

5 Resource Management Strategies to Ride Out the Economic Downturn

A Guide for Chief Operating Officers
and Heads of Service Delivery

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Introduction

The world's economic growth is slowing. According to OECD (Organisation for Economic Co-operation and Development) [recession is not inevitable but an economic slowdown is](#). Forbes has even created a special [recession tracker](#) with major economic data points to keep an eye on. The downturn is going to affect virtually every industry and if the past is any indication, professional services organizations are going to be on the receiving end of it. Is your business ready to withstand the coming turbulence?

The 2010 Harvard Business Review article ["Roaring Out of Recession,"](#) by Ranjay Gulati, Nitin Nohria, and Franz Wohlgezogen analyzed three major recessions. According to the yearlong research of 4,700 companies, 17% of them didn't survive the recession. The survivors were slow to recover - 80% of them haven't returned to their previous growth rates or profits within three years after a recession.

However, about 9% of companies didn't simply recover after a slowdown, they actually were doing better than before:

*"outperforming rivals in their industry by **at least 10%** in terms of sales and profits growth."*

What set these companies apart? Well, it wasn't just the cost savings. According to the study, companies that just focused on cost cuts had the lowest probability of recovery when times got better. However, the companies that managed to find the right balance between reducing costs and investing in the future by focusing on operational efficiency had the highest probability of getting ahead of their competitors.

While there are multiple ways to improve operational excellence, changes to resource management practices often have the highest impact. In the end, it all comes down to people.

In our own research, conducted among our clients and the best performers in the professional services industry we've identified the following five strategies that should help you steer your corporate ship clear of rocks and shallows of economic downturn.

1. Get Lean(er)



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The authors of the “Roaring Out of Recession” study referenced above advised avoiding layoffs whenever possible:



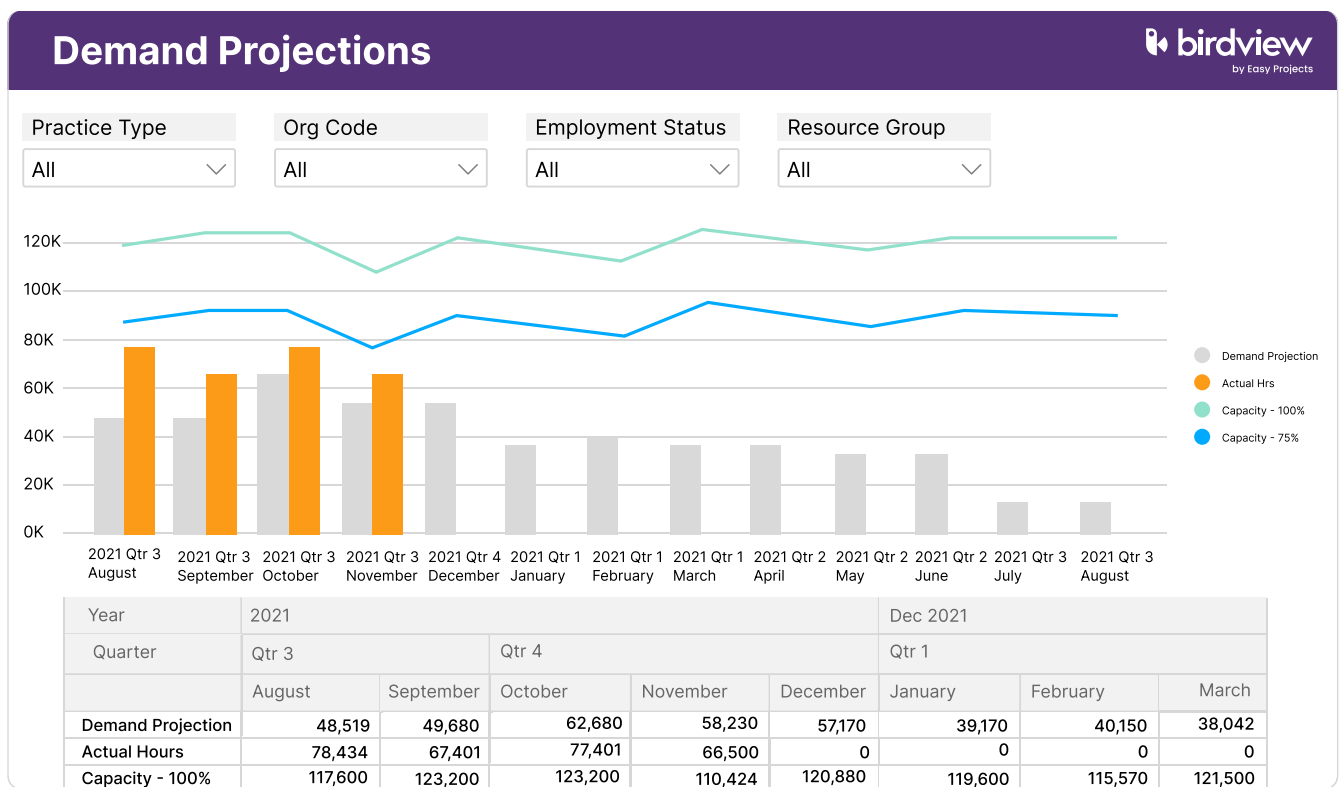
...morale is usually better at companies that stress operational efficiency. Employees at these companies appreciate top management’s commitment to them, and they are more creative in reducing costs as a result. They don’t spend their time worrying about job security — as do people at companies that rely on deep staff cuts. And although layoffs may reduce costs quickly, they make recovery more difficult.”

However, payroll is usually the biggest expense category within professional services teams, so at least some labor cost cuts might be inevitable. Luckily, layoffs are not the only solution. Companies can consider hour reductions, 4-day workweeks, performance-based pay, furloughs, and contractors.

According to another Harvard Business Review article [“Layoffs That Don’t Break Your Company”](#) by Sandra J. Sucher and Shalene Gupta, Honeywell came out of the 2008 recession in better shape than it did the 2000 recession *“in terms of sales, net income, and cash flow despite the fact that the 2008 downturn was much more severe.”*

They achieved it by getting creative: furloughing employees for 1 to 5 weeks, providing unpaid or partially compensated leaves, and thus saving about 20,000 jobs. Of course, nobody wants to repeat [Elon Musk’s fiasco of re-hiring employees](#) that proved to be critical to Twitter’s business.

It is really important to have accurate insights into your resource pool, which are not just based on past performance, but also forward-looking. Having a system in place that connects your sales pipeline with your PSA (professional services automation) software and gives you a real-time forecast of what roles and skills will be in low demand or have the lowest profit margins, will help you make more reliable resourcing decisions. For example, the “Demand vs. Capacity” report can show you that you have 30% more field engineers than you might need for the next 4-6 months.




2. Rebalance your Resources

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Sometimes efficiencies can be gained by not reducing your headcount but by **optimizing the workload of your existing employees**. When your PMO or dedicated resource managers don't have visibility into the current workload across all projects it's common to have skewed resources: certain people might be overloaded and working overtime and some employees might not have enough billable workload.

Once you identify workload disparity within your resource pool, you should aim to re-balance your projects. A good resource management platform will rely on all key data points (projects timeline, personal schedules and skill profiles, holidays, timesheets, committed and planned jobs), allowing you to easily re-assign people between projects matching required skills and roles.

Rebalancing your resources will have multiple positive effects on your business. It will help you improve billable utilization, will reduce stress and burnout for overloaded employees, and will boost the morale of people who didn't have enough billable work. Most good employees tend to get nervous and start looking for new opportunities if they feel that their full potential is not being utilized.

Resources **Workload** **Simulation** 

Projects: Digital Demo Projects: Mobile Promo Hide All

People, Projects and Activities	Allocation of hours	Sep 12 - Sep 18			
		Mo 13	Tu 14	We 15	Th 16
Amelia Wilson	24.53%	2h	2h	10h	3h
Mobile Phone Projector	52:00	2:00	2:00	10:00	3:00
Final Release	-45:46	2:00	2:00	10:00	3:00
Henry Brown	23.51%	6:25	6	5	5
Mobile Phone Projector	7:21	4	4	3	3
Execution	32:14				
Final Release	6:15	2:15	2	2	2

3. Give Sales Team Visibility into Bench

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Sometimes a service organization might find itself in a situation where certain types of resources are underutilized, with little or no billable work. This situation is often referred to as “bench time” or simply “bench”.

Bench time is not necessarily a bad thing. You do need your employees to work on internal initiatives. However, when the billable utilization is too low, profit margins suffer.

Ideally, you want to be proactive and prevent too much bench time. Accurate demand forecasting reports will help with that. However, what do you do when you already have people without active projects?

birdview
by Easy Projects

Skills Utilization Dashboard

Date Range

Project Name

Skill Name

User Name

Project Manager

Last ▾ | 1 | Select ▾

Three New Co... ▾

All ▾

All ▾

All ▾

Selected Project: Rail Line Upgrade

Week	Current Week				Next Week			
	07/12/22				14/12/22			
Skill Name	Actual Hours	Estimated Hours	Capacity	Available Time	Actual Hours	Estimated Hours	Capacity	Available Time
Technical lead	20.00	10.50	40.00	29.50	0	30.50	40.00	9.50
Business analyst	24.00	42.92	40.00	-2.92	0	43.80	40.00	-3.80
Solution architect	15.00	9.34	30.00	20.66	0	16.00	40.00	24.00
Workshop leader	24.00	20.00	31.60	11.60	0	20.00	30.00	10.00
Total	83.00	82.76	141.60	58.84	0	110.30	150.00	39.70

Available Resources for Business Analyst:

User Name	Team(s)	Skill(s)	Current Week				Next Week	
			07/12/22				14/12/22	
			Actual Hours	Estimated Hours	Capacity	Available Time	Actual Hours	Estimated Hours
Amelia Wilson	R&D	Business analyst	20.00	20.00	40.00	20.00	0	36.50
Henry Brown	Technology Group	Business analyst	24.00	42.92	40.00	-2.92	0	42.92
Oliver Davies	Expert Engineers	Business analyst	20.00	20.40	30.00	9.60	0	40
Alex Walker	Implementation	Business analyst	40.00	20.00	31.60	11.60	0	40
Total			104.00	103.32	141.60	38.28	0	122.92

The solution that the industry leaders employ might look trivial - promote and sell the underutilized resources, but the approach to how to do it - is what sets the top-grade companies apart. These firms **empower their sales team with real-time visibility** into what types of projects or services and, by extension, resources, should be pushed at any given time. For example, if the forecast shows low demand for Cybersecurity analysts for the next couple of months, the head of the sales team might work together with her marketing counterpart to run a campaign to promote Cybersecurity audit projects.

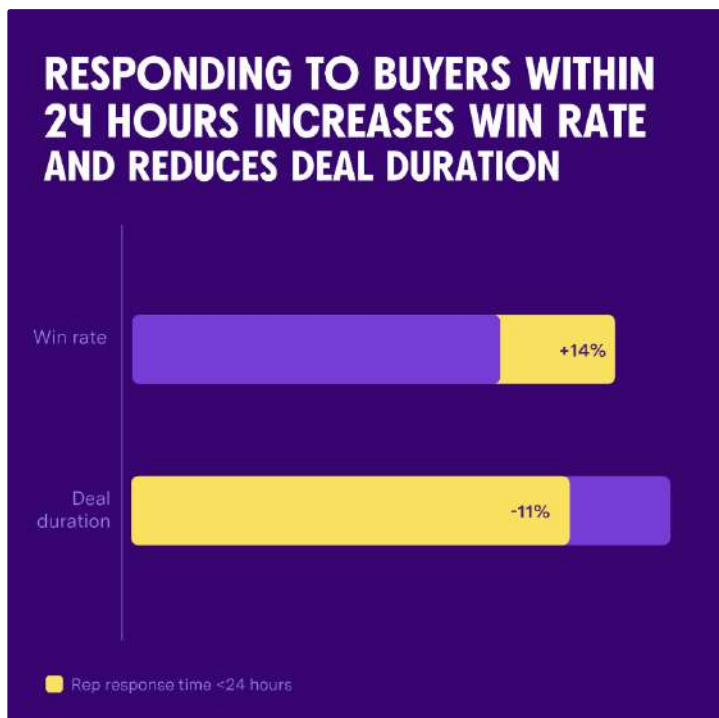
4. Shorten your Sales Team Response Time



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“Time kills all deals” - you probably heard this maxim many times. Most often experts emphasize how important it is to quickly respond to incoming sales inquiries. For example, this [InsideSales study of 5.7 million leads](#) shows 8X decrease in contact rate after 5 minutes.

However, there is hard evidence that the responsiveness of the sales team during an ongoing deal can also positively influence the outcomes. According to a [recent study by Gong.io, which analyzed over 100,000 sales deals](#), when sales representatives respond to their prospect within 24 hours, they see a 14% increase in win rate and an 11% decrease in deal duration.



That’s all great, but why should you, a COO or Head of Delivery care about this, you’re not in sales, and you cannot change how quickly the sales team will follow up with a prospect. Or can you?

“How soon can you start?”, “When can you deliver this project?” - these are the questions asked by prospects all the time.

Here is what happens in a typical professional services organization.

The salesperson answers: “let me check with my Services team, and I’ll get back to you”. Then the sales rep gets in touch with the service delivery manager, explains project requirements, the manager goes back to their desk, pulls together some pivot tables, and finally provides some timelines. Average time to complete this process: 24-72 hours.

And here is what happens at the best-of-class organizations. “Let me check this for you right now”, says the sales rep. Then they open their PSA system, select the type of job the client requested or specific roles required for the project, and voila - they can provide the prospect with the earliest timeslot available to complete the project. Average time to complete: 3-5 minutes, including the small talk.

Empowering your salesforce with the **tools to understand your resource availability** will help your organization impress prospects with your professionalism, will shorten your sales cycle, and help increase revenue. All the things that will come in handy in uncertain economic times.

The screenshot shows the 'Simulation' tab of the BirdviewPSA interface. The main heading is 'Application Redesign'. Below it, a question asks 'When do you want this project to be done?' with instructions to fill in 'From', 'To', and 'Duration' fields. The 'From' field is set to 08/15/2022, the 'To' field to 11/18/2022, and the 'Duration' field to 64 days. To the right is a search bar for 'Teams' and 'Users'. The 'Project team' section displays three team members: an Engineer (Autocad) at 100% workload, a Programmer (JS, C++) at 50% workload, and a Designer (Sketch, Figma) at 45% workload. A 'Refresh' button is located at the bottom left of the team section. The right sidebar shows a list of teams: 'Developer's Team' and 'Designer's Team', and a list of users: 'Amelia Wilson' and 'John Williams'.

5. Invest in Training

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Most likely you have heard one of the variations of Steven Covey's story about a competition between two lumberjacks. In case you haven't - here is the gist. The first lumberjack was working non-stop and the other one was taking 10-minute breaks after every hour. The second lumberjack won the competition by cutting the most trees.



– How the heck (substitute for the usual lumberjack jargon) did you manage to do this? Every hour you stopped axing, while I was working non-stop”.

– “Very simple. I used that time to sharpen my axe.”

A slow economy is a perfect time for sharpening your proverbial axe and getting a leg up on the competition. As we discussed above, most likely you will have people on the bench. Getting them trained while waiting for more billable work will deliver both tangible and non-tangible benefits.

Employee Engagement

This [Gallup study shows](#) that employee engagement is directly linked to customer satisfaction. The best-performing and most engaged teams demonstrate 22 percent higher profitability and 21 percent higher productivity than their least engaged counterparts.

Employee Retention

Clearly, you want to keep your best employees, even if at this moment there is not enough billable work for them. [According to Deloitte](#), continuous investment into employee education can improve retention rates by 30-50 percent.

Another [Harvard Business Review says](#) that 86 percent of employees would leave their jobs for a company with better development opportunities.

Better Performance

The same Deloitte study shows that firms with a strong learning culture are “92 percent more likely to develop novel products and processes, 52 percent more productive, 56 percent more likely to be the first to market with their products and services, and 17 percent more profitable than their peers.”

Determining what training programs you want to invest in, and whose axe you want to sharpen is critical, since you have limited resources.

Having access to both historical and forward-looking project and resource management information will allow you to make a more informed decision. For example, you might want to run a report to show you a pipeline-based forecast for the skills that will be most demanded 3-6 months from now. A report showcasing the most profitable job roles in the past might also give an idea of where to spend your educational budget.

Skills Forecast: Allocation vs Capacity							
Date Range				Skill Name			
Last	1	Select	All				
Skill Name	19-Dec-22	26-Dec-22	02-Jan-23	09-Jan-23	16-Jan-23	23-Jan-23	30-Jan-23
Quality Assurance	-30.50	24.50	15.50	45.50	30.80	45.45	41.40
Senior Leadership	10.50	15.50	25.45	23.50	15.30	15.40	24.00
Project Controls	67.50	63.50	40.50	50.50	30.80	16.00	30.20
Business Development	25.50	15.45	55.40	24.30	-15.30	20.30	47.60
Manager of Costing	22.20	-13.50	25.50	60.50	18.80	40.00	35.80
Business Sponsor	40.50	45.50	20.40	24.50	44.30	-6.40	24.00
Project Accountant	62.50	43.00	30.50	50.50	35.50	40.00	30.50

Last Words

When the world's economy truly slows down - will your professional services business be ready to withstand the pressure? Are you taking proactive steps to prepare your organization for this? Will you not only survive but come out better, stronger, and more profitable than your competitors?

Do you have the right tools to empower your operations and delivery team with project, resource, and financial insights? Do you have a single source of truth for all of this data? If not - now is the time to take the first step. [Schedule your no-obligation session with Birdview PSA solution consultants today](#) to make sure you're well-prepared for turbulent times.



Professional Services Automation Platform

We help service delivery teams grow faster and increase profit margins thanks to our award-winning resource management capabilities

[Schedule your personalized demo today](#)