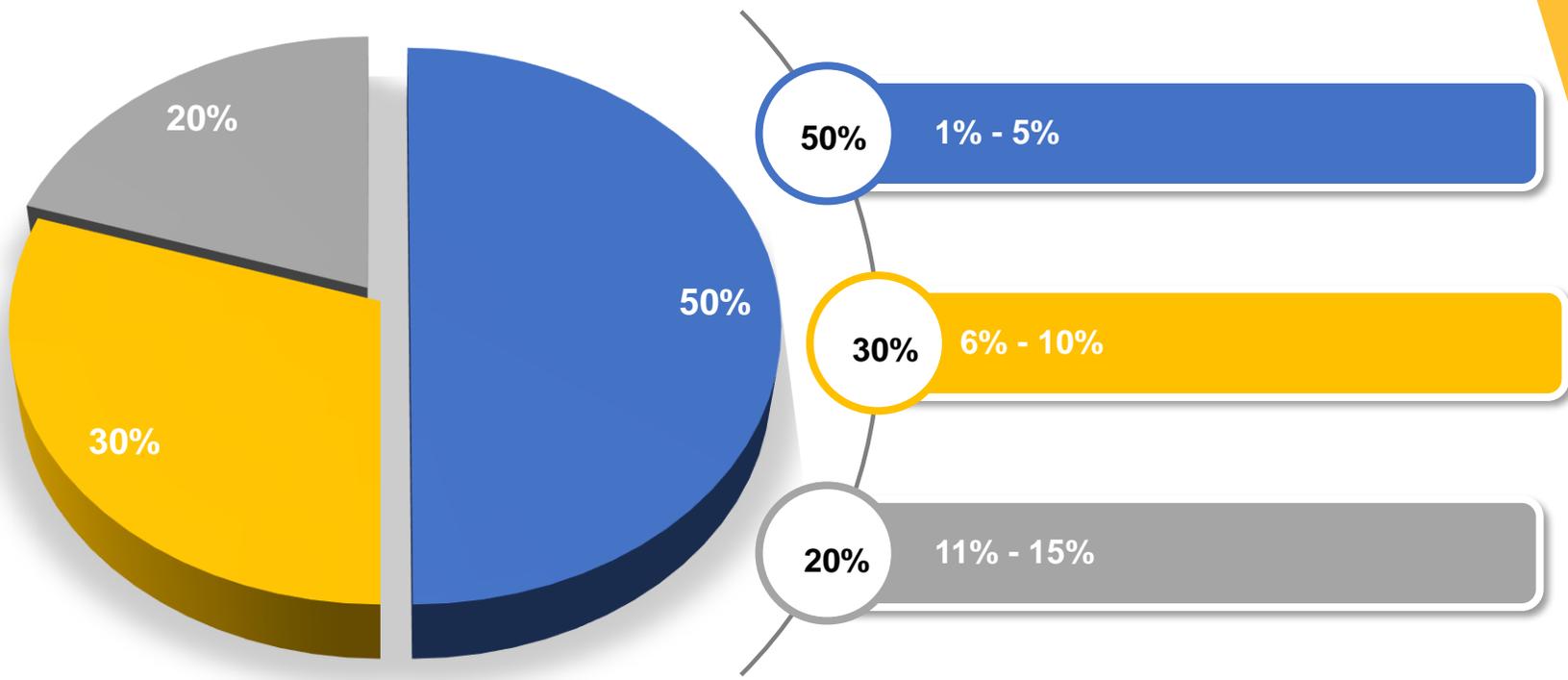
Q10: Do you count overtime hours in your utilization calculation? – E/IT



The data says more than half of firms include overtime in the utilization calculation.

Organizational analysis and reporting should also focus on how that overtime is spread to manage employee morale and burnout, and identify under-utilized resources.

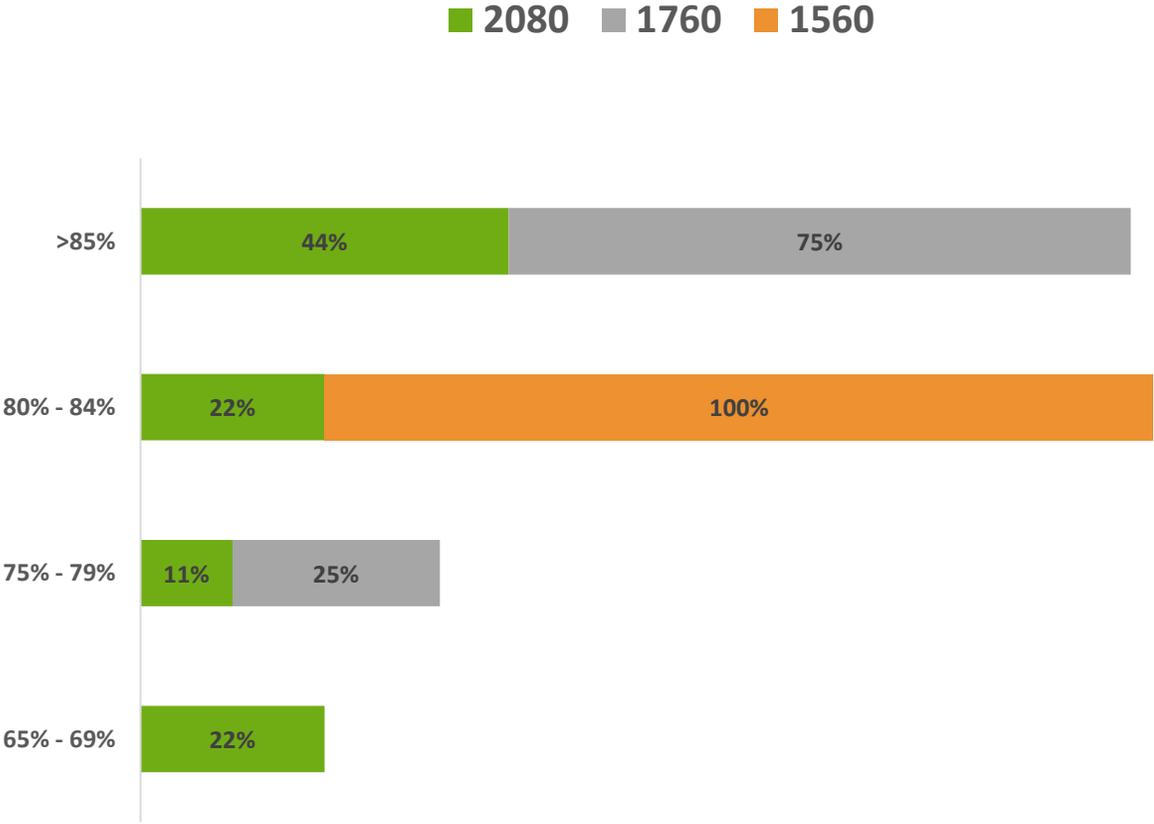
Q11: On average, what percent of the total hours used in the numerator of your utilization calculation represent overtime hours?– E/IT



No surprises here. As stated on the Q10 slide, knowing which employees are incurring that O/T is important to track and manage otherwise it can lead to employee sat issues, and mask under-utilized resources.

Q12: What is your average utilization result over the past 12 months?– E/IT

(Consolidated data for all denominators)



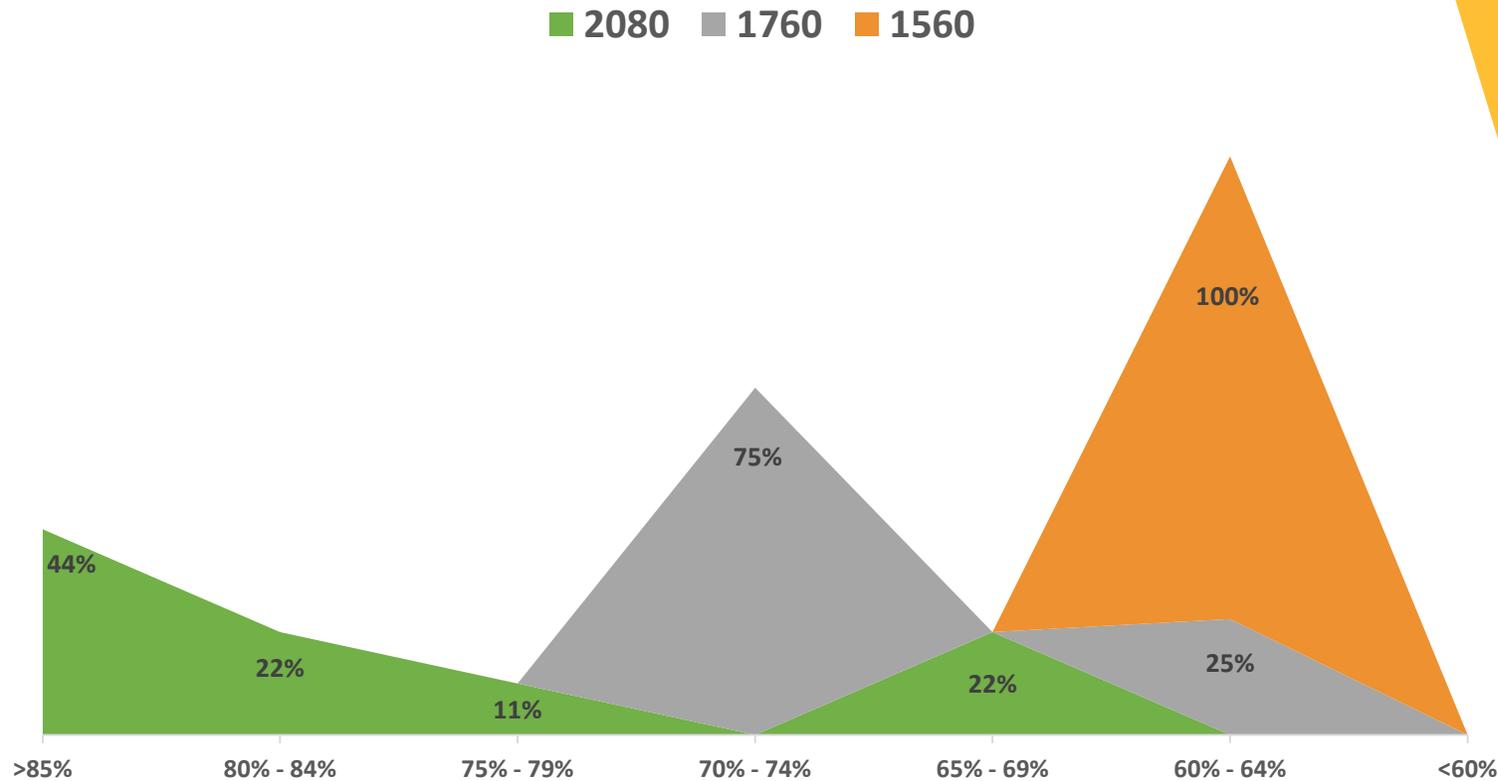
This chart provides the raw data indicating reported utilization performance for E/IT organizations segmented by what those respondents use for the denominator of the utilization calculation.

The RMI recommends the industry all move to the 2080 standard so that peer comparisons are more easily drawn.

A view of all the data 'normalized' to the 2080 standard is provided on the next chart.

Average Utilization – E/IT

(data is normalized to 2080 denominator)



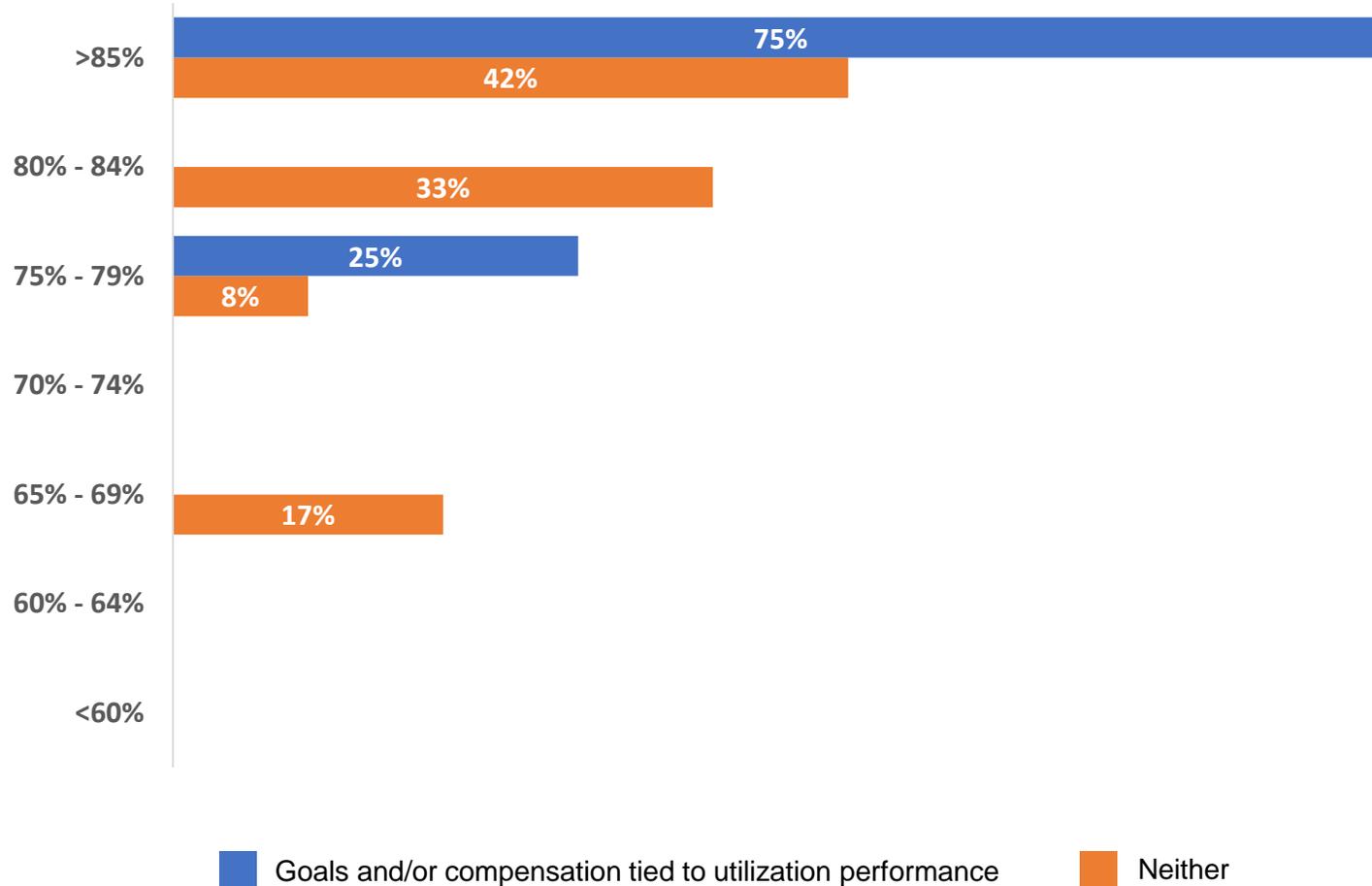
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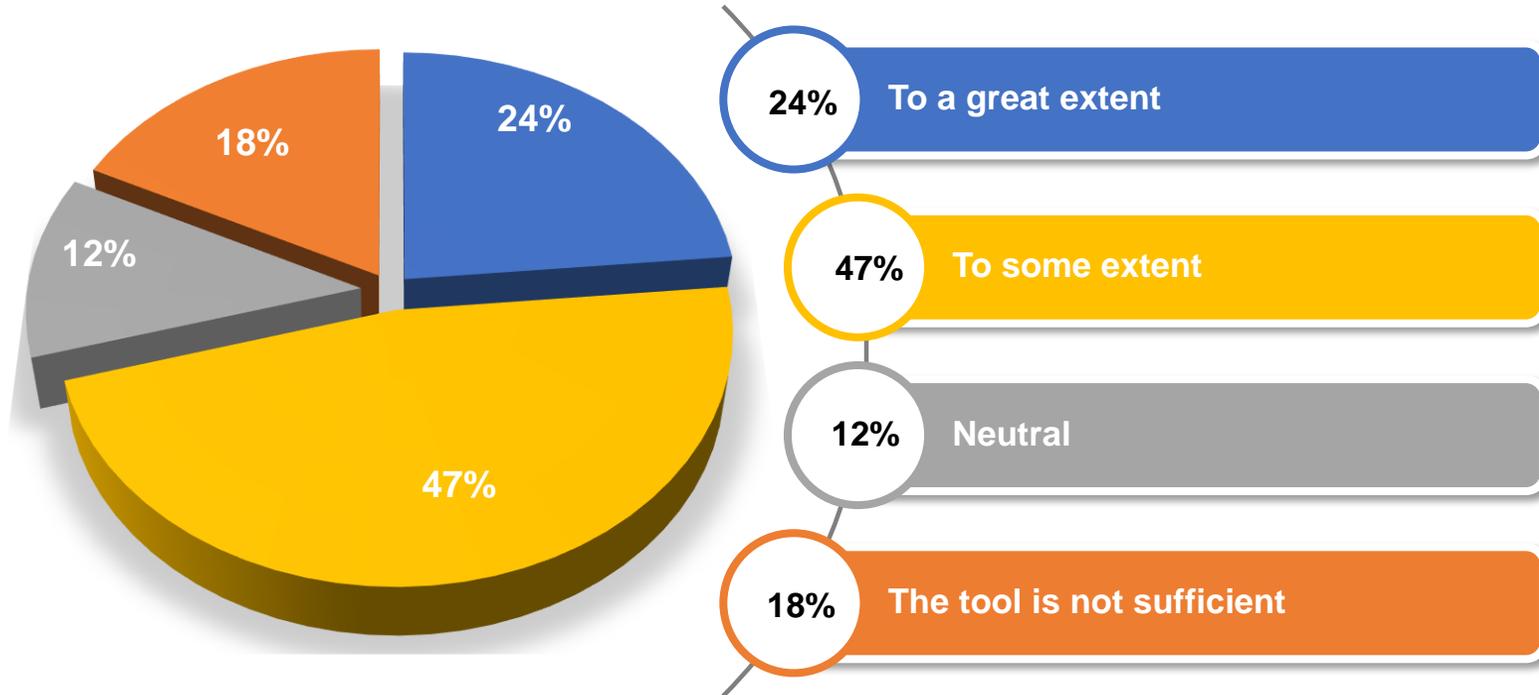
Average Utilization – E/IT

(value of linking goals/compensation to utilization performance)



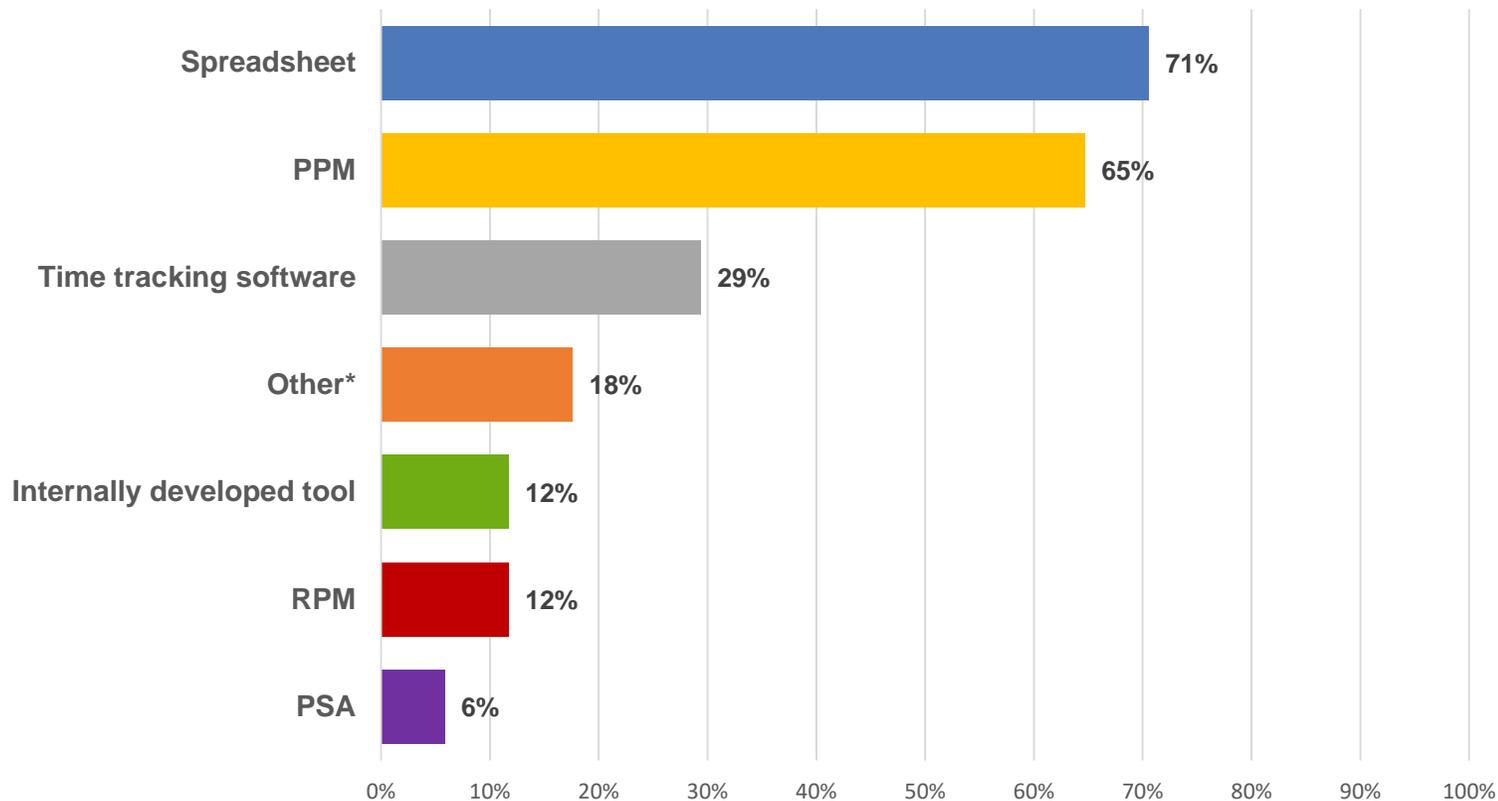
The data was compelling as to the value of linking goals and compensation to utilization performance for the E/IT respondents.

Q13: My PSA, PPM or RPM tool helps me with measuring and reporting utilization results?– E/IT



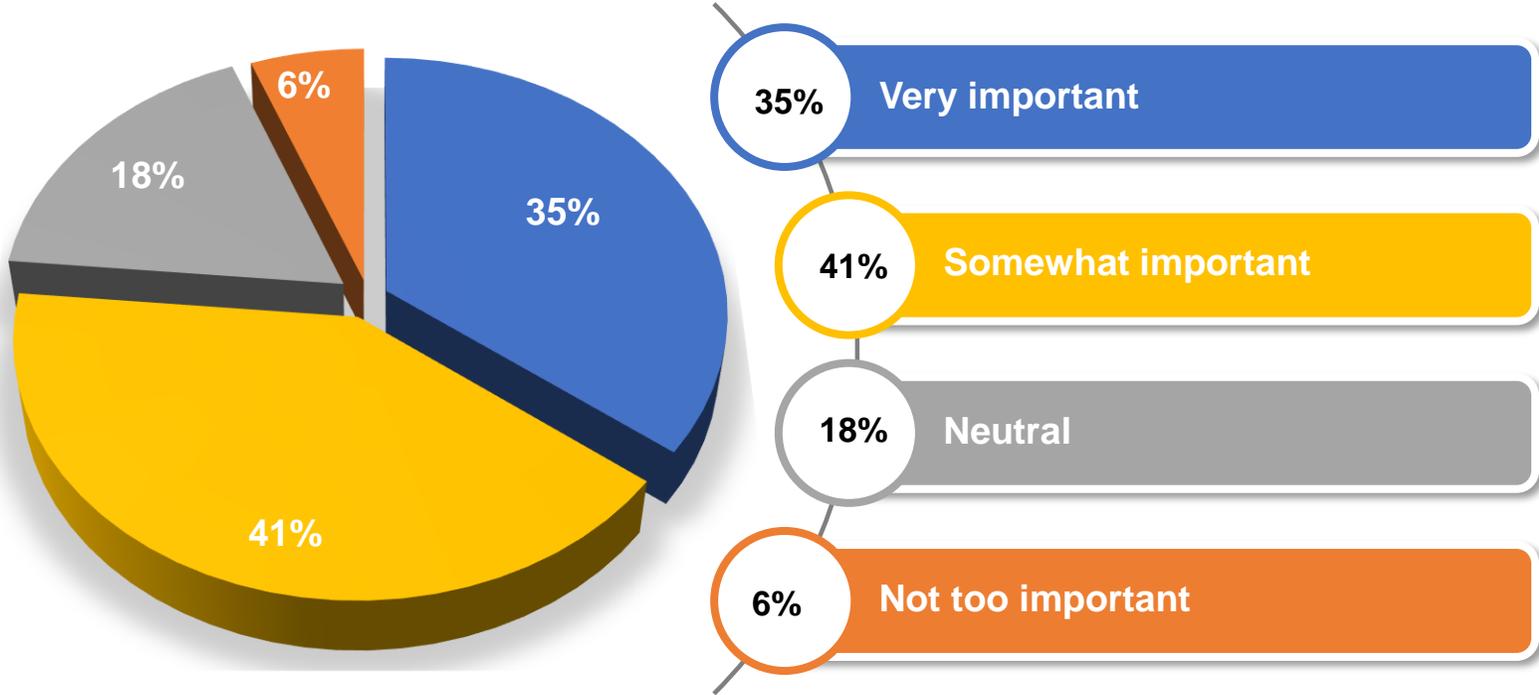
Less than a quarter of firms get good support from their automation tool. The data suggests the tool vendors have more to do to improve tracking, analysis and reporting capabilities.

Q14: Do you use more than one automation tool to help with utilization tracking and reporting? – E/IT



PPM tools are certainly becoming more capable and dominant in the space, but reliance on spreadsheets still shows how far we need to go to improve automation support for resource management.

Q15: Utilization performance for our company is: – E/IT



Only a third of a typical E/IT budget invested in people, utilization is considered 'very important'.

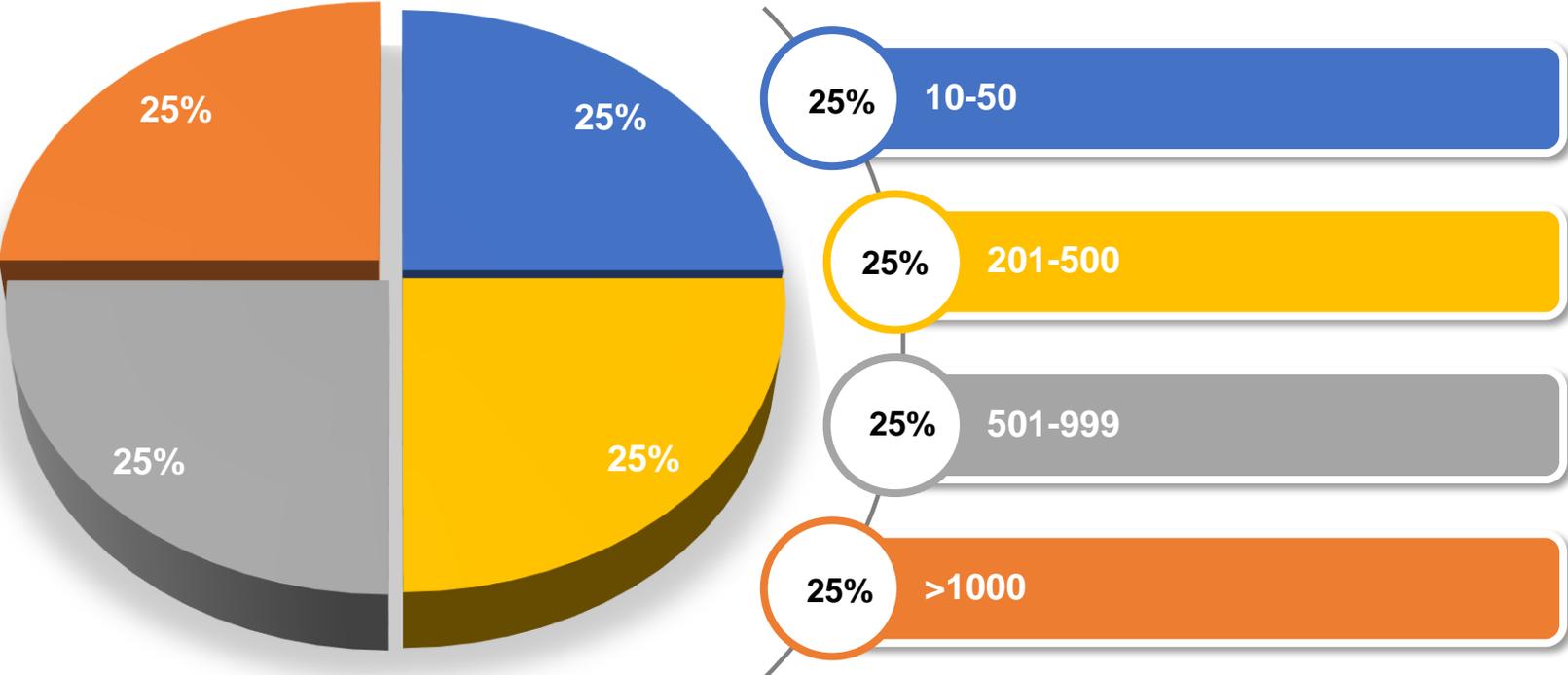
The RMI has been tracking the shifting emphasis in E/IT to paying more attention to utilization of personnel. PS/CS counterparts have been under pressure all along due to the nature of those business models counting non-billable people as overhead expense.

Product Development Responses

Note: Product development is a new focus group for the RMI and this survey had only a small number of respondents from those organizations. As our respondent base and product development membership grows, this data will become more valuable to those organizations.

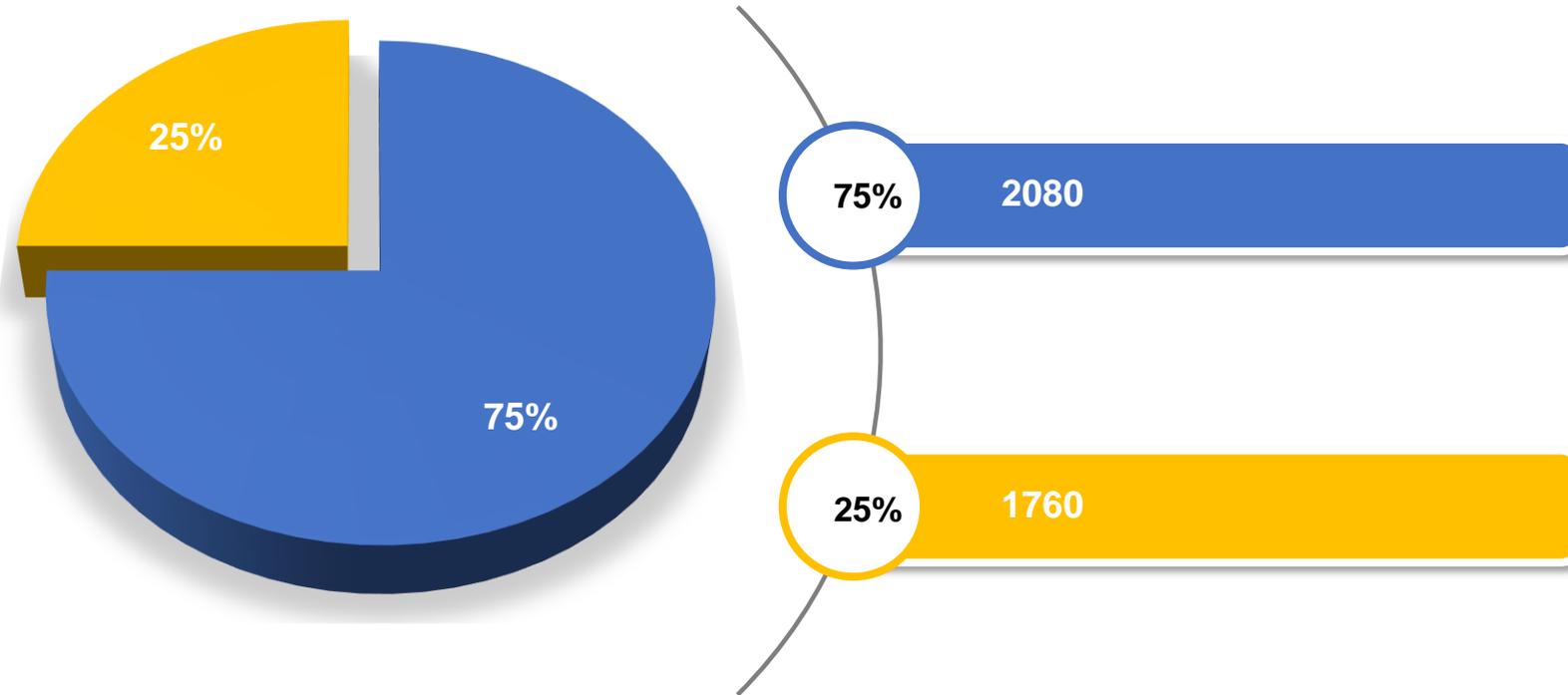


Q2: How many resources in total does your organization manage collectively with all resource managers?– PD



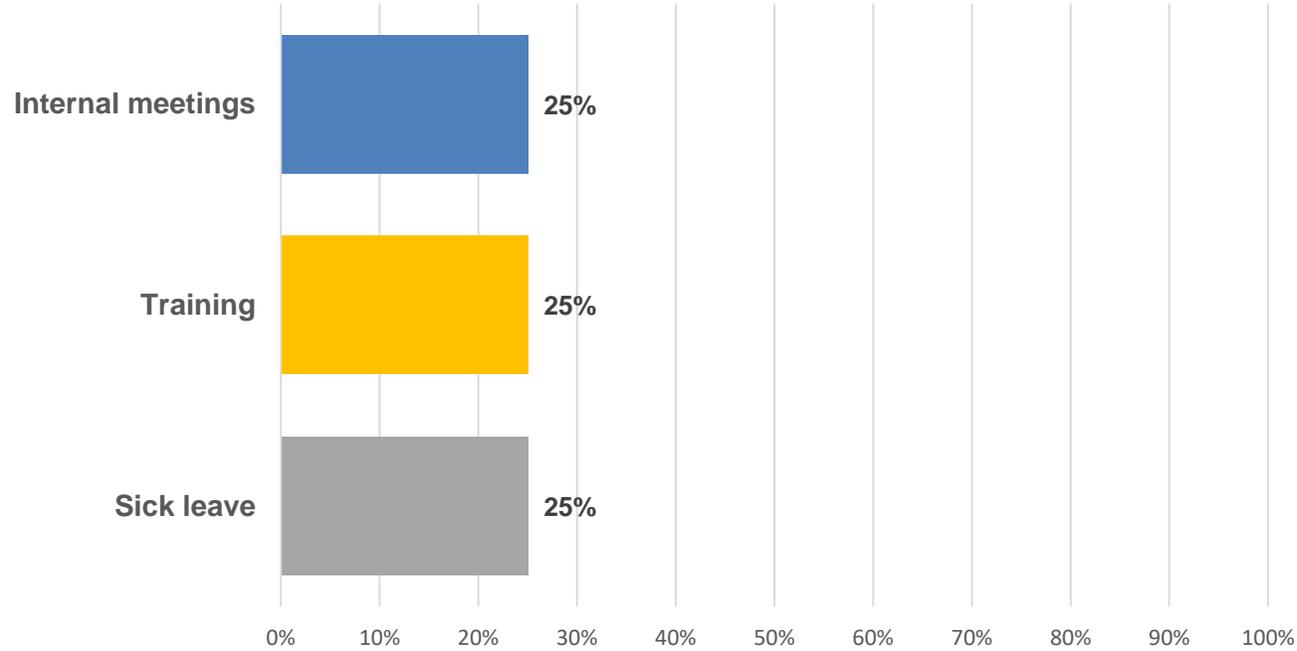
The survey had a good cross section of respondents from many different size organizations.

Q3: What standard (hours) do you use for the denominator of the utilization calculation? – PD



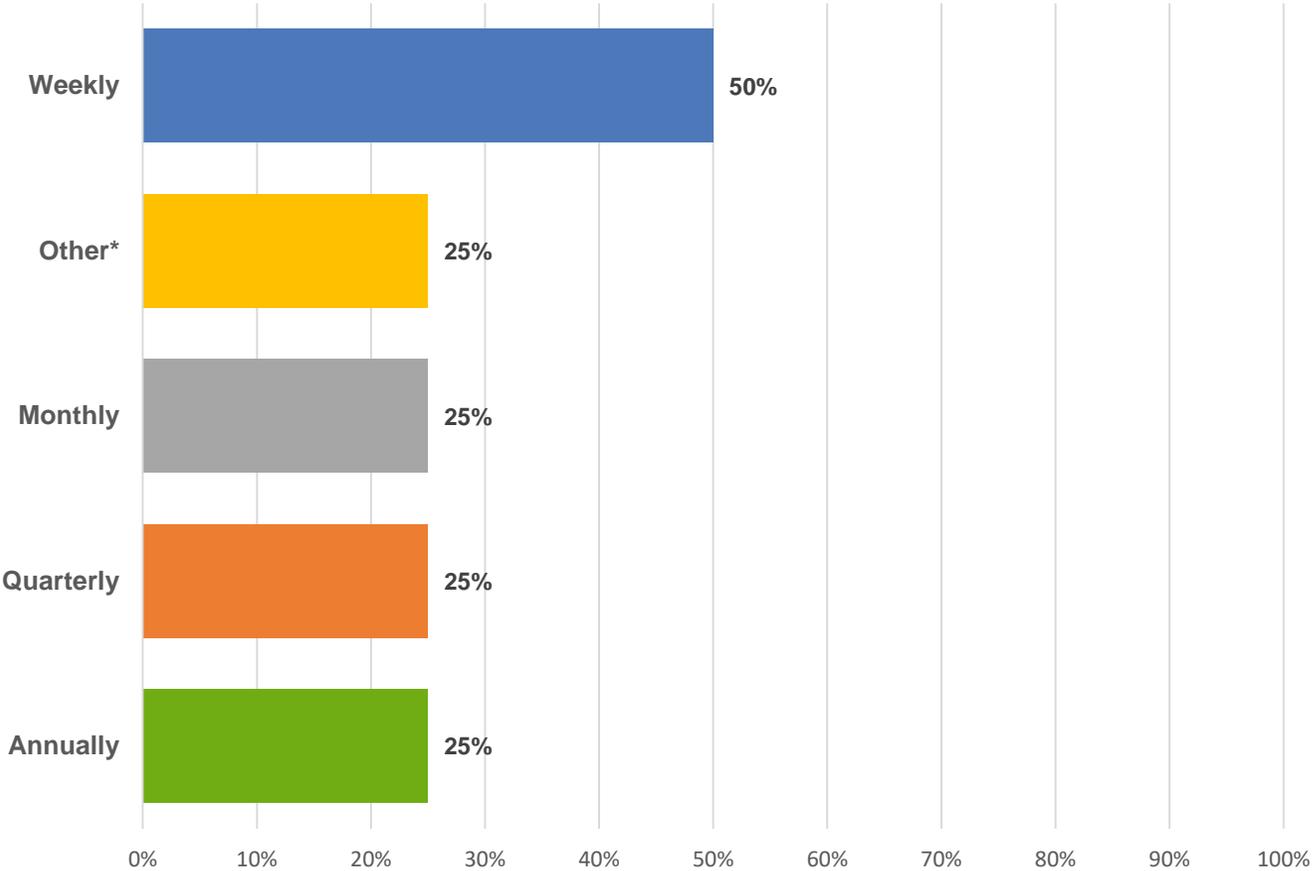
While not statistically valid, the data shows directionally PD adopting the 2080 standard recommended by the RMI.

Q4: What time categories do you track in the numerator of the utilization calculation? – PD



Interesting no one said
'productive' time use.

Q5: How often do you report utilization results? – PD

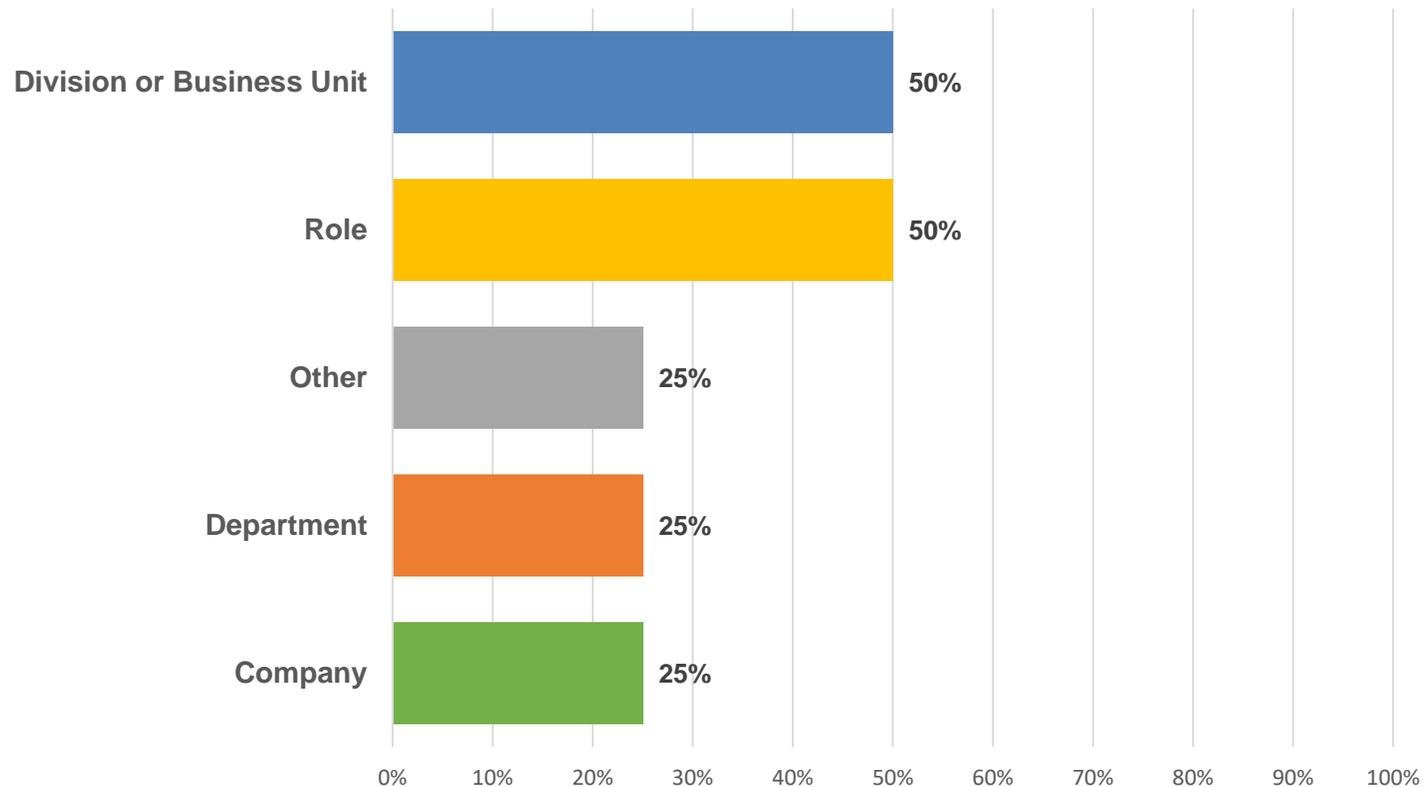


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Often reporting capabilities are impacted by time reporting standards which should align with the need for more information earlier.

Real-time dashboarding is the future!

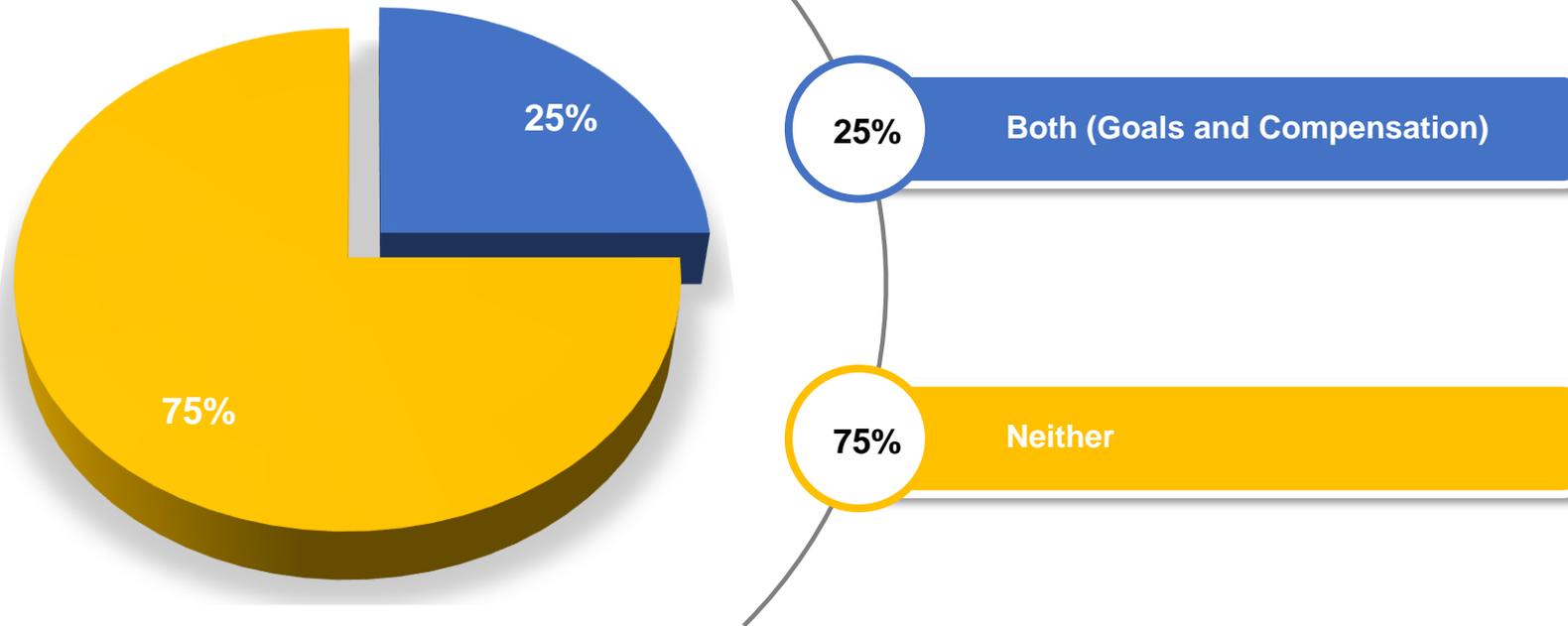
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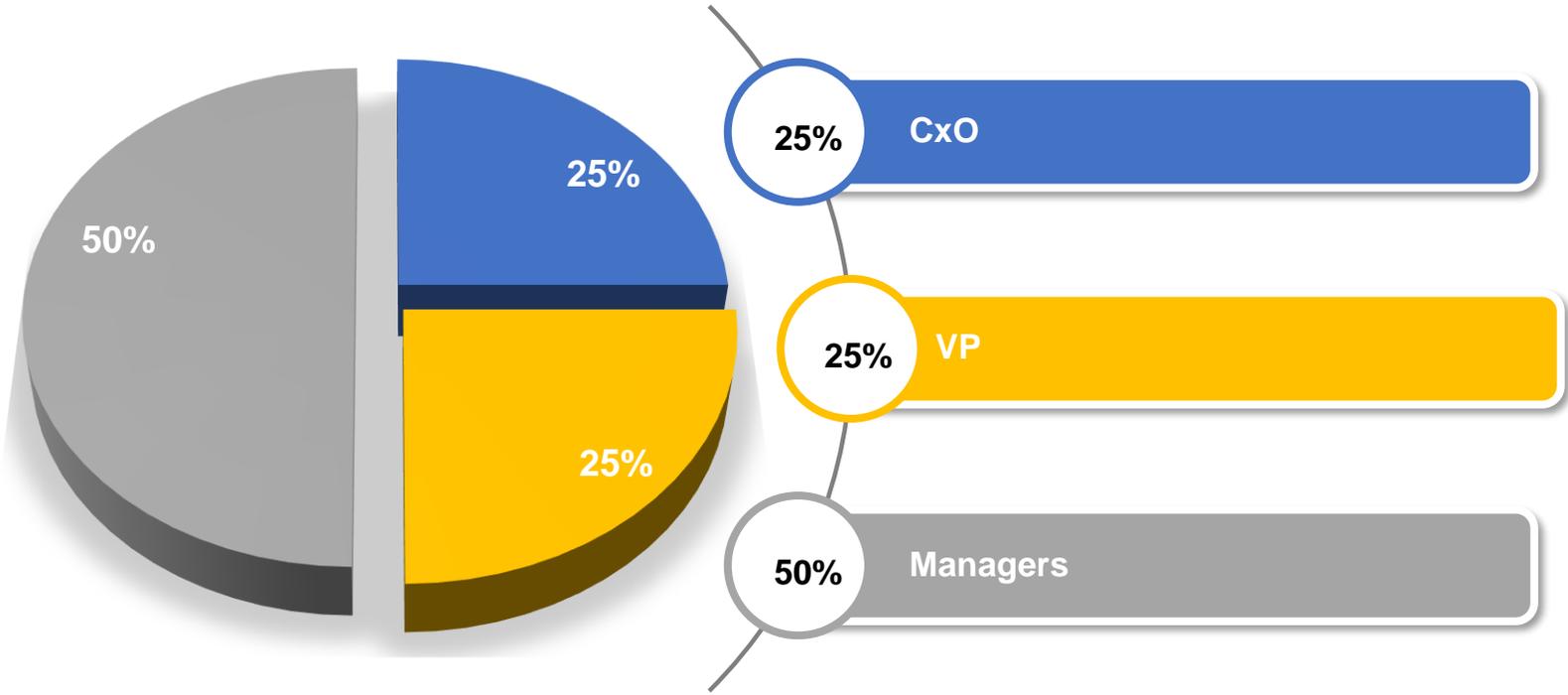
Most organizations surveyed hold various people or departments accountable.

Q7: Are utilization targets part of employee: – PD



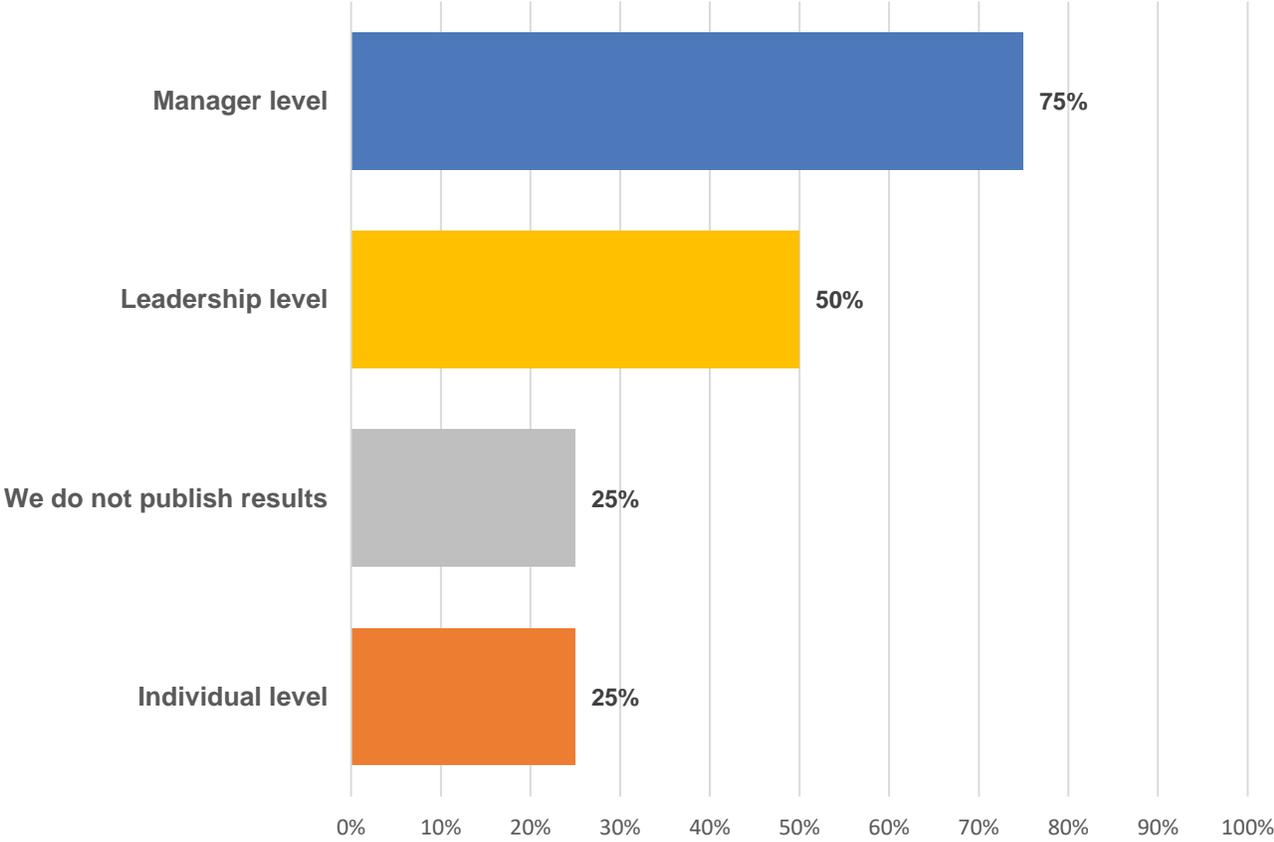
Not surprisingly, though not statistically valid based on the number of respondents, the data mirrors the number of 'neither' respondents in E/IT.

Q8: Who ultimately owns responsibility for achievement of the utilization metric in your organization? – PD



While the 'Managers' ownership of utilization performance is predominant, it is surprising that those higher in the organization are not. This is particularly puzzling since labor costs are typically 75%+ of these organizations budgets.

Q9: At what level do you publish results (internally) for utilization performance? – PD



Twenty-five percent do not publish results for utilization. Utilization reporting and therefore visibility and awareness in the organization is fundamental to good governance of the cost of human capital particularly where these resources are not externally billable.

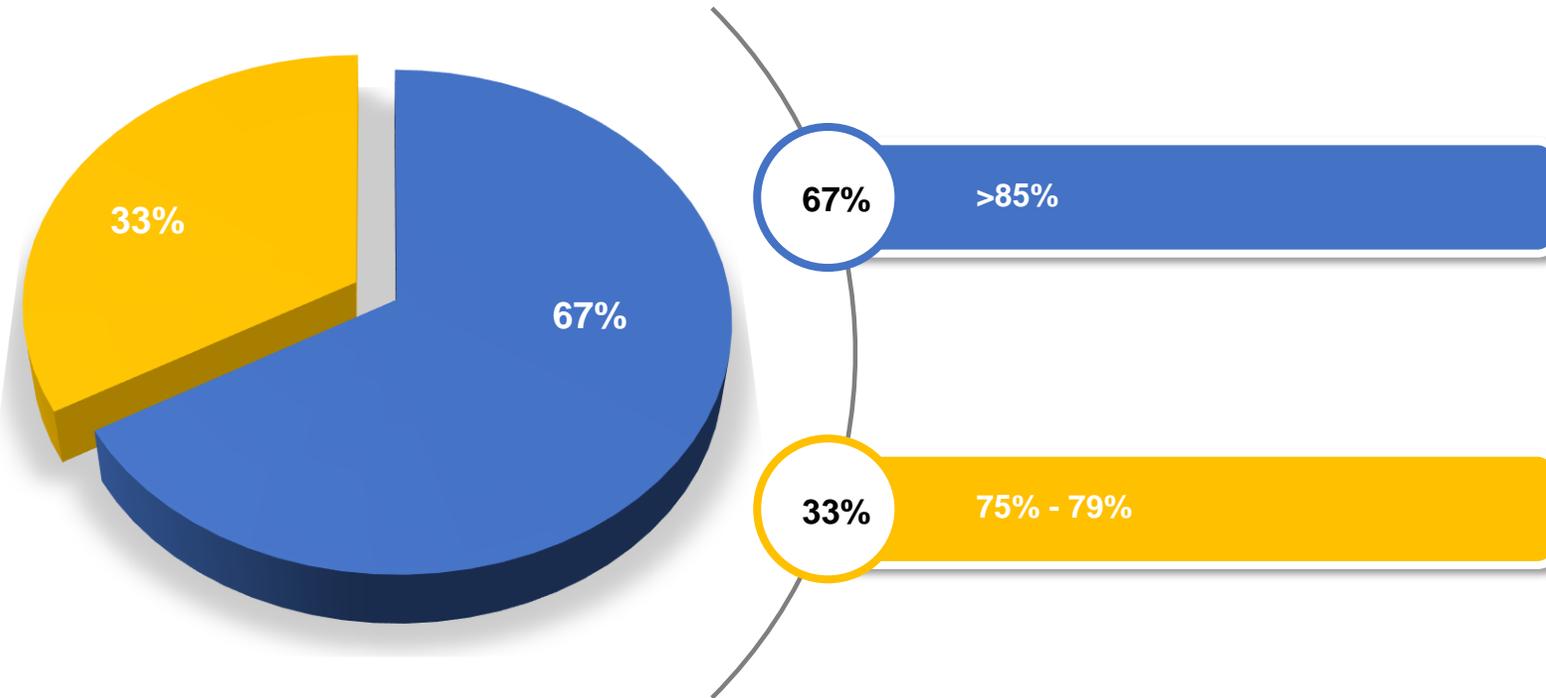
The frequency and currency of the data is also important to give management time to spot negative trends needing action, and reinforcing positive trends as they occur.

Q10: Do you count overtime hours in your utilization calculation? – PD



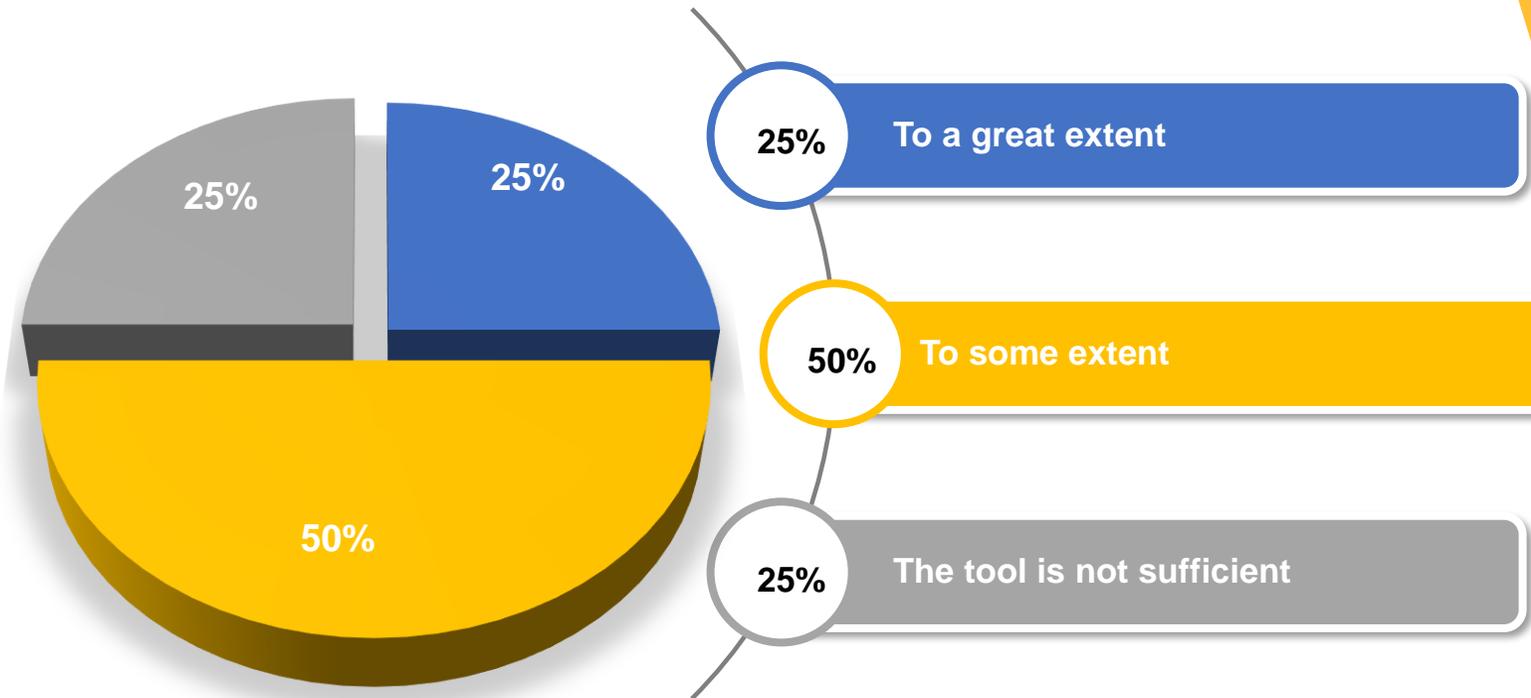
Not enough respondents to be statistically valid, but directionally interesting.

Q12: What is your average utilization result over the past 12 months?– PD



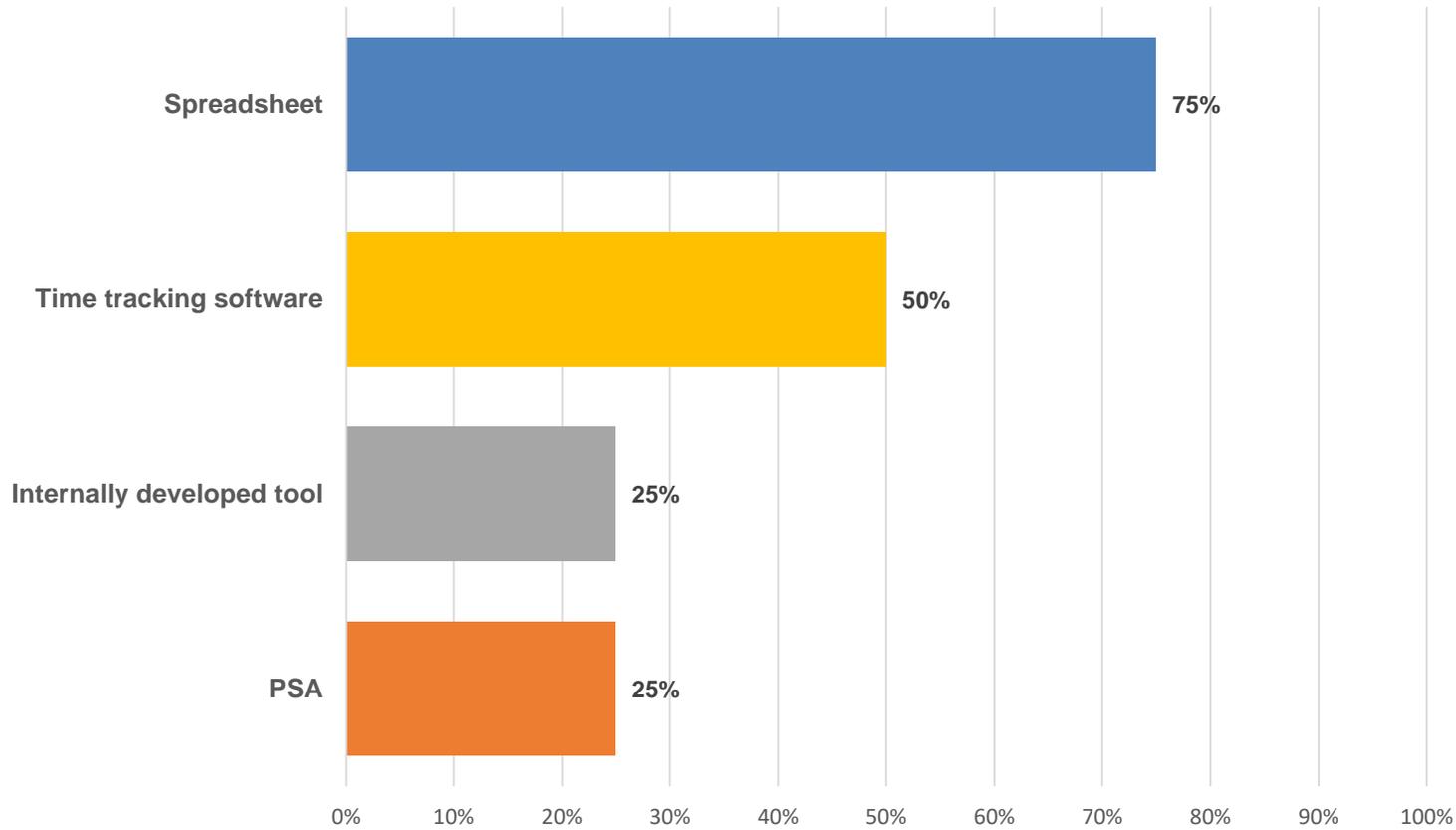
Not enough responses to do a breakdown between 2080/1760/1560.

Q13: My PSA, PPM or RPM tool helps me with measuring and reporting utilization results?– PD



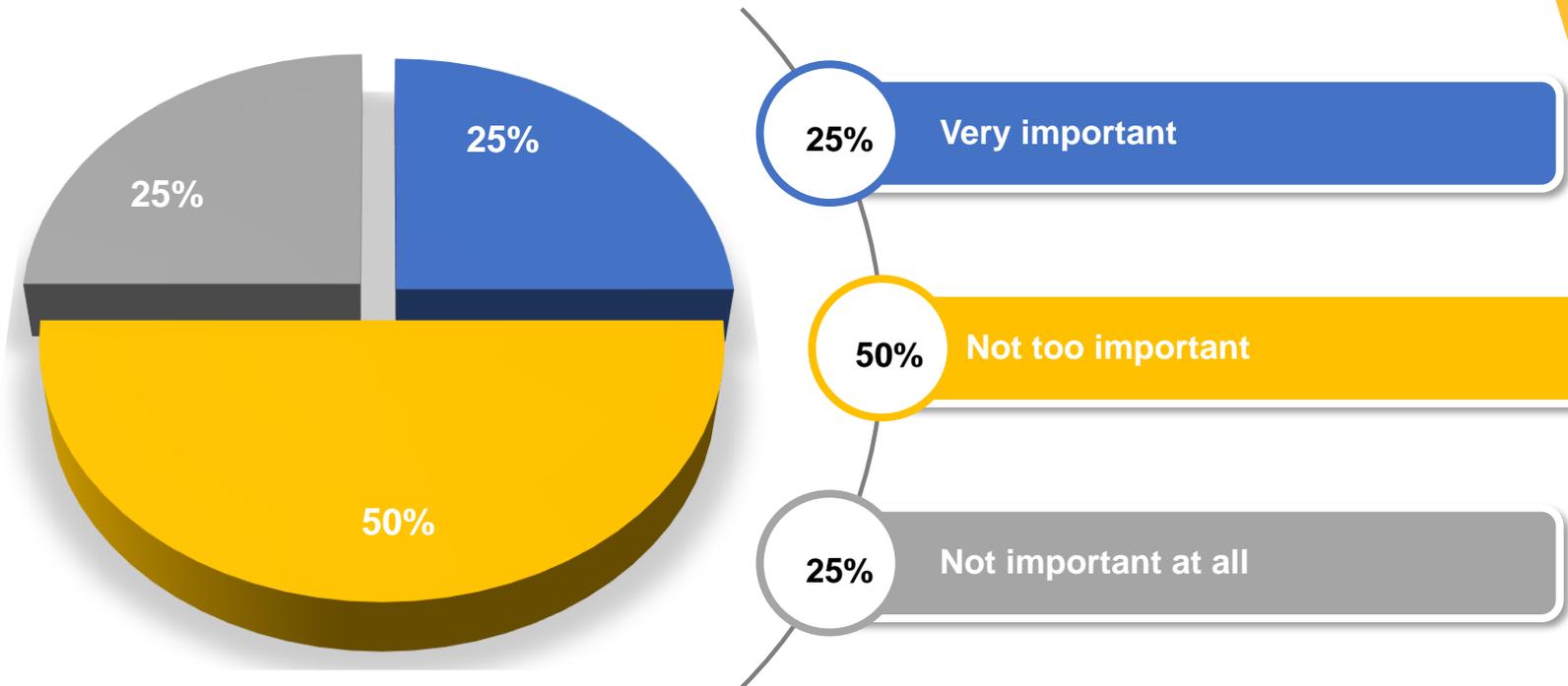
Only a quarter of firms get good support from their automation tool. The data suggests the tool vendors have more to do to improve tracking, analysis and reporting capabilities.

Q14: Do you use more than one automation tool to help with utilization tracking and reporting? – PD



Reliance on spreadsheet sheets still shows how far we need to go to improve automation support for resource management.

Q15: Utilization performance for our company is: – PD



Only a quarter of a typical PD budget invested in people, utilization is considered 'very important'.

While the respondent base was small, for this group the RMI believes cost efficiency gains will be possible in PD as more focus is put on utilization and productivity of personnel.

Survey Summary



RESOURCE UTILIZATION

Survey Summary

1

Resource utilization has clearly hit the radar as more important than ever for project-based businesses but the industry has plenty of room for improvement in both process and technology used to manage this important element of a service business.

2

Standardization of the utilization metric is under-way, but there remains too many one-off approaches to measuring and governance which often mask internal issues inhibiting better utilization performance.

3

Improving clarity of utilization expectations and accountability/transparency are clearly making a difference for many companies already linking goals and compensation to utilization outcomes, particularly in E/IT. E/IT teams can learn from the PS/CS industry where more precision exists in closer tracking and targeting of utilization tied to enterprise priorities (are we working on the right stuff?).



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