

# IRIS Project Solutions Whitepaper

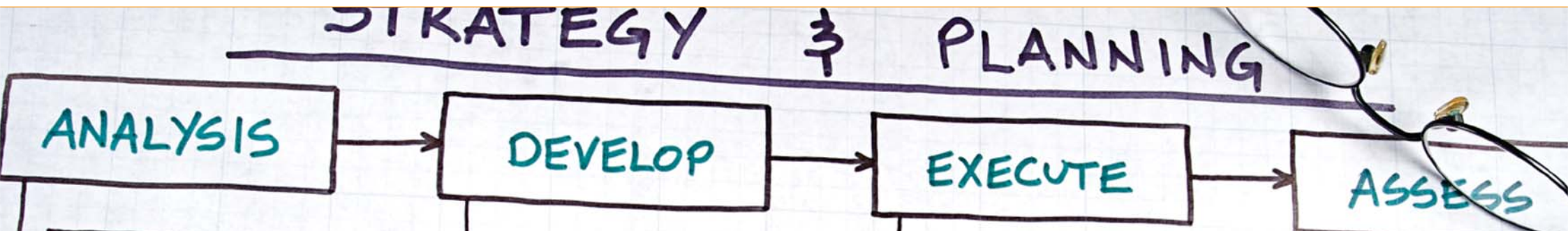
## From profit killer to consultant burn out (and the good bit in the middle)

**For most management consultancies, the utilisation rate of their consultants is one of their key performance indicators and a key target on which staff are measured. Get it right and the chances are the business will be highly successful. Get it wrong and the consequences can be disastrous.**

Under achieving can be a real profit killer. A relatively small reduction in utilisation rates can result in a disproportionately large reduction in profitability. And whilst avoiding under achievement is the focus of many directors and managers, the effects of consistently high levels of utilisation should not be ignored. In the short term, the effect looks good, i.e. increased profitability. But in the long term, the effects can be reductions in efficiency and quality of work, through to staff burn out and resignations.

So how do you get the balance right? Utilisation may be a simple percentage number but there are multiple factors that influence its outcome. It's a complex matrix of clients, projects, tasks, due dates, deliverables, consultants, skills, availability, bids and contracts.

**Find out how the 7 steps to optimising utilisation can help you...**



**1 Set a realistic budget for the project**

Having access to accurate information on the actual cost of similar past projects helps to ensure that future bid costs and resource requirements are accurately assessed.

Resources (GBP)	Expense (GBP)
11200.00	1,200.00
10000.00	0.00
48640.00	0.00
7200.00	0.00
5600.00	0.00

This may be stating the obvious, but get the budgeting wrong and successfully managing utilisation becomes an impossible task.

There are many factors that will determine the price of the bid to the client. This is quite often the main focus when putting the bid together, with the cost and resources that are needed to deliver the project not always being fully considered at the bid stage.

Having access to accurate information on the actual cost of similar past projects helps to ensure that future bid costs and resource requirements are accurately assessed. Without formal systems in place, many consultancies find it difficult, time consuming, if not impossible to compile this historical information. As a result, bids are put together using 'gut feel', running the risk of perpetuating profit killing mistakes.

With an accurate budget in place, everyone involved in the project will know exactly what the allowable costs are for each element of the project.

**2 Review the demand of potentially successful bids against available resources**

**Workloads can be managed to acceptable levels for individuals and across the business.**

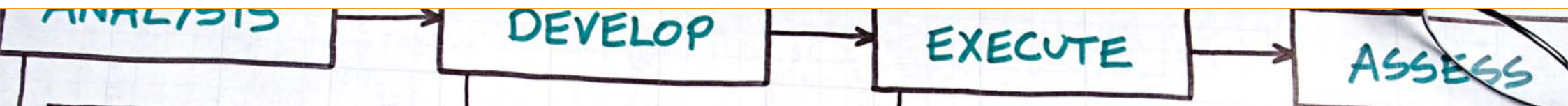
This is possibly the greatest challenge for any consultancy. When, in the bid process, do you commit the resources that are required to deliver the project?

Leave it until you have a signed contract and the chances are you probably won't be able to deliver in the timescales required by the client. Commit resources to unsuccessful bids and you risk impacting the delivery of your already contracted work.

The action to remedy these situations is often to over utilise staff, giving them unsustainable workloads and impossible deadlines. This is where systems can prove invaluable in helping to manage the complexity of resourcing across multiple bids and projects.

Firstly, they can be used to set, monitor and update the probability of winning individual bids. This allows you to highlight when and to which bids resources will need to be allocated.

Secondly, to have a holistic view of the resourcing commitments across the business. You can see at a glance the forecasted demand on staff and therefore check their availability to work on new projects. By being able to visualise the impact of resourcing staff into new projects, priority can be assessed, achievable project plans can be created and, if necessary, existing work reassigned. At the same time, workloads can be managed to acceptable levels for individuals and across the business.



### 3 Allocate resources against the programme and the budget

An integrated system ensures realistic resourcing and profit targets are set from the outset.



Setting up and maintaining project plans is seen by many consultancies as a difficult and time consuming process.

Therefore, any tools used for project and resource planning needs to make the process for setting up projects, simple, intuitive and quick. Ideally, templates should be available to automate the majority of project set up work. Generic templates are ideal where you have defined structures for the delivery of different types of projects. Being

able to use past projects as templates allows you to set up new projects with the correct structure and accurate resource and cost allocation, based on the reality of actual delivery performance.

With the project plan structure in place, resources can now be allocated to the project tasks.

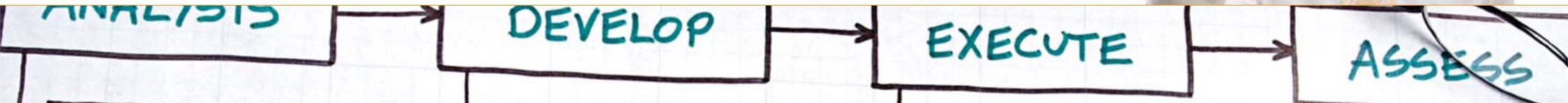
When the estimated resources are allocated into the project tasks, do their costs fall within the project budget? Is the resource allocation being driven by the budget or the effort required to achieve the project deliverables? Are they based on actual past performance or merely supposition and gut feeling?

An integrated system, that brings together historical analysis, bid estimating, project planning and resource costs will allow you to assess the project budget from all directions, ensuring that realistic resourcing and profit targets are set from the outset.

### 4 Plan for the non project related time

Holiday requests should be incorporated into the overall resourcing and utilisation process.

Time has to be allowed for non project related activities such as holidays and training. But it also needs to be planned, otherwise it is booked in isolation and its impact on utilisation and delivery can not be proactively assessed. Holiday requests, for example, should be incorporated into the overall resourcing and utilisation process, rather than just held on individual holiday cards. Only then can you instantly see the potential clashes of too many staff away at one time. Will approving a particular holiday request mean that it will become impossible to deliver certain projects on time? Or can delivery be achieved only by the over utilisation of the consultant prior to or immediately after their holiday? Integrated planning can help manage this process across the complexity of all projects and staff, keeping an acceptable balance on workloads and maintaining realistic timescales.



## 5 Update the programme regularly

**It is important that project plans are updated and regularly reviewed.**

If only every project ran to plan, from start to finish, life would be so much easier for consultancies. Unfortunately, in practice, this seldom happens.

Many factors can influence this, such as waiting for information from clients or having to reschedule work due to a change in priorities.

Whatever the reason, it is important that project plans are updated and regularly reviewed. Again, doing this against one project in isolation will fail to show the implication these changes may have on other work and the consequences for affected staff.

In many instances, it is perceived too time consuming to constantly keep all project plans up to date. Once this attitude turns into common practice then control over resource planning becomes lost.

This comes back to the point that tools need to be not only quick and simple but provide instant and valuable feedback which has a direct benefit to help staff achieve their objectives.

## 6 Review the actual costs versus the plan with the team

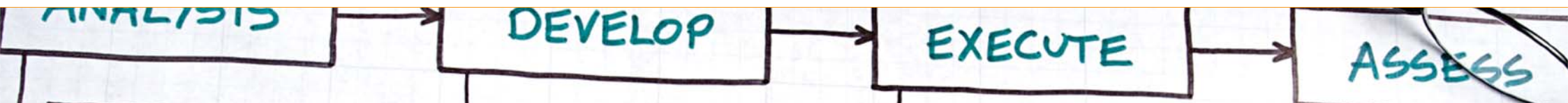
**Whether the project lasts for 5 days or 5 years, it is important to see if you are on track or not.**

Whether the project lasts for 5 days or 5 years, it is important to easily see the trend in the project in order to establish, at any point in time, if you are on track or not.

All too often, project performance information is only available to project managers and directors, with review period that are too infrequent to proactively affect the outcome of a project. Also, this information may only be available through a central source, which can lead to bottlenecks in information requests.

Relevant information should be available to all members of the project team, without them having to understand complicated accounting reports. Simple, clear and targeted information will help them to take ownership of their performance and deliverables. Using systems that can provide this information in real-time allows the consultant to see if they are on track to deliver within the time budgeted. If not, this can be raised at the earliest opportunity, the causes assessed and appropriate action taken.

This will result in a much greater chance of bringing the project in on budget, than any periodical or retrospective project review process. It can also alleviate the need for consultants to 'play catch-up', reducing the chance that they will have to be over utilised to bring the project in on time.



**7 Report regularly on overall workload to pre-empt quiet periods or shortfalls of resource**



**Continually running from periods of work overload to slack periods, makes it extremely difficult to achieve balanced utilisation.**

Continually running from periods of work overload to slack periods, (often referred to as 'feast and famine') makes it extremely difficult to achieve balanced utilisation.

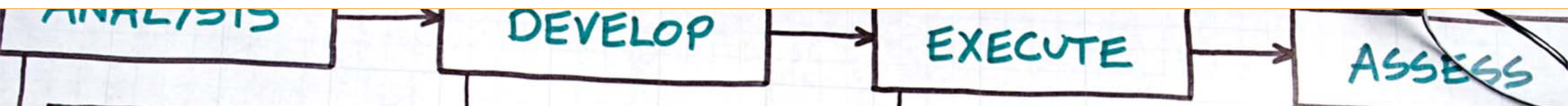
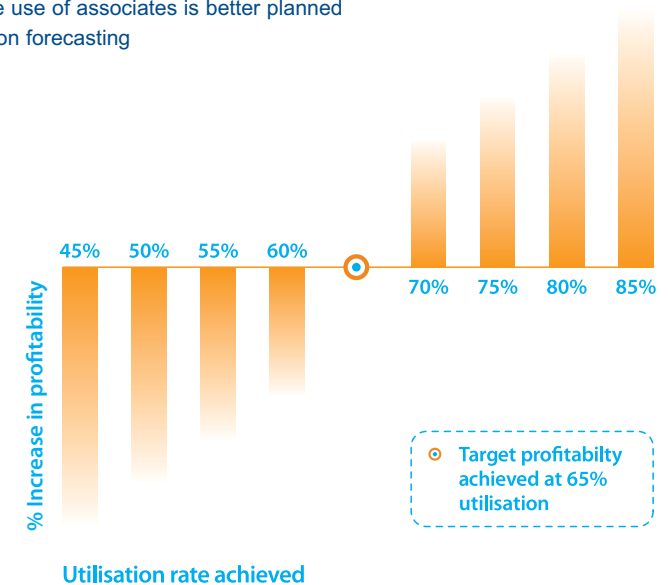
Being able to clearly see the planned utilisation of each member of staff allows the business to see if there are going to be utilisation 'hot-spots' and when they are likely to occur. Are there periods when a number of consultants will have little or no paid for work to deliver? How do the current plans match to the required revenue and cash flow for the business?

Whilst it may not be possible to totally overcome the feast and famine, having systems in place that allow you to see these peaks and troughs, well in advance, can help you to smooth out delivery or target additional business to achieve a more realistic and achievable result.

**So what is the good bit in the middle?**

**Only achieving 60% utilisation results in 23% reduction in profits!**

- Profitability increases as more paid for work is delivered within the same overhead
- The risk of staff turnover is reduced by limiting the impact of consistent over utilisation
- Project delivery and client satisfaction are improved by better management of the transition from bid to win
- Bid to win ratios are improved through greater flexibility on fees
- Decisions on new hires or the use of associates is better planned using comprehensive utilisation forecasting



## Solutions

### PROJECTminder<sup>®</sup> from prospect to profit

#### IRIS PROJECTminder

**Project management for growing organisations with 15-300 employees.**

IRIS PROJECTminder offers a project management tool to a number of key professional service markets - architects, engineers, surveyors, management consultants, IT consultants and marketing agencies.

By providing solutions to specific vertical markets, it supports the different ways in which these businesses tender, programme, deliver and charge for their services.

IRIS PROJECTminder is delivered as Software as a Service (SaaS), meaning reduced IT overheads and expenditure and no capital costs. Over 10,000 users access IRIS PROJECTminder on a daily basis.

IRIS PROJECTminder aims to address the gap between project management and accounting, enabling users to manage their projects from initial enquiry to final invoice, in one system.



#### IRIS SharpOWL

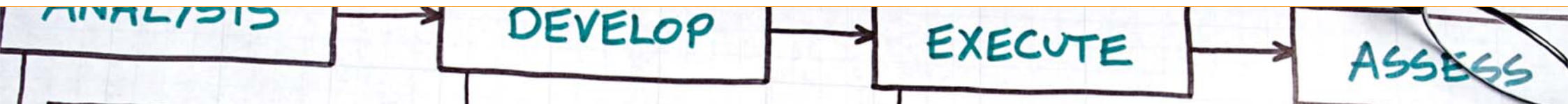
**Professional services automation for medium to large enterprises with 250-3,000 employees.**

IRIS SharpOWL is designed for organisations that employ a significant number of professional staff whose time must be accounted for, whether to charge clients or to justify costs internally.

IRIS SharpOWL is scalable up to thousands of users. It can also support multi-national organisations where different languages, currency rates, calendars, invoicing and accounting are required.

It enables users to collect information about client relationships, project performance, project profitability, resource skills and utilisation; to support strategic business decision making.

Users can schedule resources, record time and expenses, ensure accurate, timely billing and recovery, recognise revenue based on pre-defined rules, and measure the financial performance of both projects and people.



## About IRIS Project Solutions

### Effective solutions for the management of people and projects

IRIS is the UK's largest private software house supplying business management and specialist solutions to over 60,000 customers, from start-ups to large organisations.

Our aim is to help our customers improve their business performance through efficiency gains, increase income through better use of data and provide better customer service.

In a world of faceless organisations, IRIS prides itself on its personal and tailored approach to customer service, evidenced by 95% annual customer retention, amongst the highest in our industry.

In February 2008, IRIS was named one of Britain's fastest-growing private companies in the Sunday Times Deloitte Buyout Track 100 league table. In September 2008, it was also named as one of Britain's fastest-growing technology companies in the Sunday Times Microsoft Tech Track 100.

IRIS project solutions improve and simplify the way in which projects are costed, planned, managed and billed; helping professional service organisations balance cost-efficiency with client satisfaction.

To find out more about IRIS project solutions call **0844 815 5710**  
or visit **[www.iris.co.uk/projectsolutions](http://www.iris.co.uk/projectsolutions)**

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