

# Why You Never Have Enough Resources

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## INTRODUCTION

As a CIO or IT Director you are consistently being met with project requests that compete for resources and too often there are not enough resources to fulfill all of them. High priority requests from senior management often displace resources from other projects causing a cascading reallocation of resources or significant delays in the projects that resources are taken from.

If this is familiar territory you're not alone, but it's a common event that drives up cost and leads to failed and sometimes abandoned projects. Why does this always seem to happen? The answer has something to do with the age old principle of supply and demand, where the demand is the pipeline of requests you receive from the business areas and the supply is the human resource capacity of your staff. If you can manage an optimal equilibrium of demand and capacity you accomplish what many have been unable to do for ages.

### Demand

#### *Request Definition*

This first thing you must do to begin to solve this problem is manage the demand for your department's time. You shouldn't be fulfilling every project request. To start, if you consistently get low value-added requests from the business areas it is likely that you haven't clearly defined what an acceptable request is. Business areas may tend to want to ask for anything and everything, particularly if there's no chargeback to them of IT services. Defining a litmus test for an acceptable request will begin to control the requests to a manageable flow. If you haven't already, you should define what a project is within your organization. This is a critical, but often overlooked first step. Beyond the definition of a project, you should also define what constitutes non-project work as well.

#### *Project Selection*

Most companies have some form of adhoc project selection, but leading companies do more than that and institute a formal process for evaluating and selecting which projects to perform within a given time period. This is serious stuff though, and you have to be prepared to do thorough analysis to support the business cases for each project. This seemingly competitive environment for project work ensures that the requests are meaningful and are aligned with corporate strategy. See our whitepaper entitled, "Why you approve every project," for more detail on project selection.

#### *Budgeting*

Providing a budget to each of your business areas helps you distribute the capacity of your resources more effectively. Be aware though that this is a significant change particularly if business areas have been permitted to submit anything without a budget restriction or if the organization simply bears the IT department as a shared and centralized cost. If there is no charge back to the business areas, then you can reflect your budget either in hours or dollars if you want to place values on different resource skill sets. To reflect a budget in dollars you'll need to determine internal run rates for

each of your staff and keep in mind that determining the budget is only half the battle - you must also track against it. We'll cover that shortly.

## Capacity

### *Capacity Planning*

The bottom line is you can only accommodate as many projects as you have the capacity to complete them. Overall capacity is calculated quite simply by taking the number of staff people and multiplying by the average number of hours each staff person works. More sophisticated capacity plans break down capacity by skill set or resource type, this way when planning a project you can review a histogram showing availability of resources that possess the required skills for that specific project. You might categorize resources and plan by skill set including business analyst, programmer, project manager, etc. and then aggregate the sums of each category to give you the total capacity.

CAPACITY = (# OF RESOURCES) X (# OF WORK HOURS IN A GIVEN PERIOD)

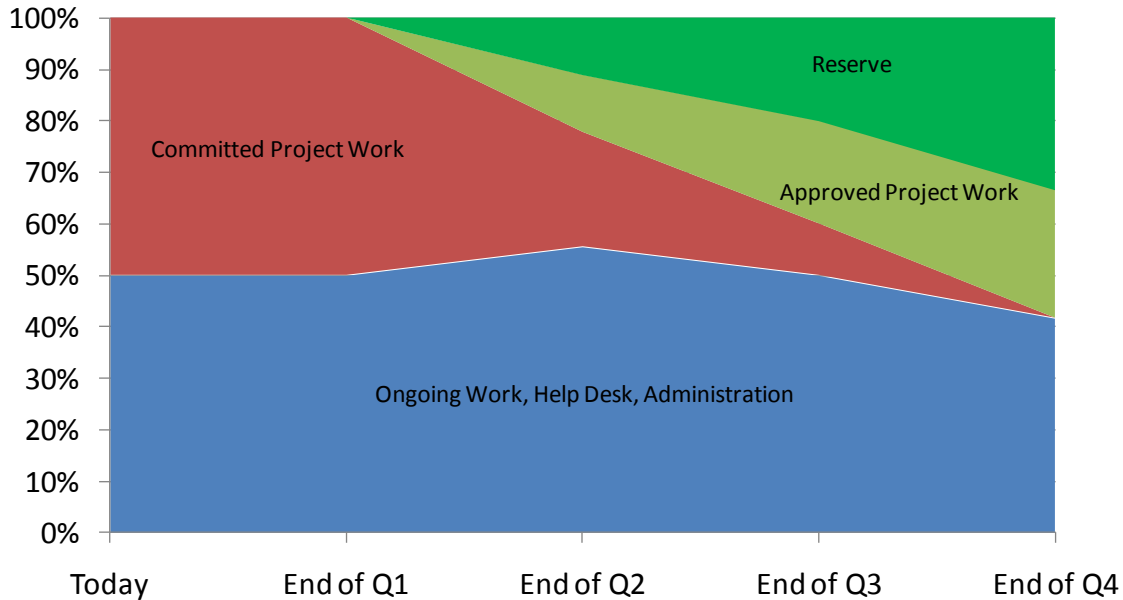
Beyond understanding what your total capacity is and breaking it down by resource type, you must also account for various types of work to truly understand what your capacity is to fulfill selected project requests. For example, Resource A works on the help desk and historically spends 75% of her time addressing help tickets. This may leave only 25% or less of her time available for her to participate in project work. If she works 40 hours per week then the expectation is that she will have 10 hours of capacity per week to perform project work. Each resource may be different, which is why capacity planning is an iterative process and should be performed by IT Managers or Supervisors that are responsible for their staff.

### *Balancing Demand and Capacity*

Controlling and measuring demand while planning capacity is also an iterative process as neither should be a static. Your demand for services should reflect the growth of the organization and the strategy, while the capacity should be increased or decreased over time to meet the demand. To optimize this equation you must continually be responsive and ensure you are only approving projects that meet your project selection criteria (see the *Why You Approve Every Project* whitepaper) and then adjust your capacity over time to meet that demand. Adjusting your capacity can be done through various means including hiring, training, reallocation of non-project work time, and in some instances reductions in work force.

The chart of the next page depicts a typical capacity plan. It accounts for ongoing non-project work and administration as well as active committed project work, approved for project work and future reserves which is always a good idea from a contingency standpoint.

## Capacity over Time



### Tracking

Once you've developed your capacity plan to actively manage demand and your ongoing capacity, you need to continually track how much of your capacity has been used and what is remaining. Depending on the size and complexity of your organization that may not be easily done in an excel spreadsheet. Existing time tracking software may do the trick or you may need to step up to more sophisticated PPM solutions.

### CONCLUSION

Continually not having enough resources can not only be stressful, but also a symptom that you may not be providing as much value to your organization as you could. Effective resource optimization is a three-pronged balancing effort that takes into account your demand for resources, the capacity of your resources to deliver work, and appropriate resource allocation based on skill set.

Look to make some improvements in your ability to plan for and track capacity while managing your demand and allocating resources and you'll move closer to actually realizing an optimized resource pool.

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### **WHO WE ARE**

Pyramus Consulting is a boutique management consultancy founded and led by former Big 4 consulting leadership. Our consultants, many who are PMPs and former Big 4, are experts in the area of IT program management and bring Fortune 500 experience to each and every engagement. The Pyramus WAY is based on a proven methodology - a full-cycle collaborative approach, meaning we work with you to assess, design, implement, and then maintain your IT PMO. Our consultants possess the necessary skills and industry experience not just to develop your technical workflows, but to facilitate positive change within your organization.

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