



RMI *Survey Series*

Resource Utilization Trends Survey 2019

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AGENDA

1	Survey Background	3
2	Survey Questions	4
3	Key Takeaways	5
4	Professional and Consulting Services (PS/CS) Responses	6
5	Enterprise/IT (E/IT) Responses	23
6	Product Development (PD) Responses	37
7	Survey Summary	51

Survey Background

1

The industry's most in-depth look yet at utilization in three different project-based domains conducted in 3Q/2018 and now updated in 3Q/2019.

2

Input was provided from 56 different companies, by PS/IT/PD services executives, resource and project managers and resource management office leadership.

3

Professional/Consulting services and Enterprise/IT services made up 92% of the respondents. Recently added to the Survey Series is input from Product Development organizations.



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) >500

3 What standard 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) d) PTO g) Administration (internal paperwork and processes) i) All the above
b) Productive (E/IT only) e) Sick Leave h) Internal meetings j) Other
c) Internal projects (PS/CS only) f) Training k) Reliability and vendor

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

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

6 Are utilization targets set by:

- a) Department b) Manager c) Level d) Role e) 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 If you publish results (internally) for utilization performance, at what level do you publish the results? (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- a) Leadership level b) Manager Level c) Individual Level d) We do not publish results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 Not used

12 What is your average utilization (use of available time) result over the past 12 months by category? Write in amount in % for each applicable category - amounts should total to 100%:

- a) Billable (PS/CS only) c) Internal projects (PS/CS only) f) Training h) Internal meetings
b) Productive (E/IT or PD only) d) PTO g) Administration (internal paperwork and processes) i) Other
e) Sick Leave

13 My PSA or PPM 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 Which automation tools do you use to help with utilization tracking and reporting? (check all that apply)

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

15 Utilization performance for our company is:

- a) Very important b) Somewhat important c) Neutral d) Not too important e) Not important at all

Key Takeaways

1

Resource utilization continues to gain industry focus with project-based businesses, with important progress on the fundamentals of better metrics, governance and management. However, many challenges remain in both process and technology used to manage this important element of a service business.

2

Standardization of the utilization metric using the 2080 hour denominator continues, but there remains too many one-off approaches to measuring and governance which often limits peer comparison and masks internal issues inhibiting better utilization performance.

3

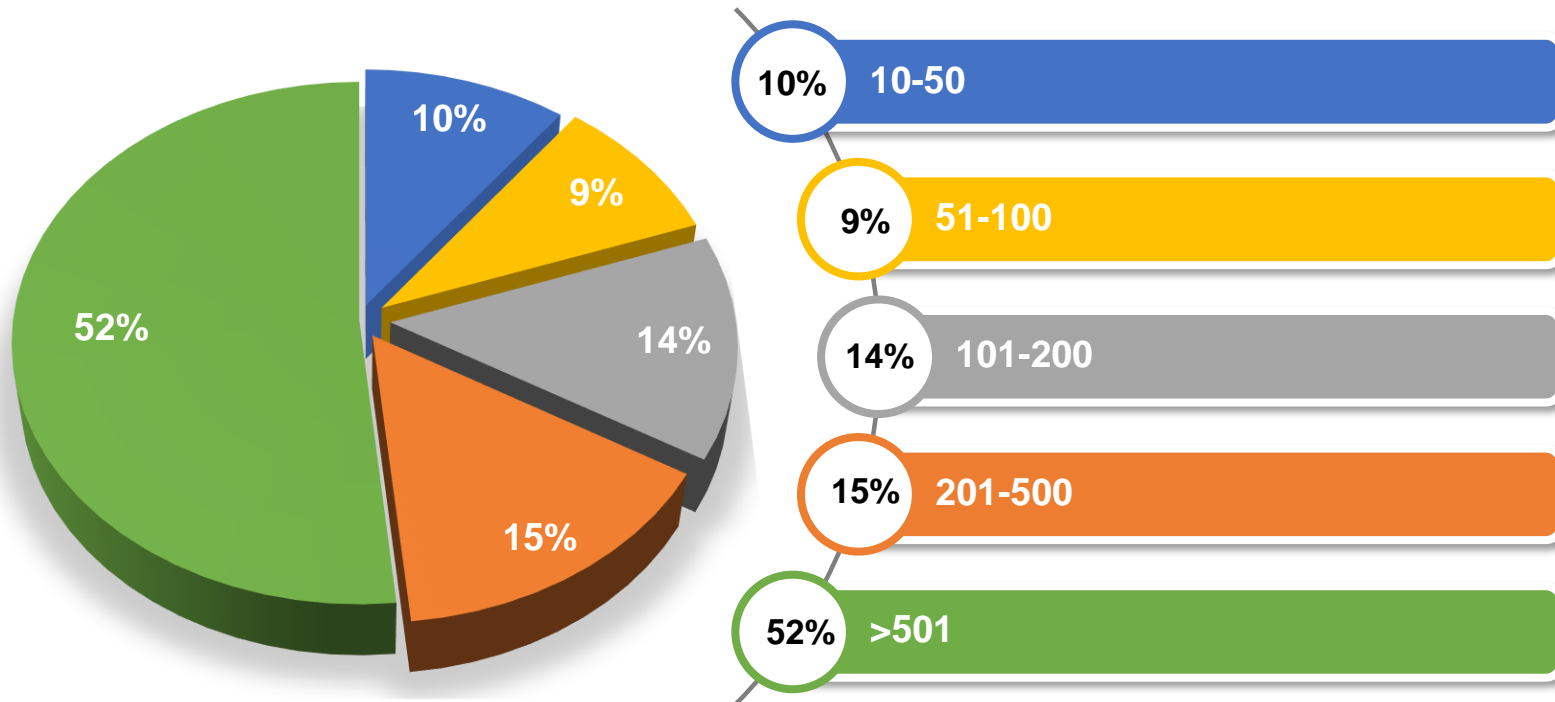
The industry continues to make steady progress with improved governance processes for resource management. We see more companies with improved visibility of all time buckets (knowing where all our time goes), management accountability, better visibility and cadence of reporting, assignment of utilization targets and incentives for improved utilization performance.



Professional and Consulting Services (PS/CS) Responses

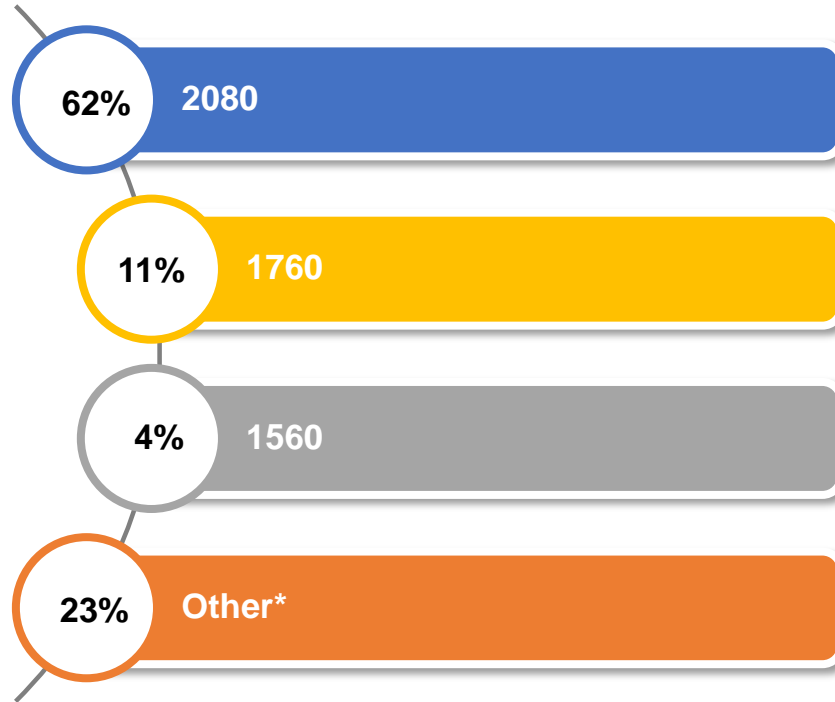
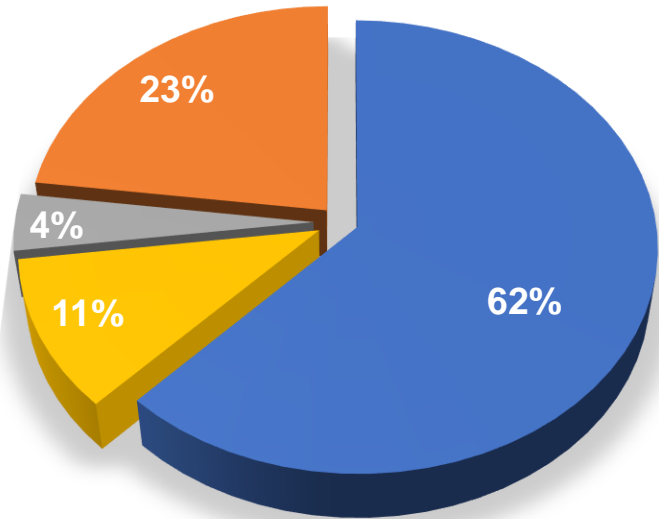


Q2: How many resources in total does your organization manage collectively with all resource managers? – PS/CS



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

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



The 2080 standard recommended by the RMI is now used by nearly two thirds of the PS/CS organizations in the survey, up sharply from 46% one year ago. Adoption of the 2080 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

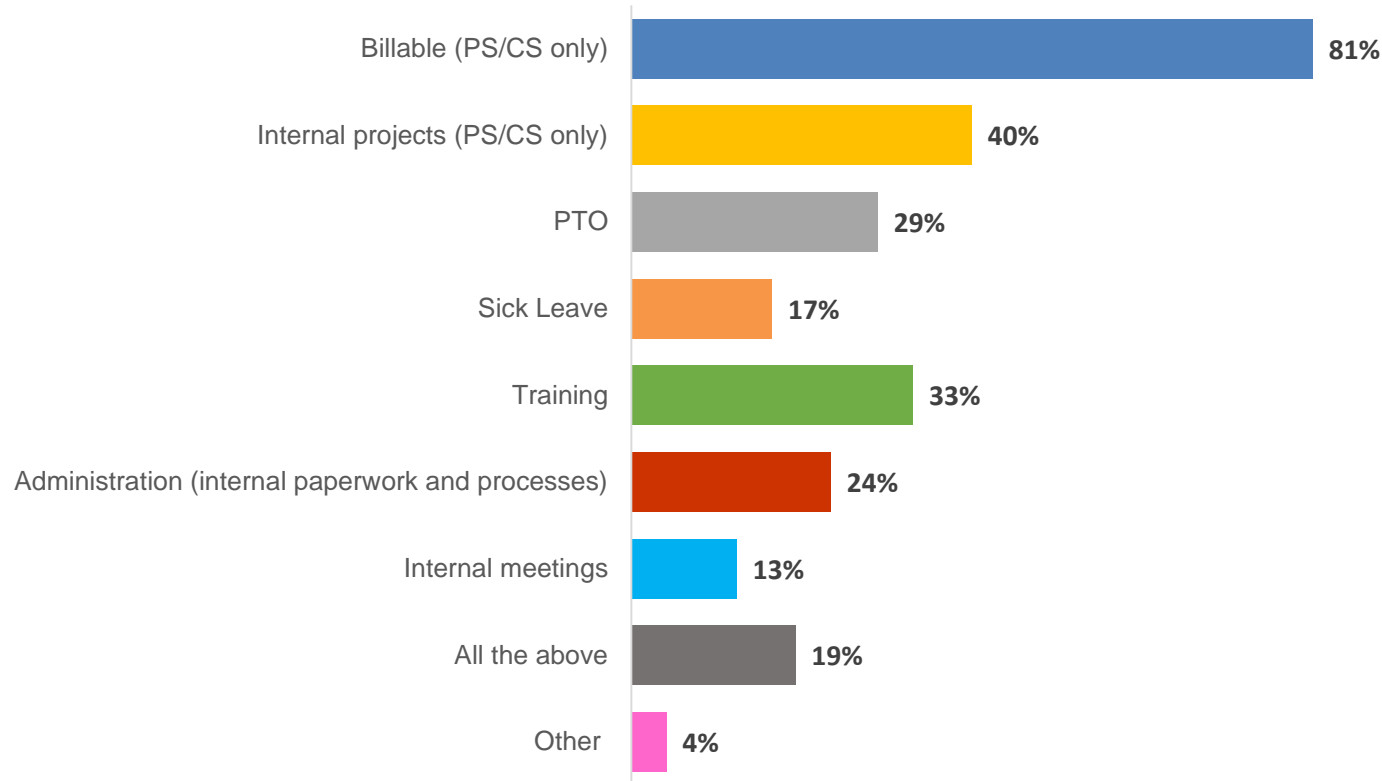
- 2016
- 1934
- Sum of total target hours
- Remove non-working days from 2080

- Customize (PTO is subtracted from denominator to promote PTO and not punish taking PTO)
- Ex PTO and holiday time from denominator

- Dependent on level of staff
- 1840
- We don't use the utilization calculation
- 1820
- 1920

- Working hours minus absences
- 1880
- Fluctuates

Q4: What time categories do you track in the numerator of the utilization calculation? (check all that apply) – PS/CS



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

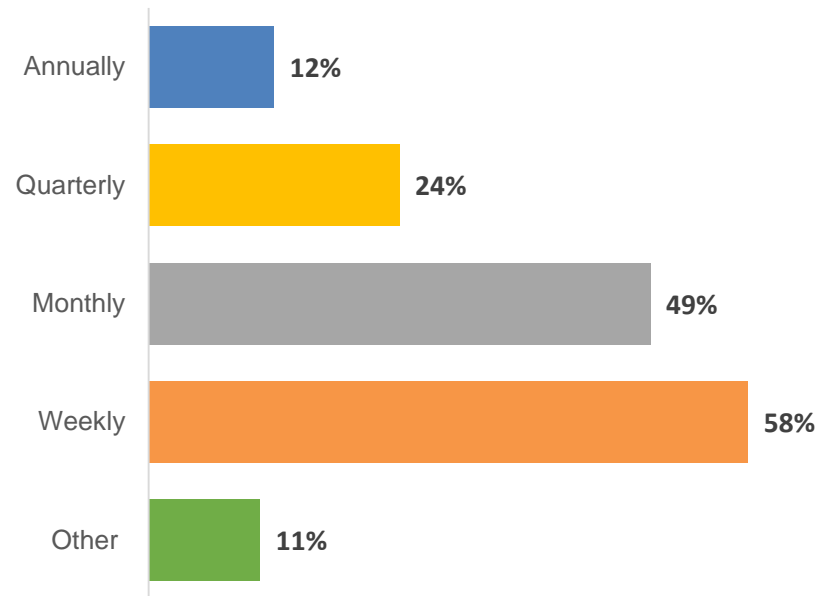
For PS/CS organizations, managing the non-billable time buckets is important to controlling unproductive time.

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

*Other

- Investment projects (non-billable customer facing)
- With and without New Hires - Customer facing

Q5: How often do you report utilization results? (check all that apply) – PS/CS



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

Reporting frequency is mostly unchanged from 2018.

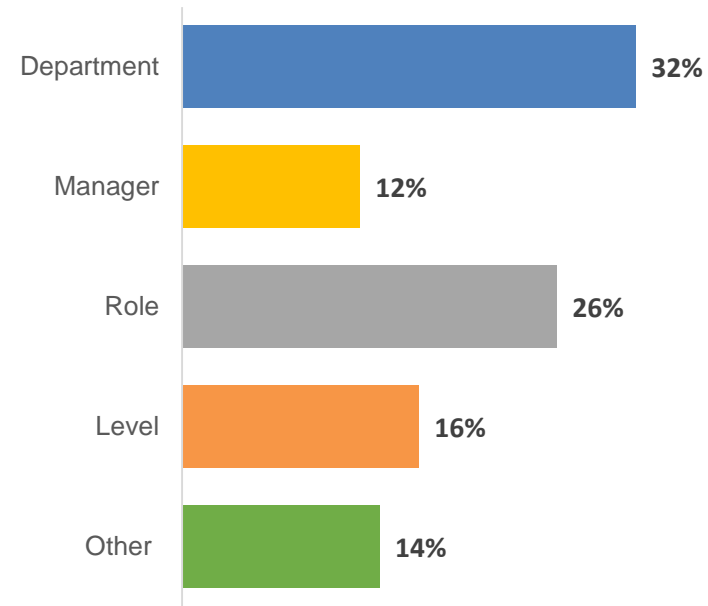
Often reporting capabilities are impacted by time reporting standards and rigor of compliance which should align with the need for more information earlier.

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

*Other

- Daily, self serve via PSA data dump into Business Intelligent tool
- We don't publish anything, it's available weekly in the accounting software
- Weekly via Dashboard; monthly in a call to management
- Self-service, available at all times
- As needed
- Not reported as it's updated daily for team to see
- Utilization calcs run nightly (Tuesday- Saturday)

Q6: Utilization targets are set by: – 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.

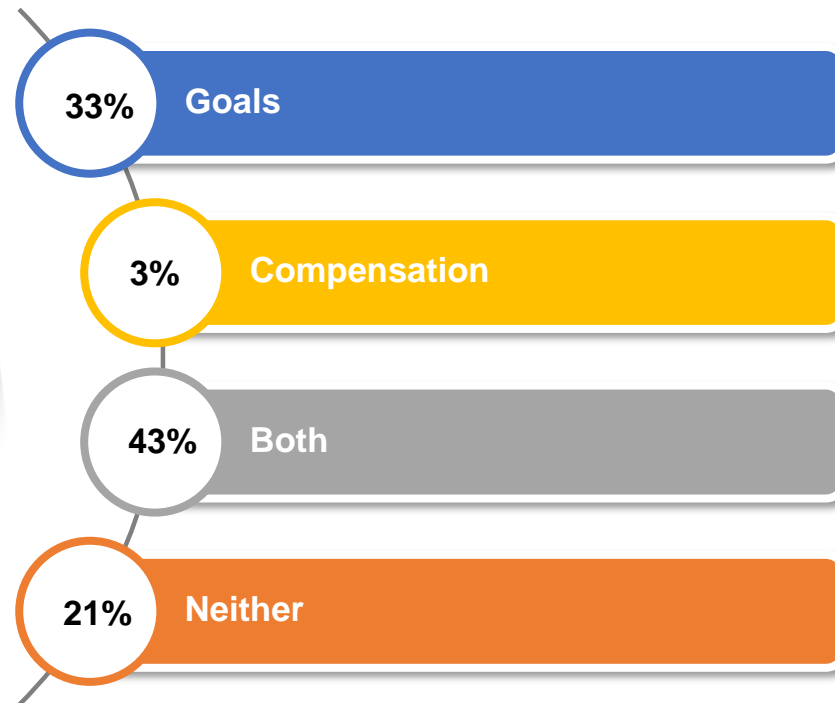
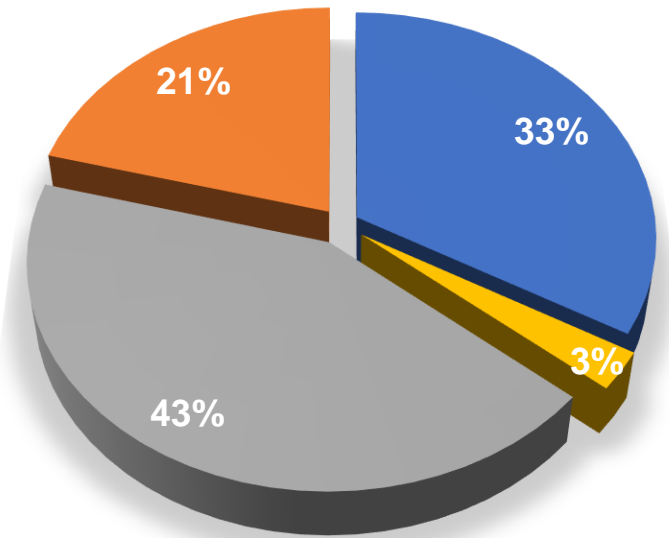
*Other

- Company wide
- C-level
- Corporate
- Head Office/Executives

- All of the above
- Organization or practice
- Role and Department
- Role/level

- Geography/Country
- Utilization targets are set during budget planning season and vary by role within each business line

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

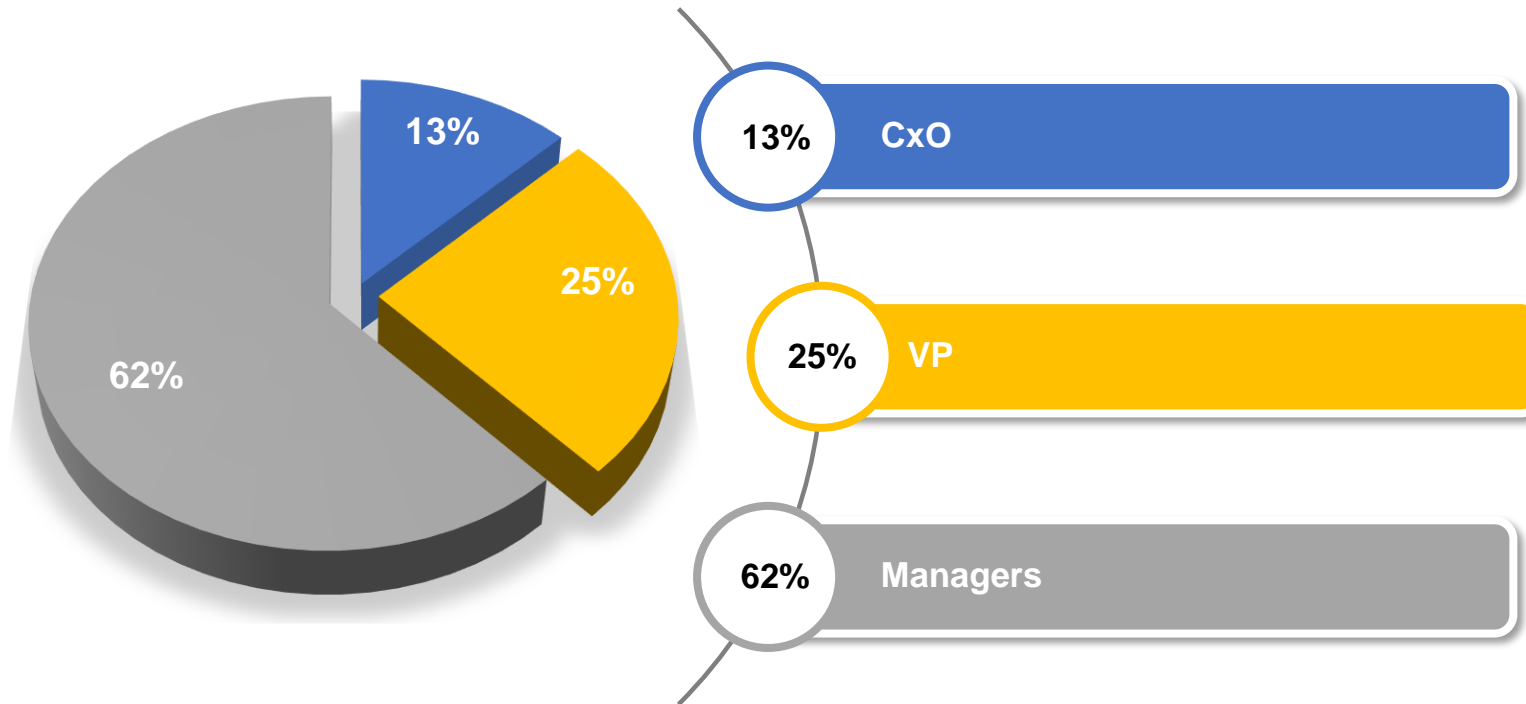


The PS/CS industry benefits from greater alignment of employee goals and compensation to utilization targets.

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

Survey results are largely unchanged from 2018.

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

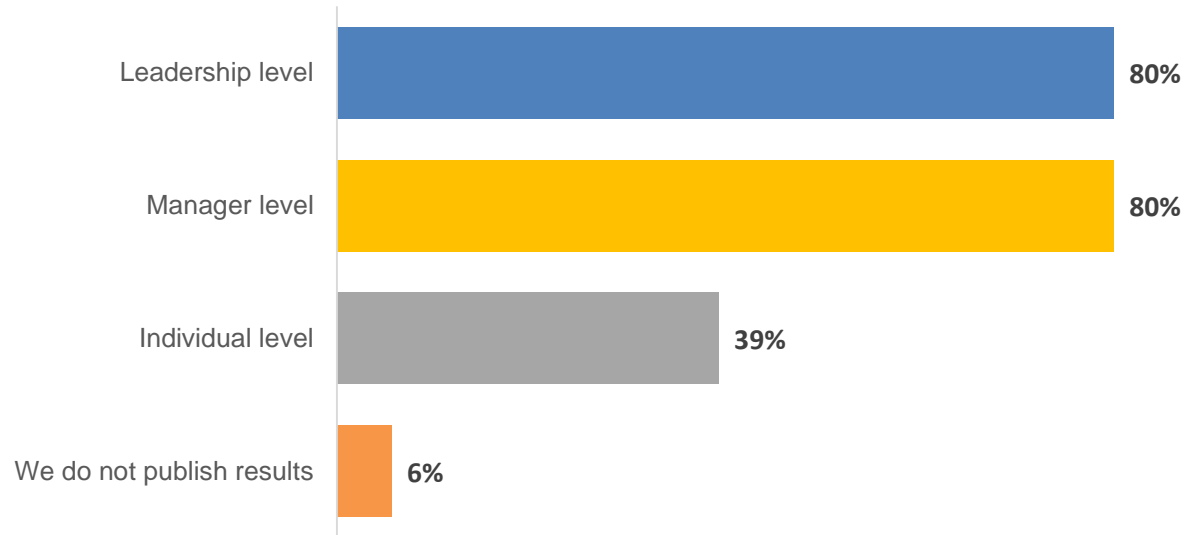


While the 'Managers' ownership of utilization performance is predominant, it is surprising that those higher in the organization are not. This is particularly puzzling since labor costs are typically 75%+ of these organizations budgets.

To note the percentages for CxO and VP are higher by about 6% from last year's survey therefore moving in the right direction.

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. In future surveys we will capture more specifics on the role of respondents.

Q9: If you publish results (internally) for utilization performance, at what level do you publish the results? (check all that apply) – PS/CS

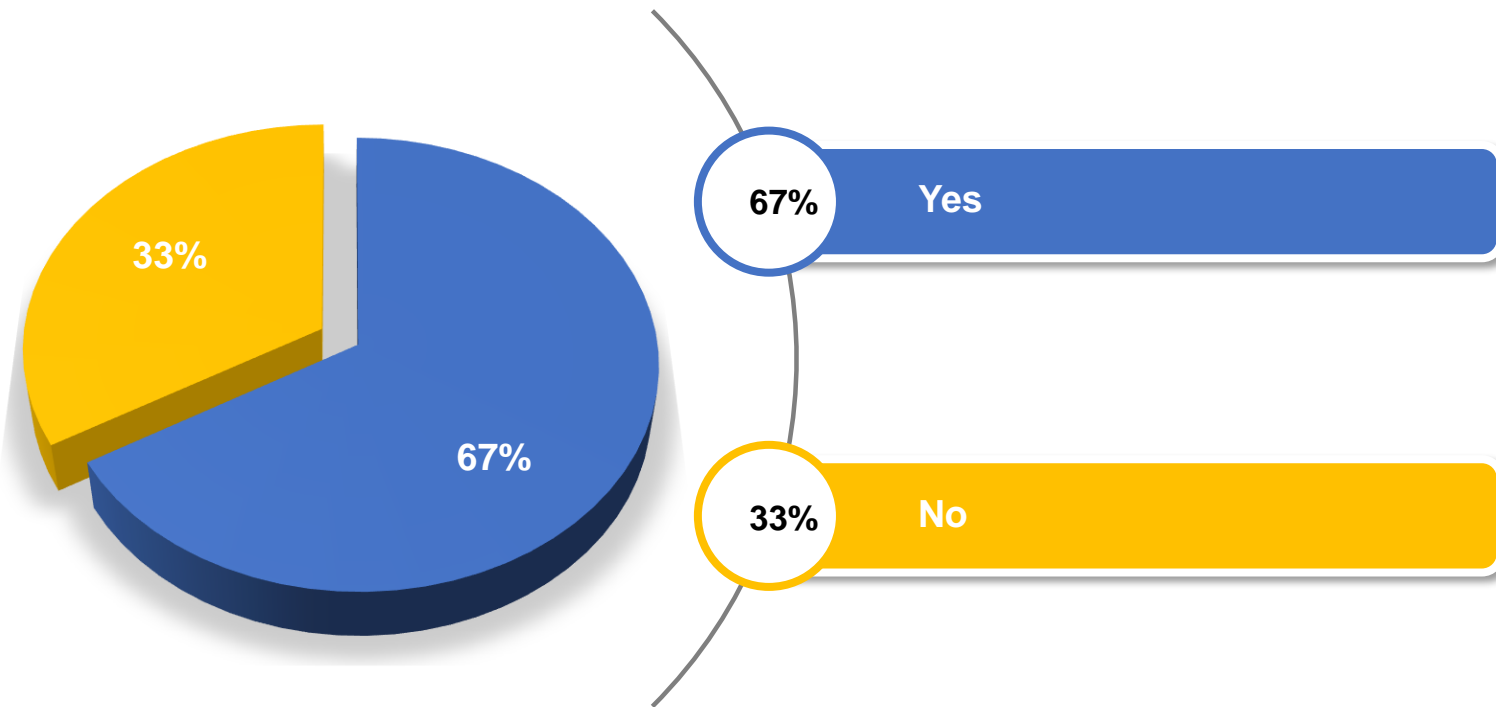


Utilization reporting and therefore visibility and awareness in the organization is fundamental to good governance of utilization.

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.

Reporting and visibility at the manager and leadership levels is up approximately 10% - a good sign that utilization is getting more visibility at higher levels in our companies.

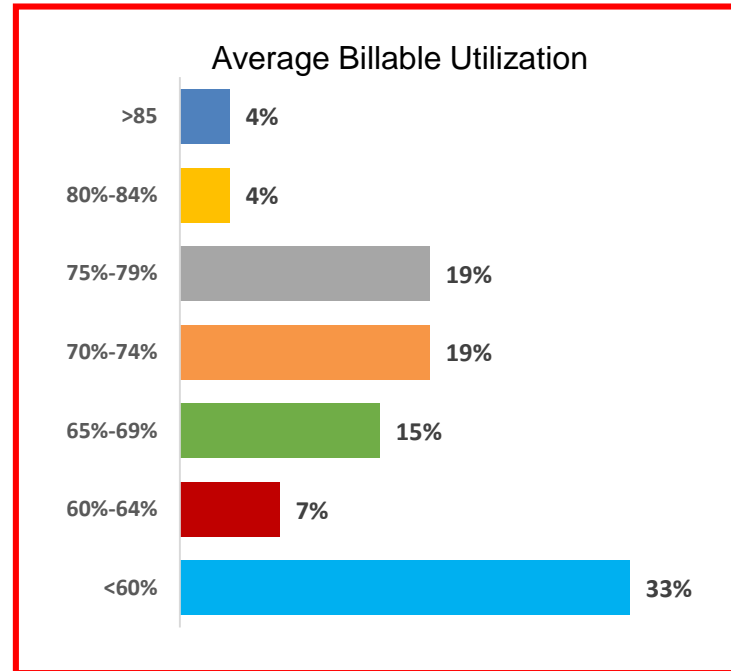
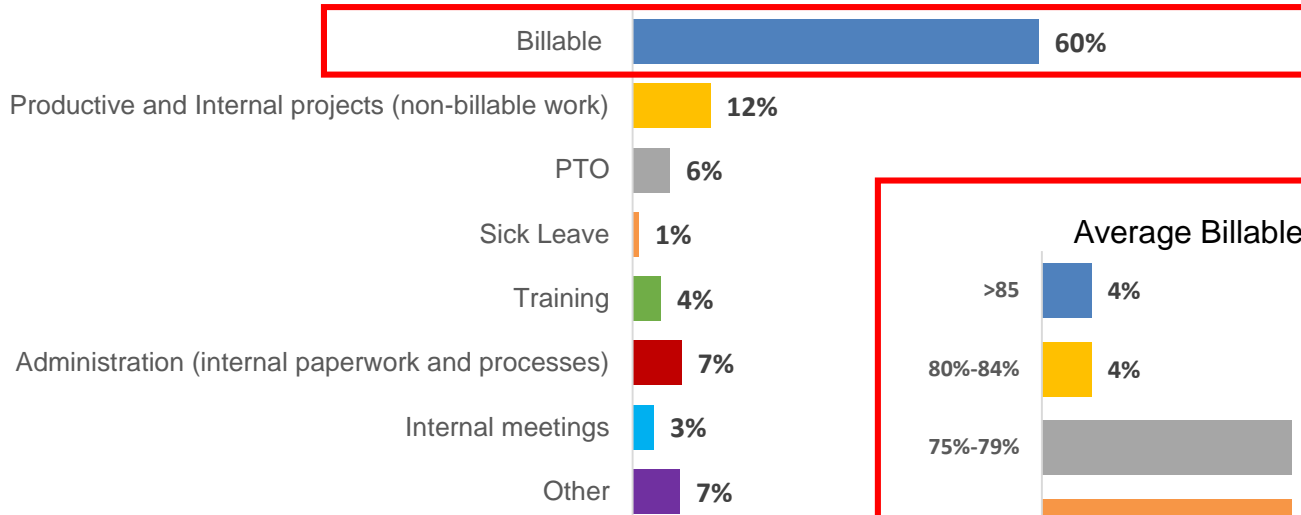
Q10: Do you count overtime hours in your utilization calculation? – PS/CS



The data indicates two thirds of firms include overtime in the utilization calculation, down slightly from last year's survey.

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

Q12: What is your average utilization (use of available time) result over the past 12 months by category?
Write in amount in % for each applicable category - amounts should total to 100%: – PS/CS



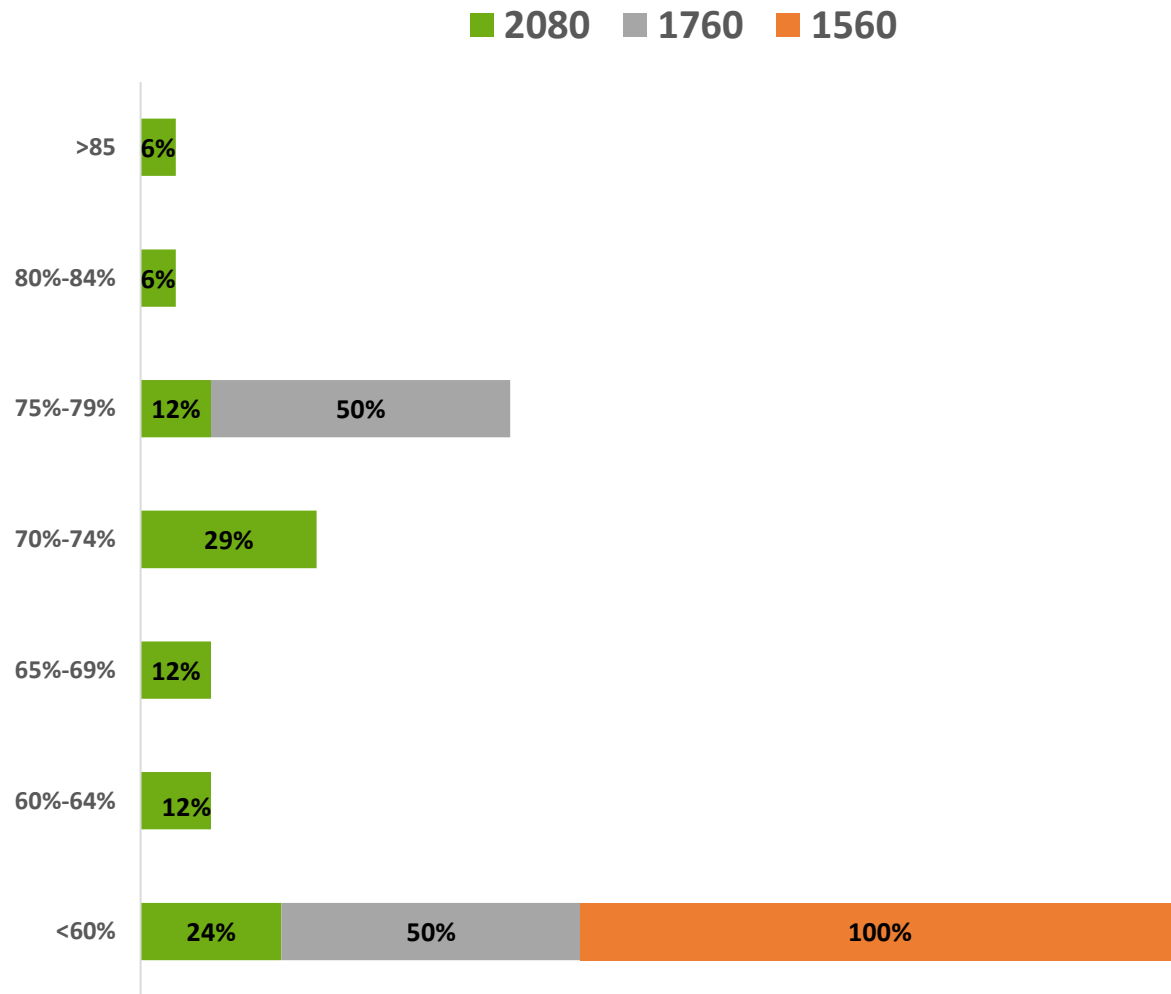
This chart provides the raw data indicating reported utilization performance for PS/CS organizations irrespective of what those respondents use for the denominator of the utilization calculation.

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

*Other

- Sales Support
- Pre-sales
- Pro bono
- Travel

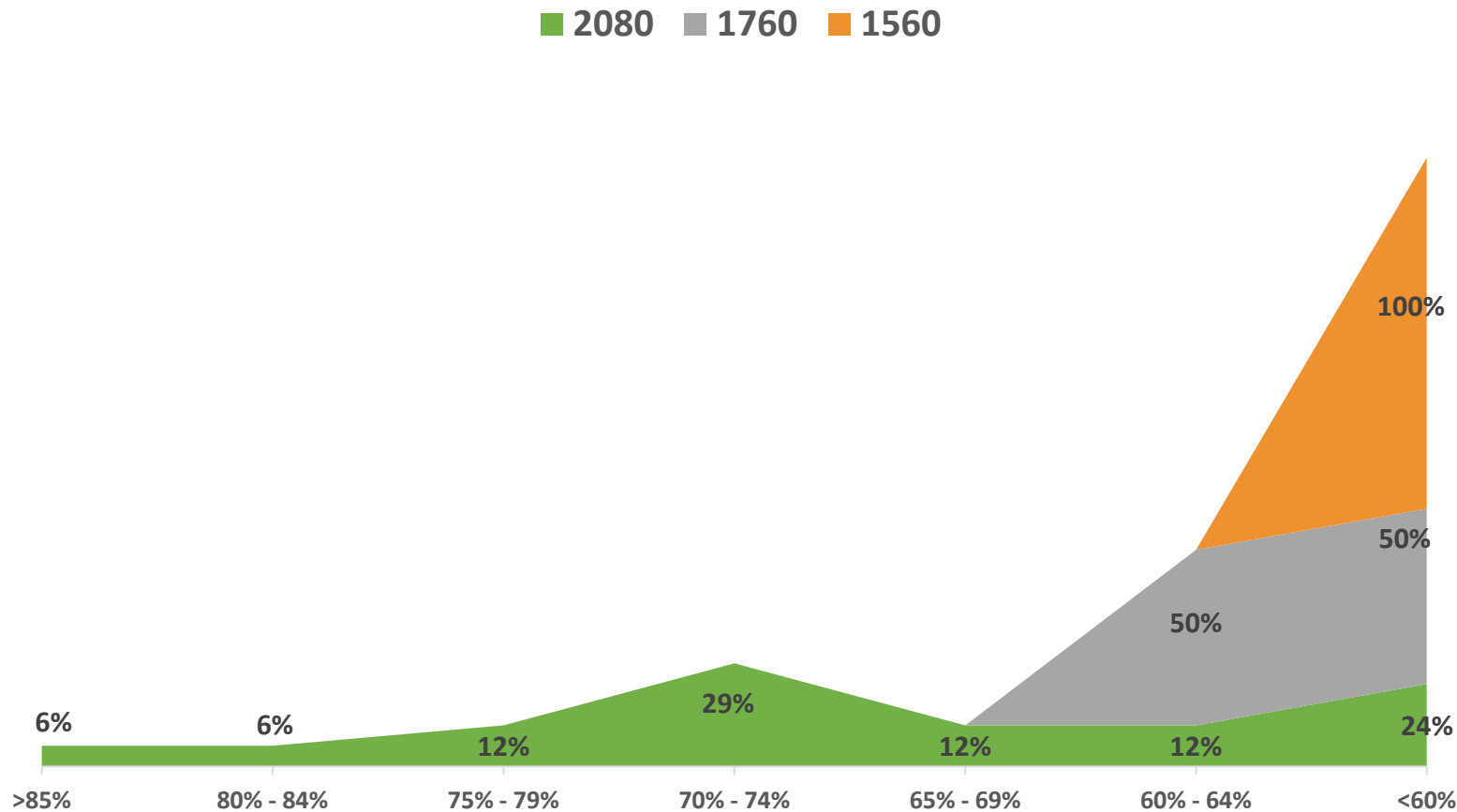
What is your average utilization result over the past 12 months?– PS/CS



This chart compares the performance of organizations based on their chosen denominator for the utilization calculation.

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.

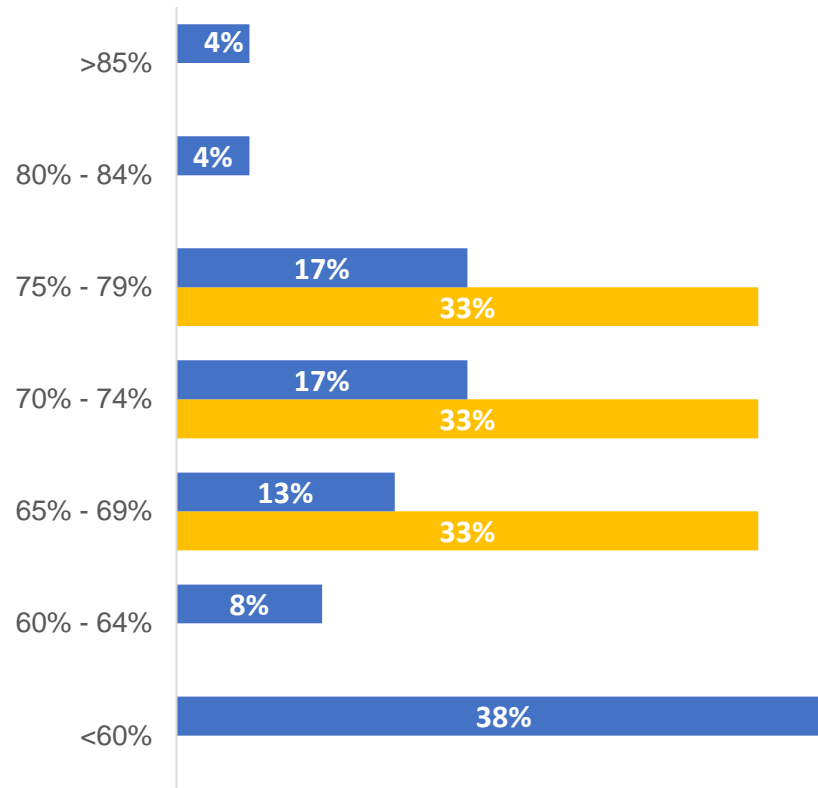
This data, which normalizes (provides an apples to apples comparison) reported utilization, shows how dramatic the deterioration of utilization occurs as the denominator is lowered.

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)

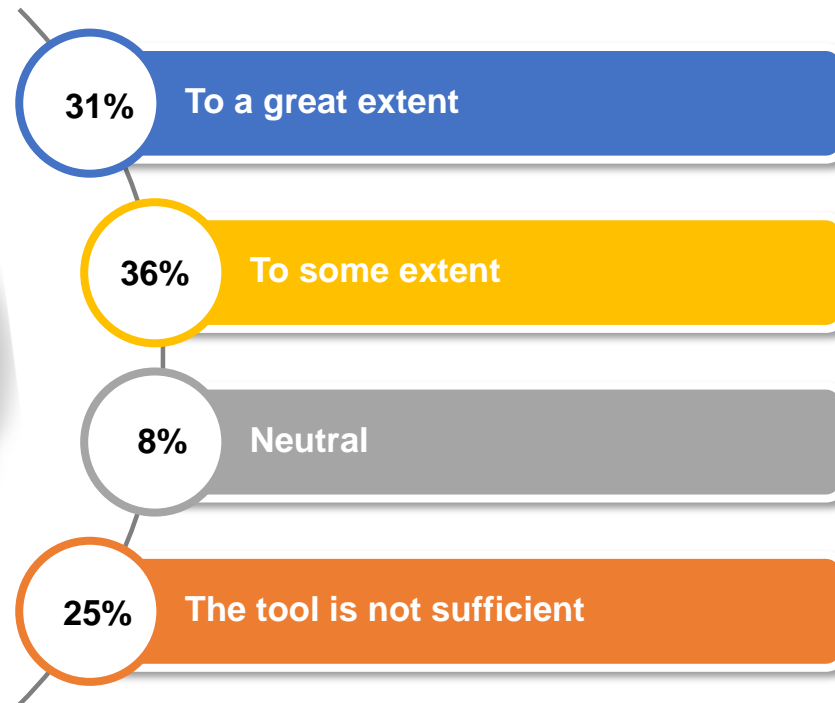
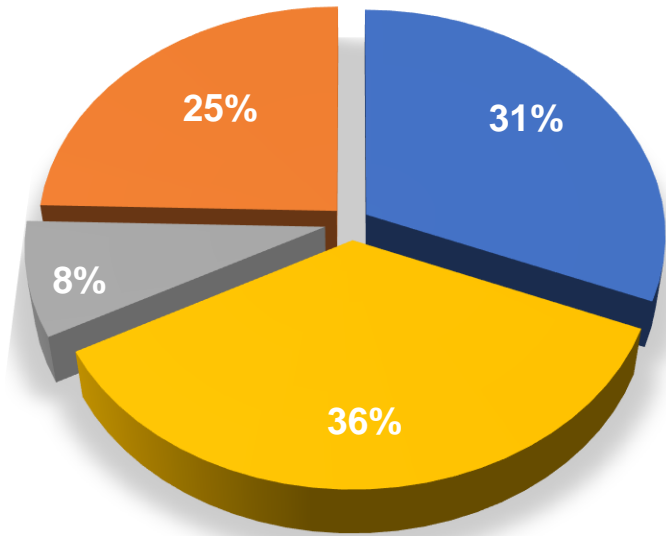
- Goals and/or compensation tied to utilization performance
- Neither



62% of the PS/CS group beat the overall utilization average by linking goals and compensation to utilization performance.

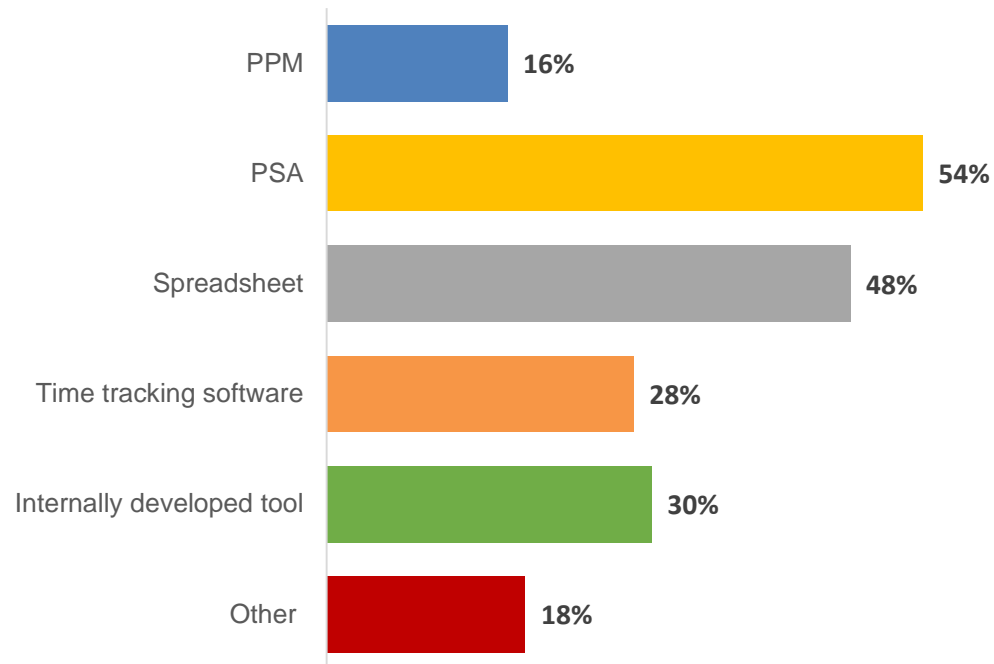
The RMI recommends using appropriate incentives to drive utilization behavior in the right direction.

Q13: My PSA or PPM 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. These results are largely unchanged from one year ago.

Q14: Which automation tools do you use to help with utilization tracking and reporting? (check all that apply) – PS/CS



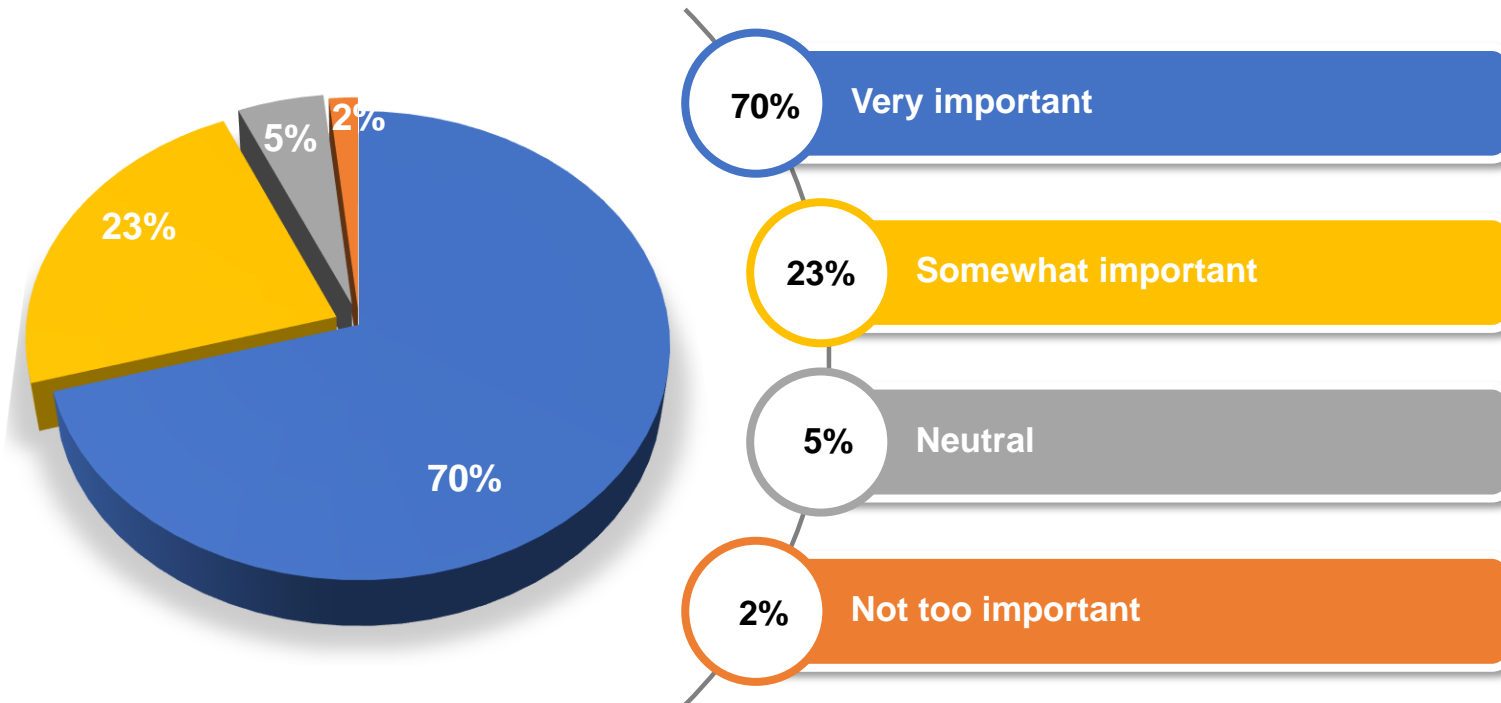
PSA tools are certainly becoming more capable and dominant in the space, but reliance on spreadsheets still shows how far we need to go to improve automation support for resource management.

Some good news in that reported use of spreadsheets declined from 64% to 48%.

*Other

- Tableau
- PowerBi
- Podio (switching to a proper PSA tool in the future)
- Retain

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.

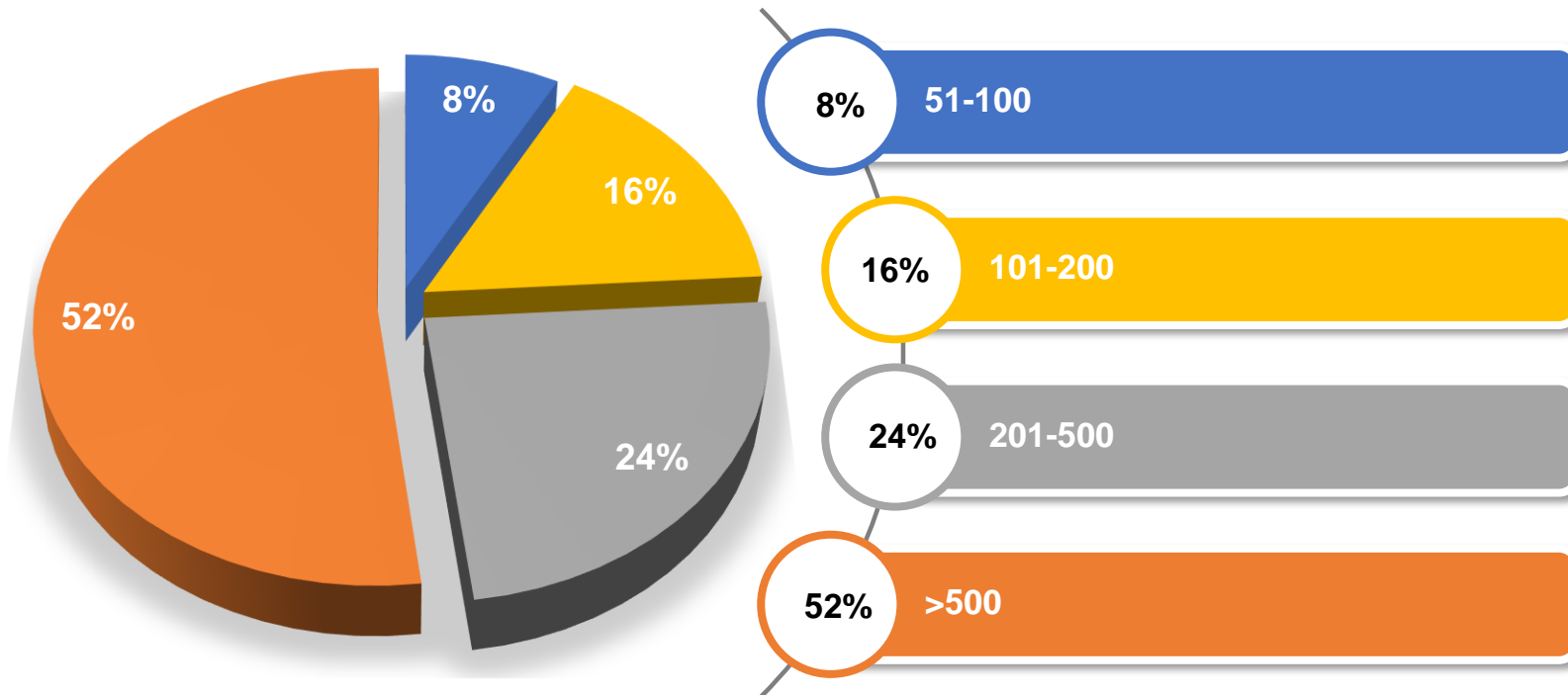
Similar to last year more than 90% indicated utilization performance was somewhat or very important.

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 (E/IT) Responses

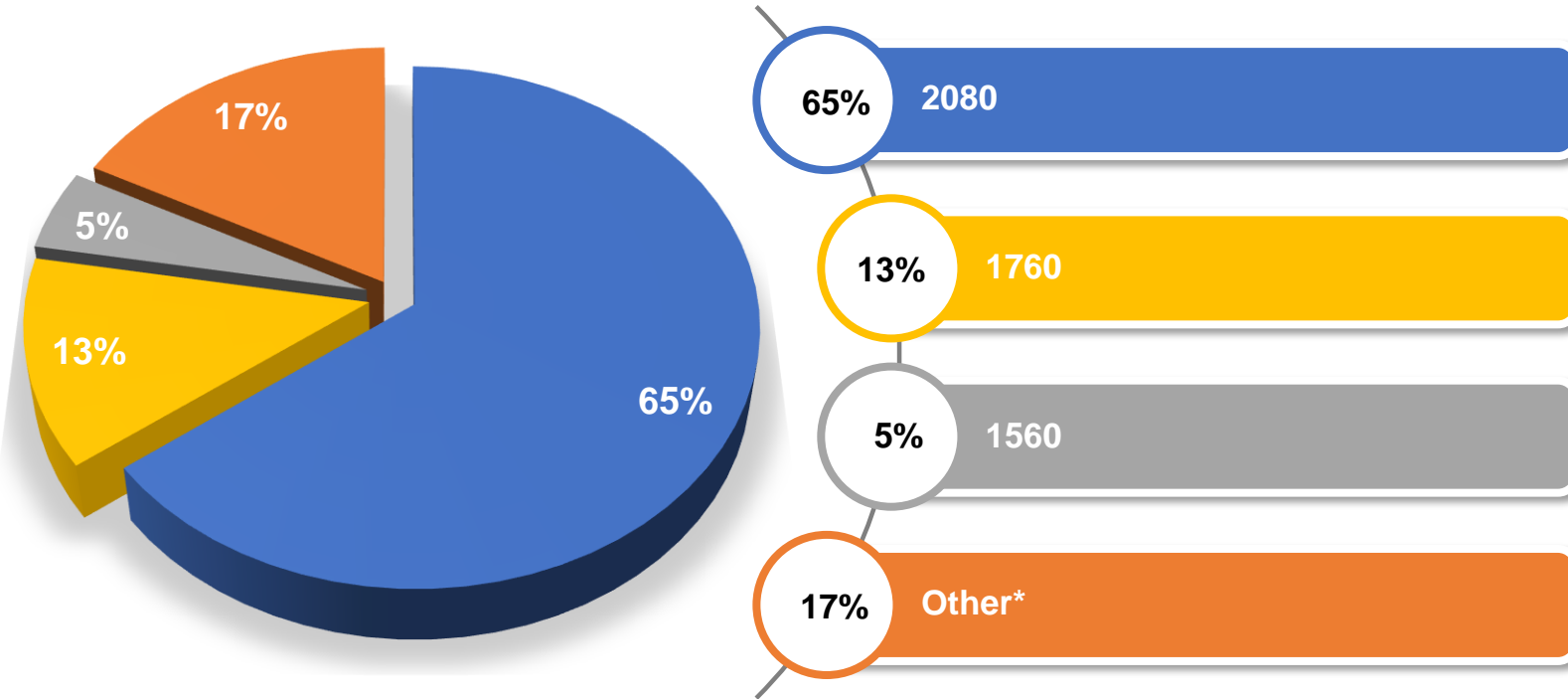


Q2: How many resources in total does your organization manage collectively with all resource managers? – E/IT



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

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



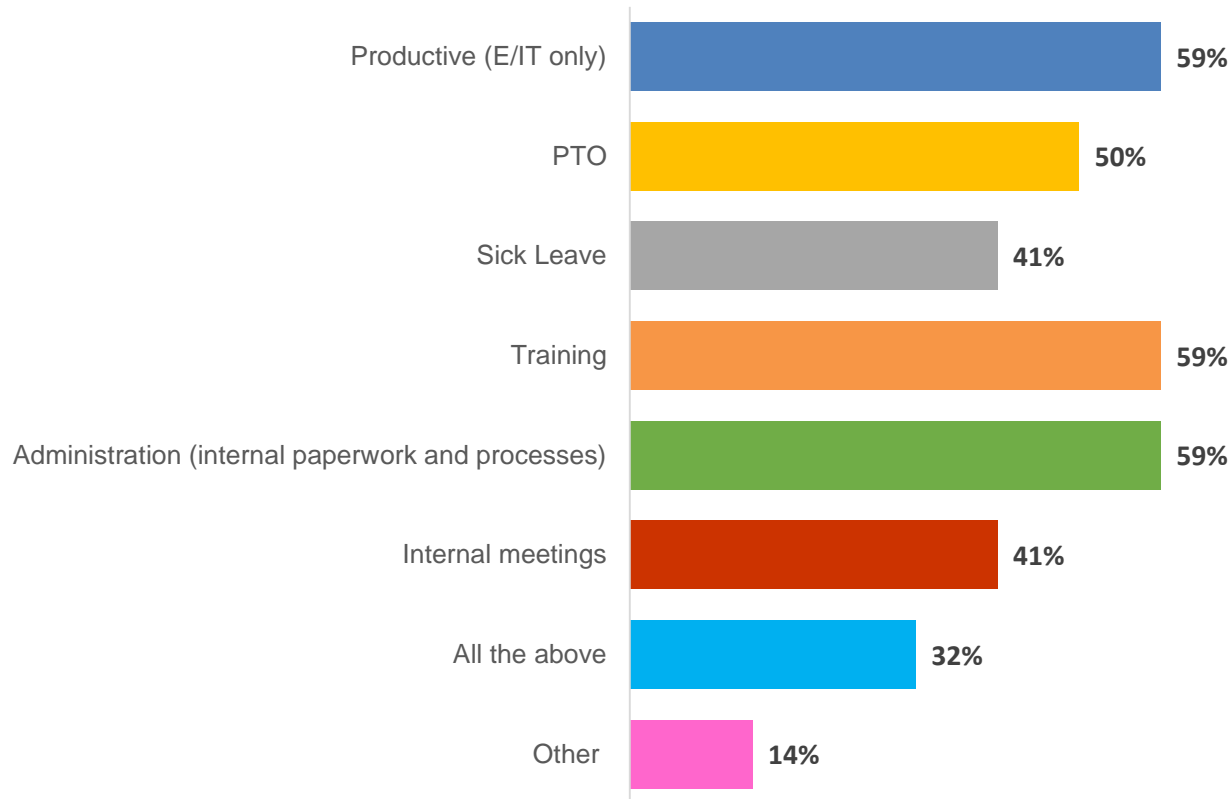
The 2080 standard recommended by the RMI is now used by two thirds of the E/IT organizations in the survey, up sharply from 58% one year ago. Adoption of the 2080 standard will enable more precise peer to peer benchmarking.

Data shown in the PS/CS section of this report demonstrates adoption of the 2080 standard drives better overall utilization performance. While this year's survey did not have enough detailed data for E/IT to produce this analysis, last year's report did and is available from the RMI website.

*Other

- Working hours based on company calendar
- 1456 or 2080 depending on the type of reporting.
- Differs per country
- 1870

Q4: What time categories do you track in the numerator of the utilization calculation? (check all that apply) – E/IT



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

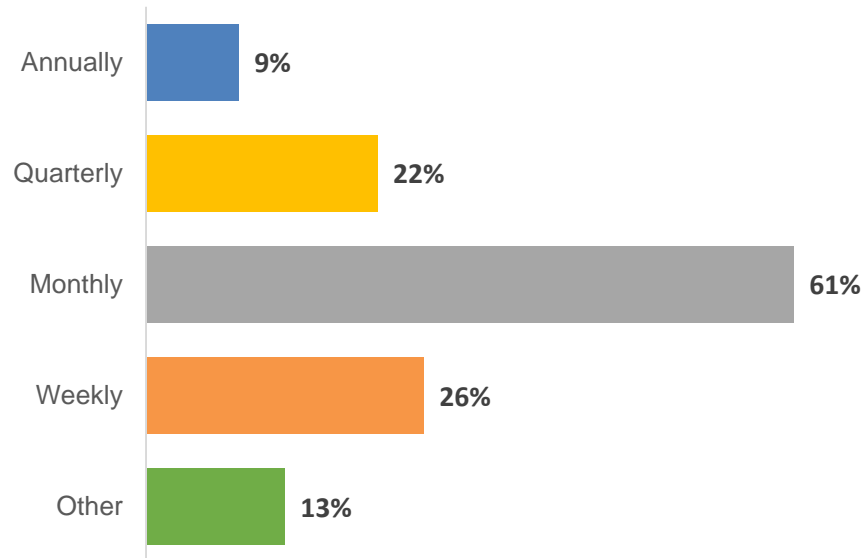
For E/IT organizations, managing the non-productive time buckets is important to controlling overall utilization.

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

*Other

- If using 2080 ,we use all categories for reporting.
- We have 4 - Admin, MOB/Support, Enhancements, and Strategic Projects
- Run, Maintain, Consulting

Q5: How often do you report utilization results? (check all that apply) – E/IT



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

The data is largely unchanged from our prior survey.

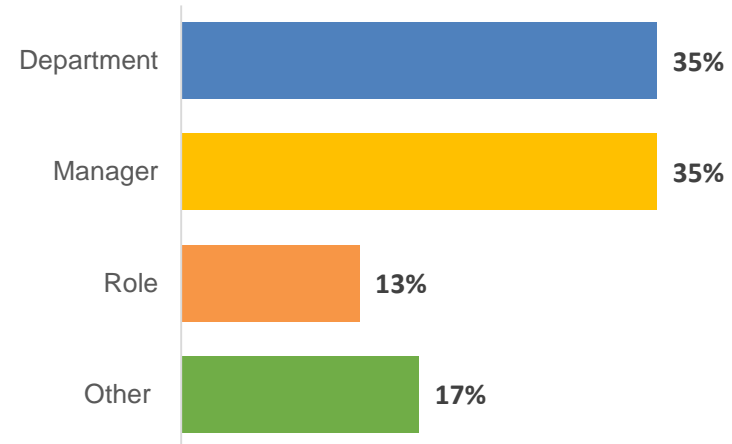
Often reporting capabilities are impacted by time reporting standards and rigor of compliance which should align with the need for more information earlier.

Real-time dashboarding is the future!

*Other

- We are standing up the resource management function; the intent is to review weekly
- As needed
- We are just developing our RM processes and have not started reporting out yet

Q6: Utilization targets are set by: – E/IT



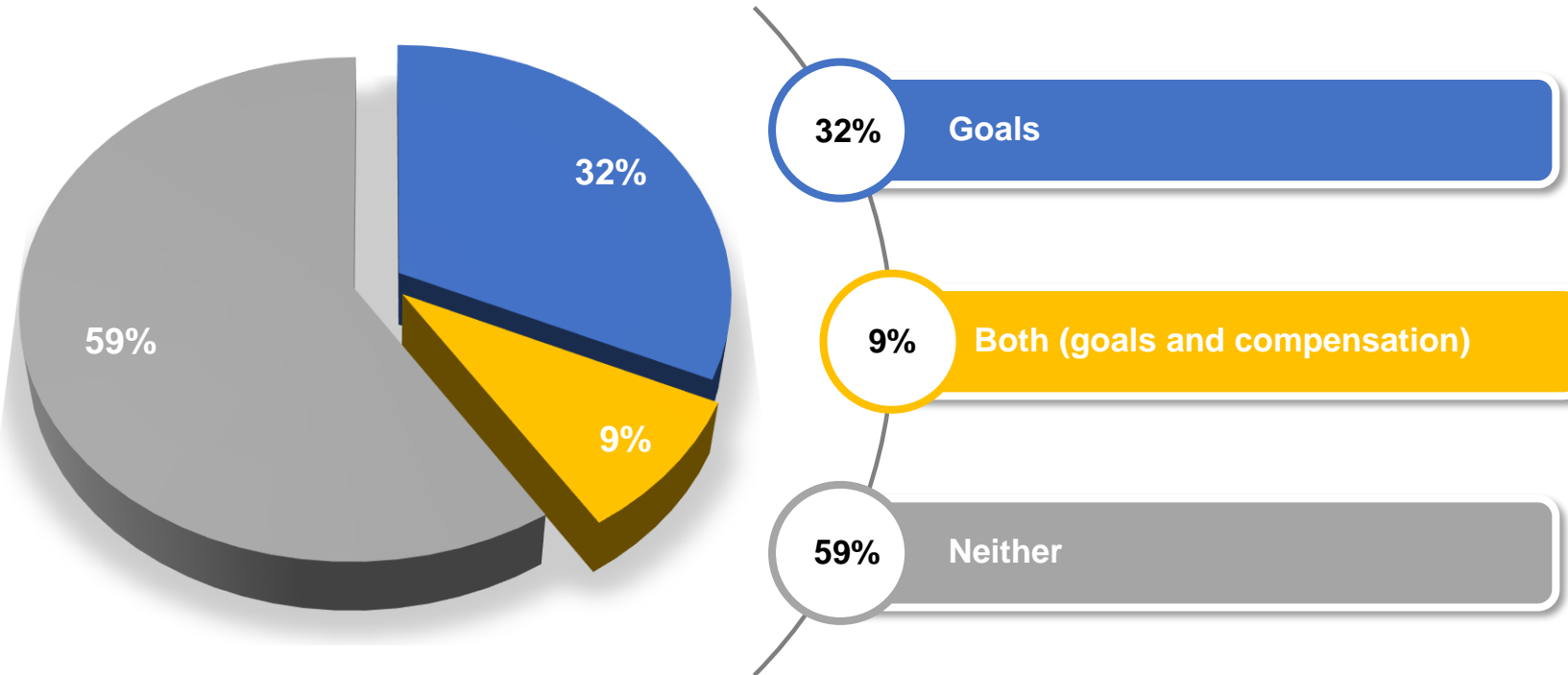
The RMI recommends accountability for utilization should be aligned with those most able (empowered or authorized) to affect the drivers of utilization.

Most organizations surveyed hold various people or departments accountable.

*Other

- Set by RMO and used to inform analytics
- Corporate governance
- Set by service line and by region
- Expecting utilization to be between 80 and 120%

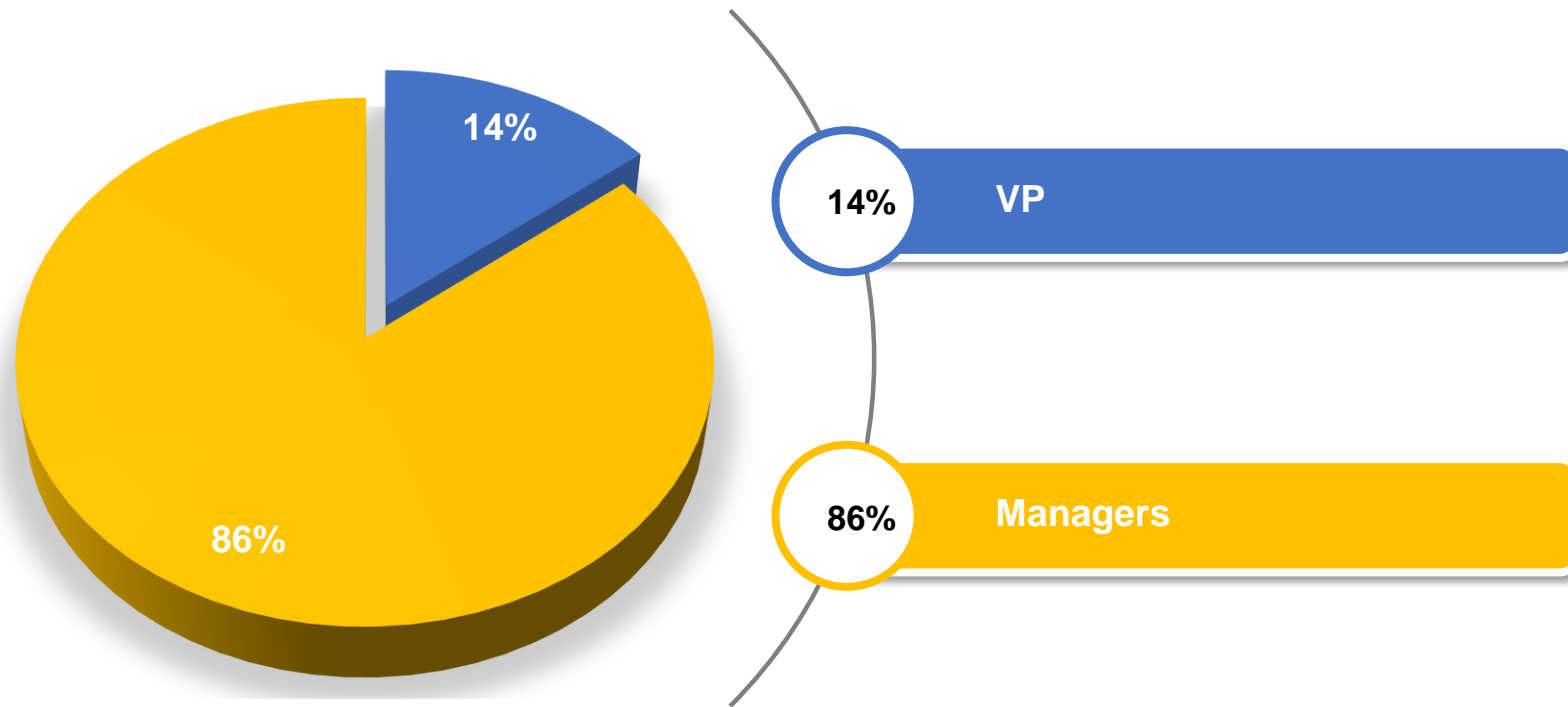
Q7: Are utilization targets part of employee: – E/IT



While tying utilization targets to employee goals more than doubled since our last survey, the E/IT industry would benefit from greater alignment of employee goals and compensation to utilization targets, and specifically to focus productive time on the right company priorities.

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

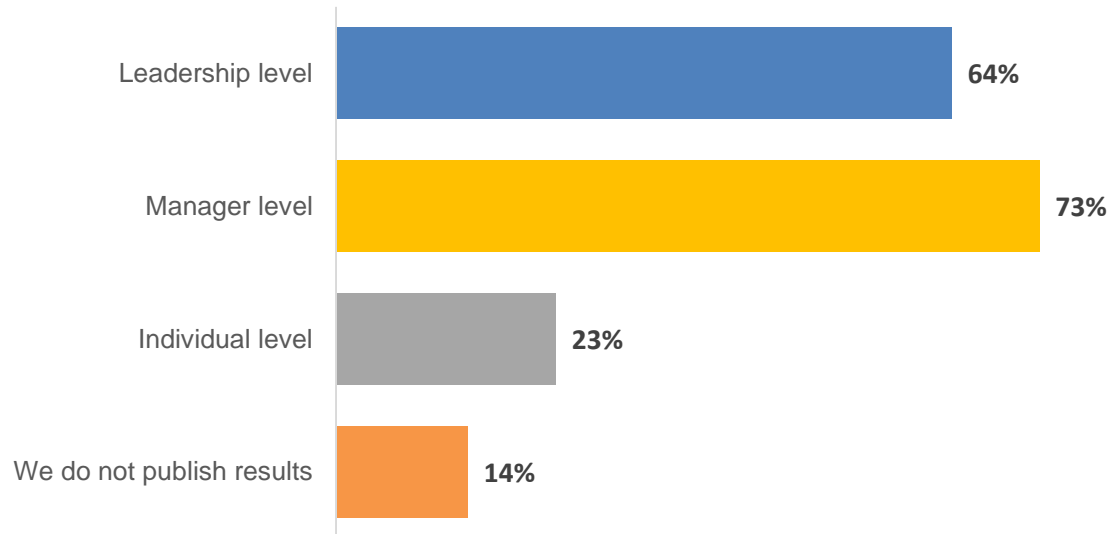
Q8: Who ultimately owns responsibility for achievement of the utilization metric in your organization? – E/IT



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. In future surveys we will capture information on the role of the respondents.

Q9: If you publish results (internally) for utilization performance, at what level do you publish the results? (check all that apply) – E/IT

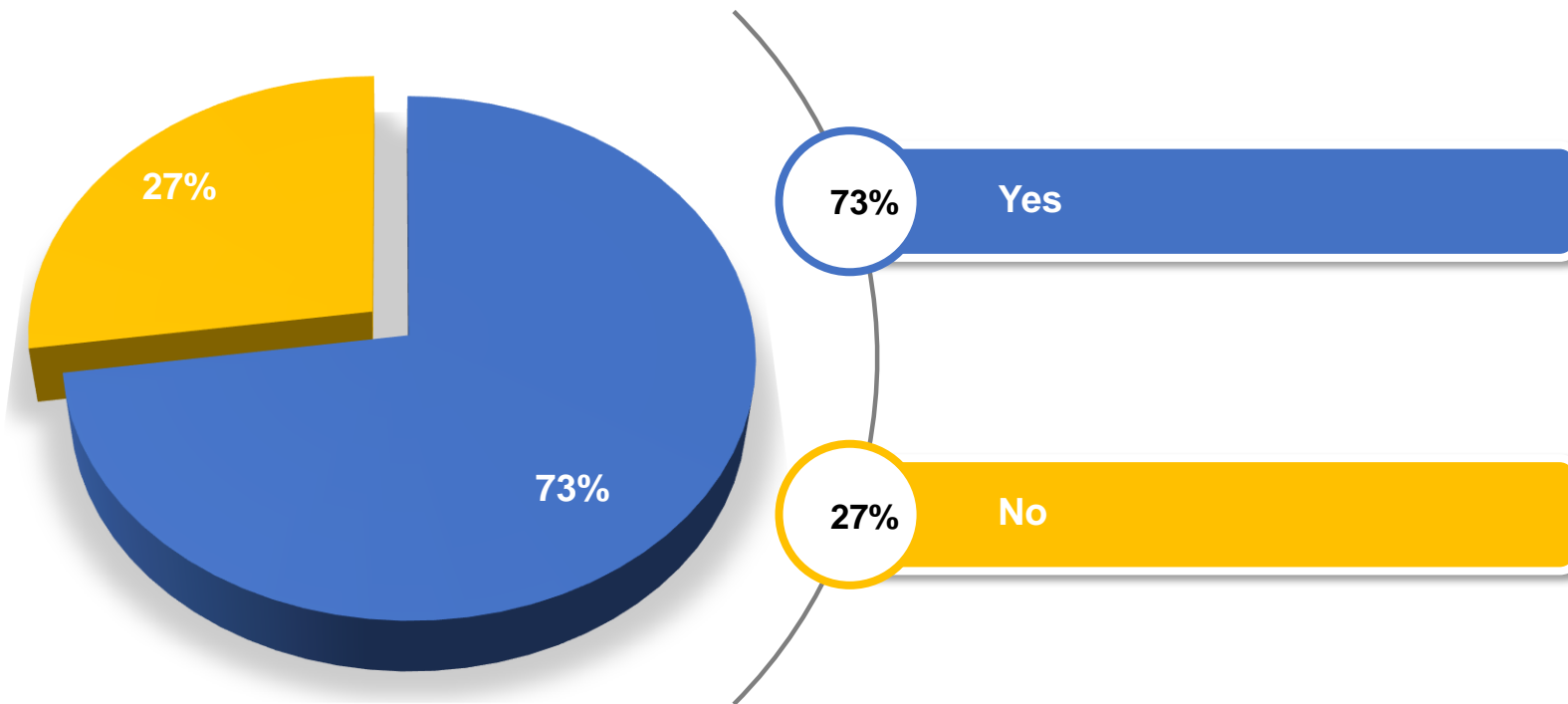


Notably different from last year is the % of those not publishing utilization results has declined by more than half.

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.

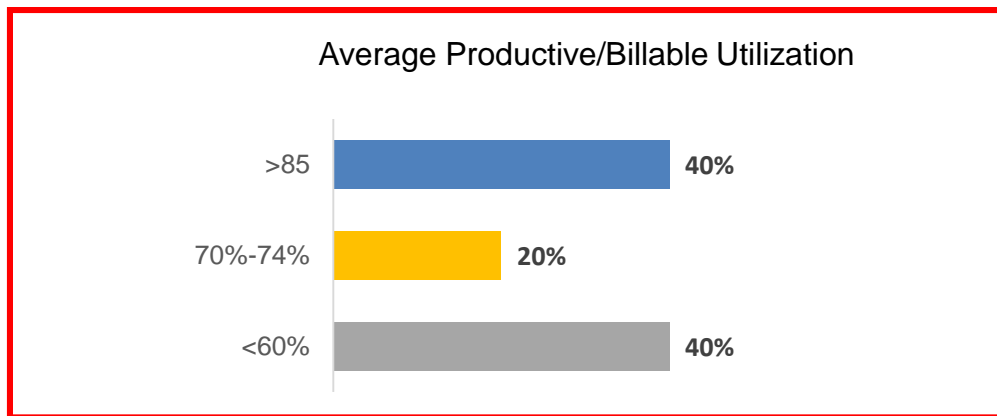
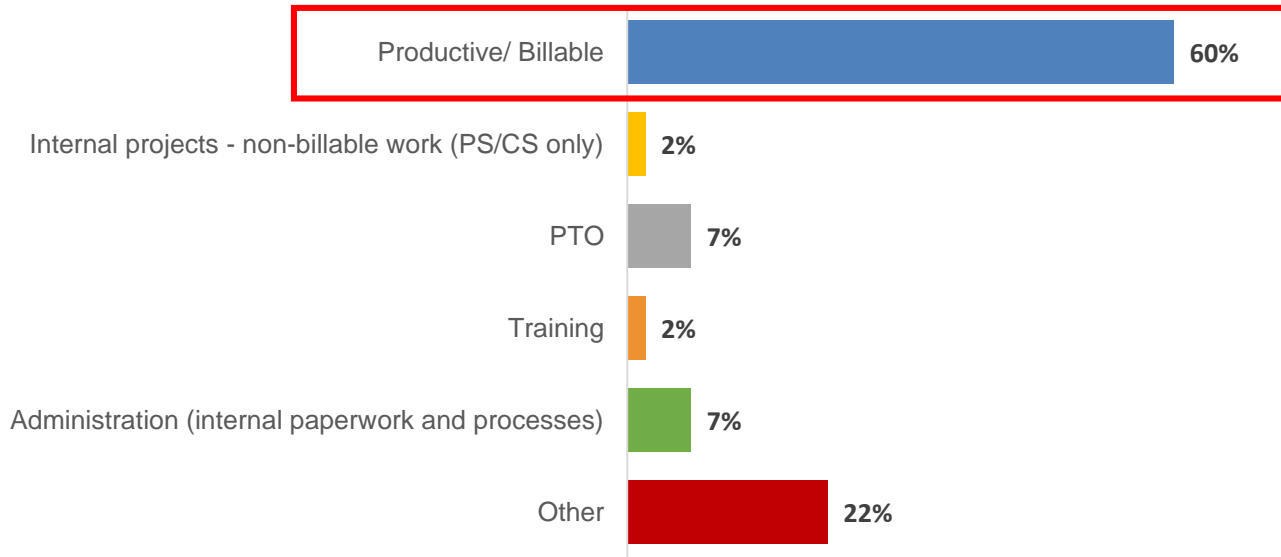
Q10: Do you count overtime hours in your utilization calculation? – E/IT



The data indicates more than two thirds of firms now include overtime in the utilization calculation, up from 53% a year ago.

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

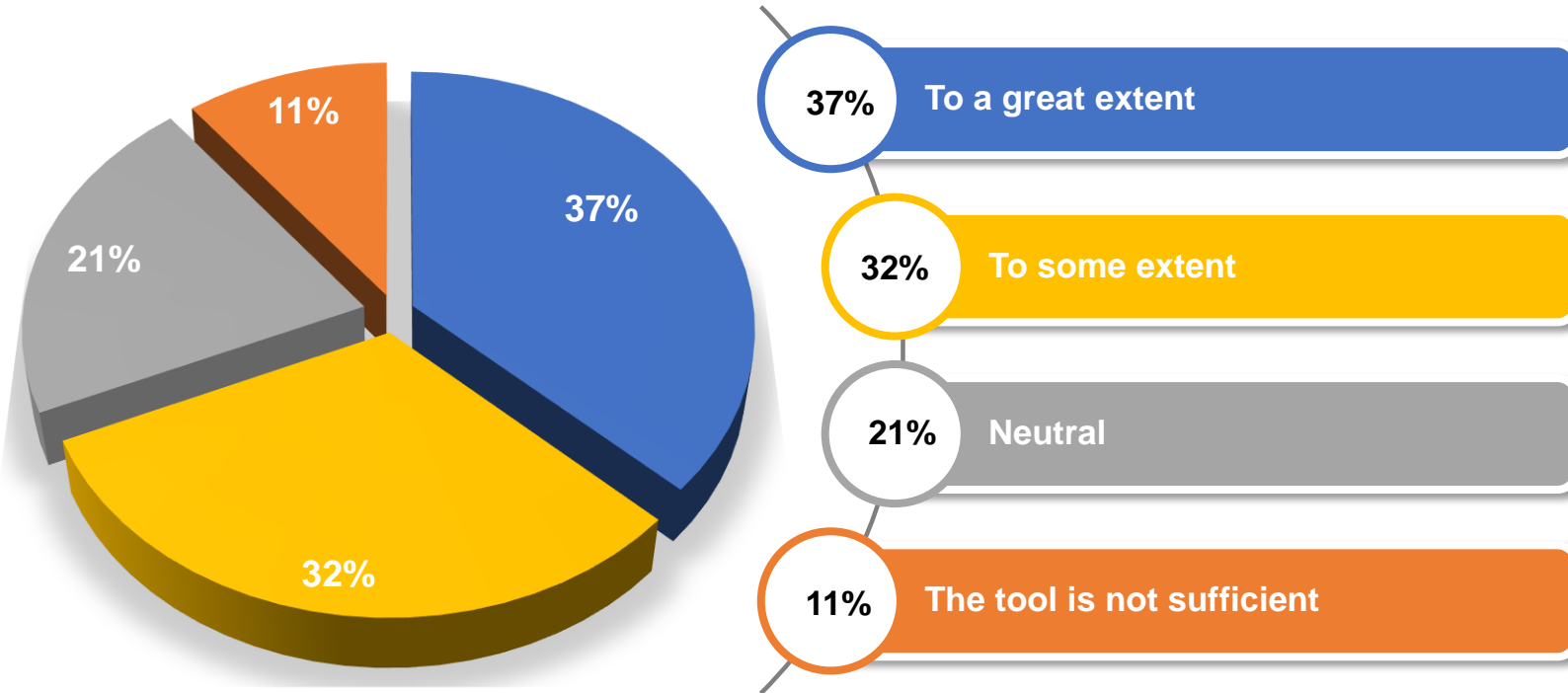
Q12: What is your average utilization (use of available time) result over the past 12 months by category? Write in amount in % for each applicable category - amounts should total to 100%: – E/IT



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.

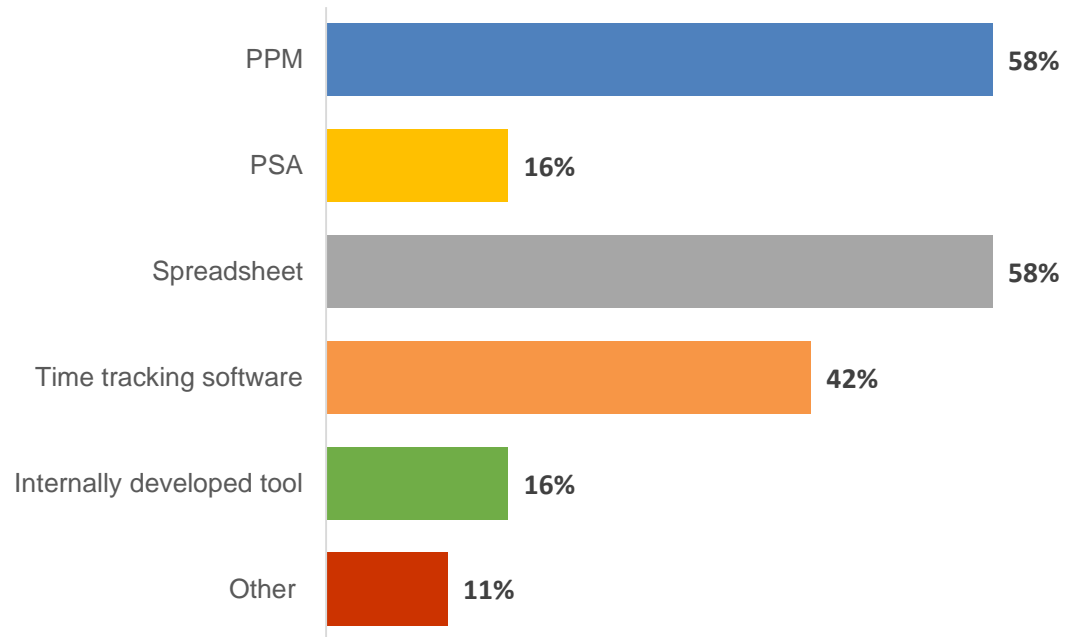
The RMI recommends the industry adopt the 2080 standard so that peer comparisons are more easily drawn.

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



Respondents were much more positive about their experience with automation tools than last year's survey. This is a great trend we hope will continue.

Q14: Which automation tools do you use to help with utilization tracking and reporting? (check all that apply) – E/IT



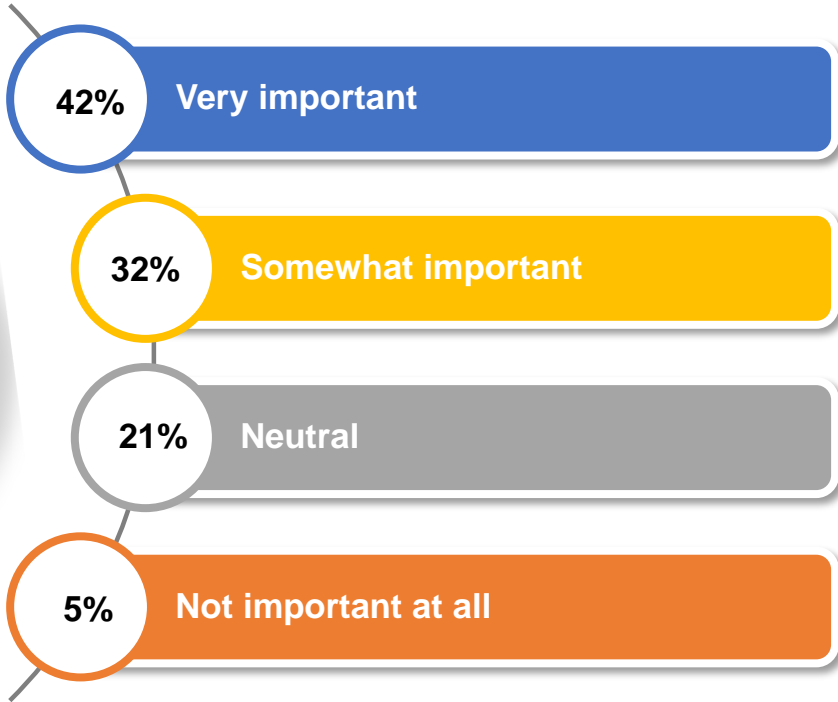
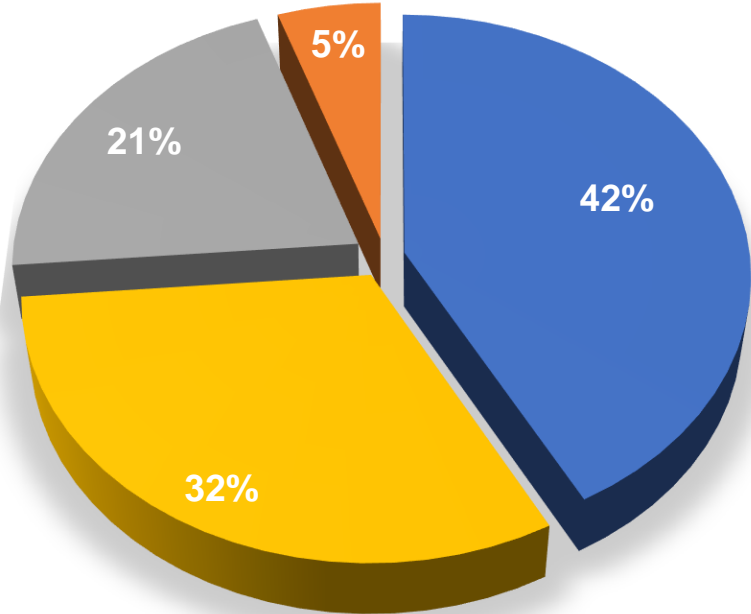
PPM tools are certainly becoming more capable and dominant in the space, but reliance on spread sheets still shows how far we need to go to improve automation support for resource management.

Encouraging news that spreadsheet dependence declined from 71% last year to 58% this year.

*Other

- RPM tool from ProSymmetry
- Tableau for visualization/reporting results

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



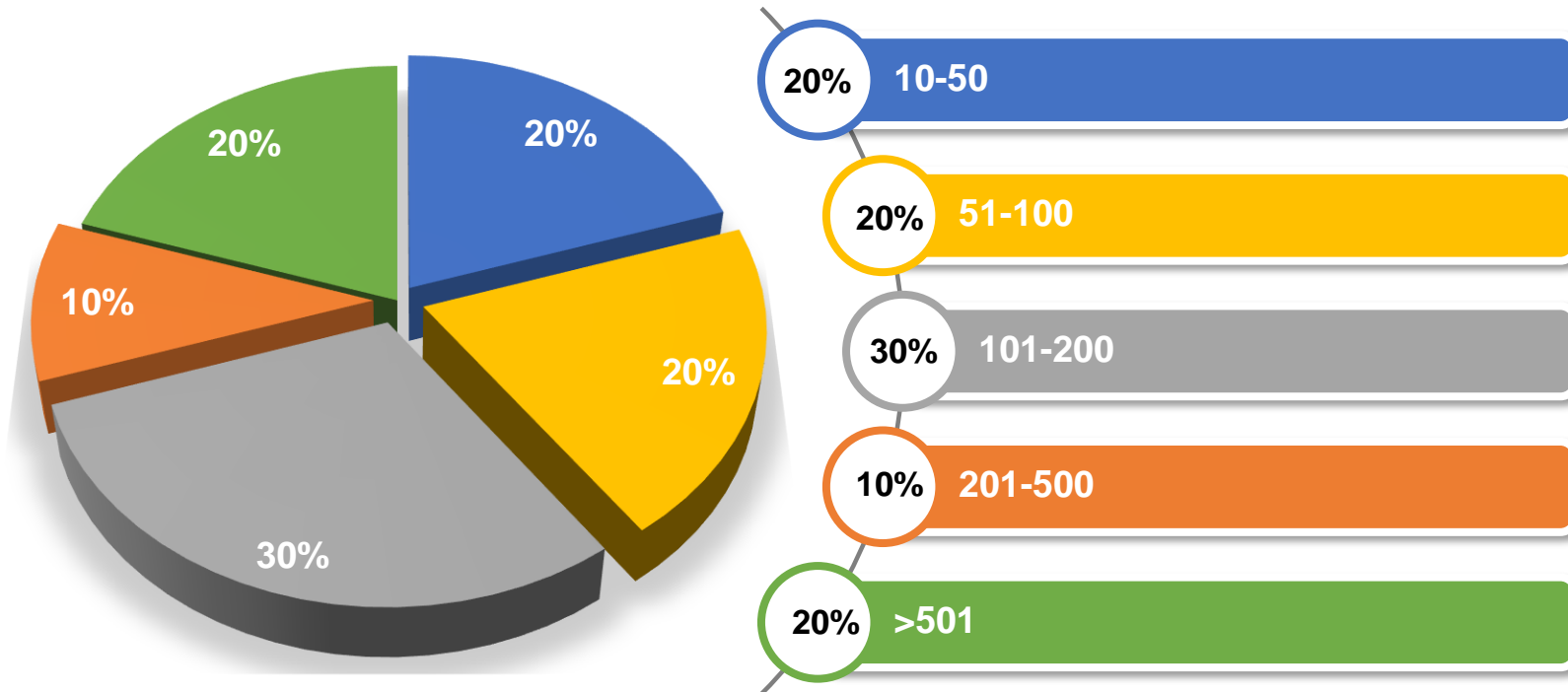
Up from 35% last year, 42% said of a typical E/IT budget invested in people, utilization is considered 'very important'.

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 time as overhead expense.

Product Development (PD) Responses

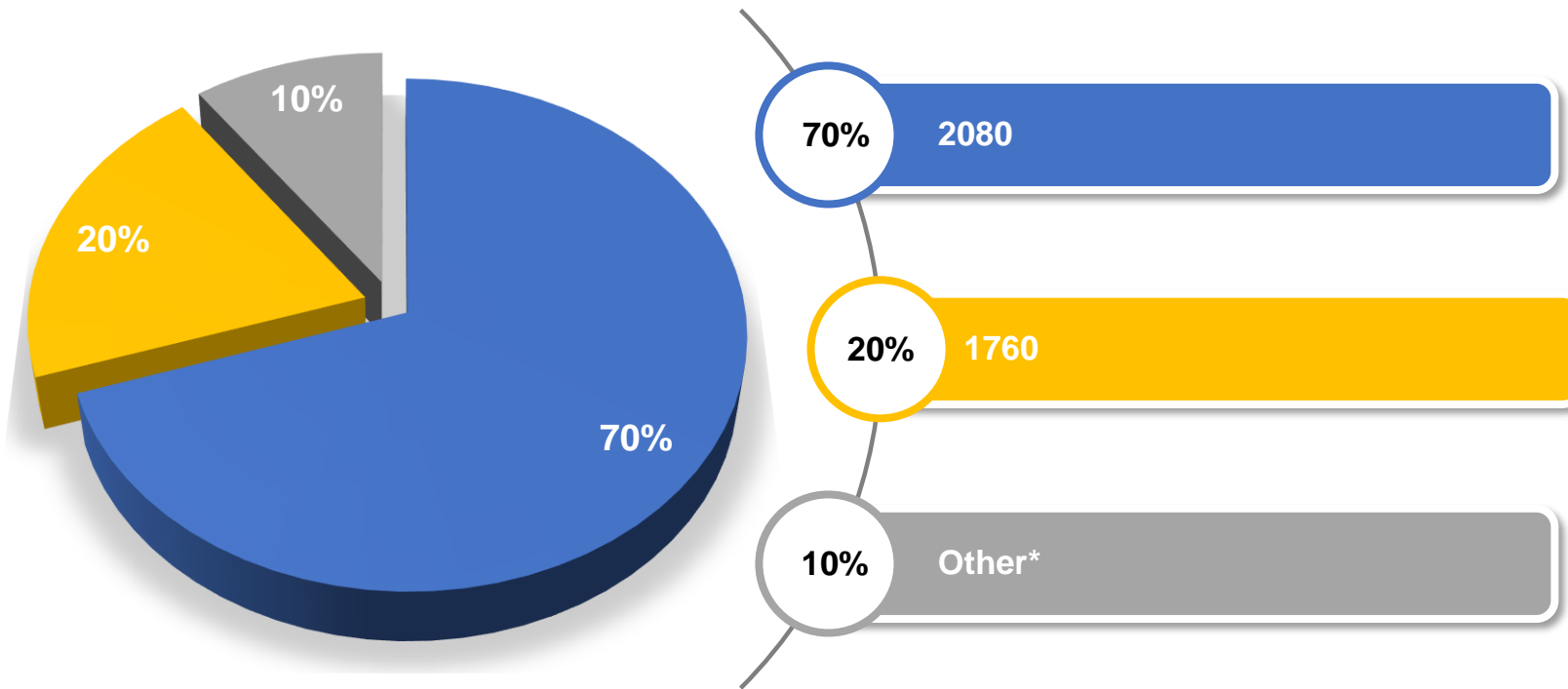
Note: Product Development is a newer focus group for the RMI and this survey had insufficient responses to be statistically valid. As our respondent base and product development membership grows, this data will become more valuable to those organizations. Important to note the survey base for PD responses is growing rapidly. The results in many cases are not too dissimilar from the PS/CS and E/IT.

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.

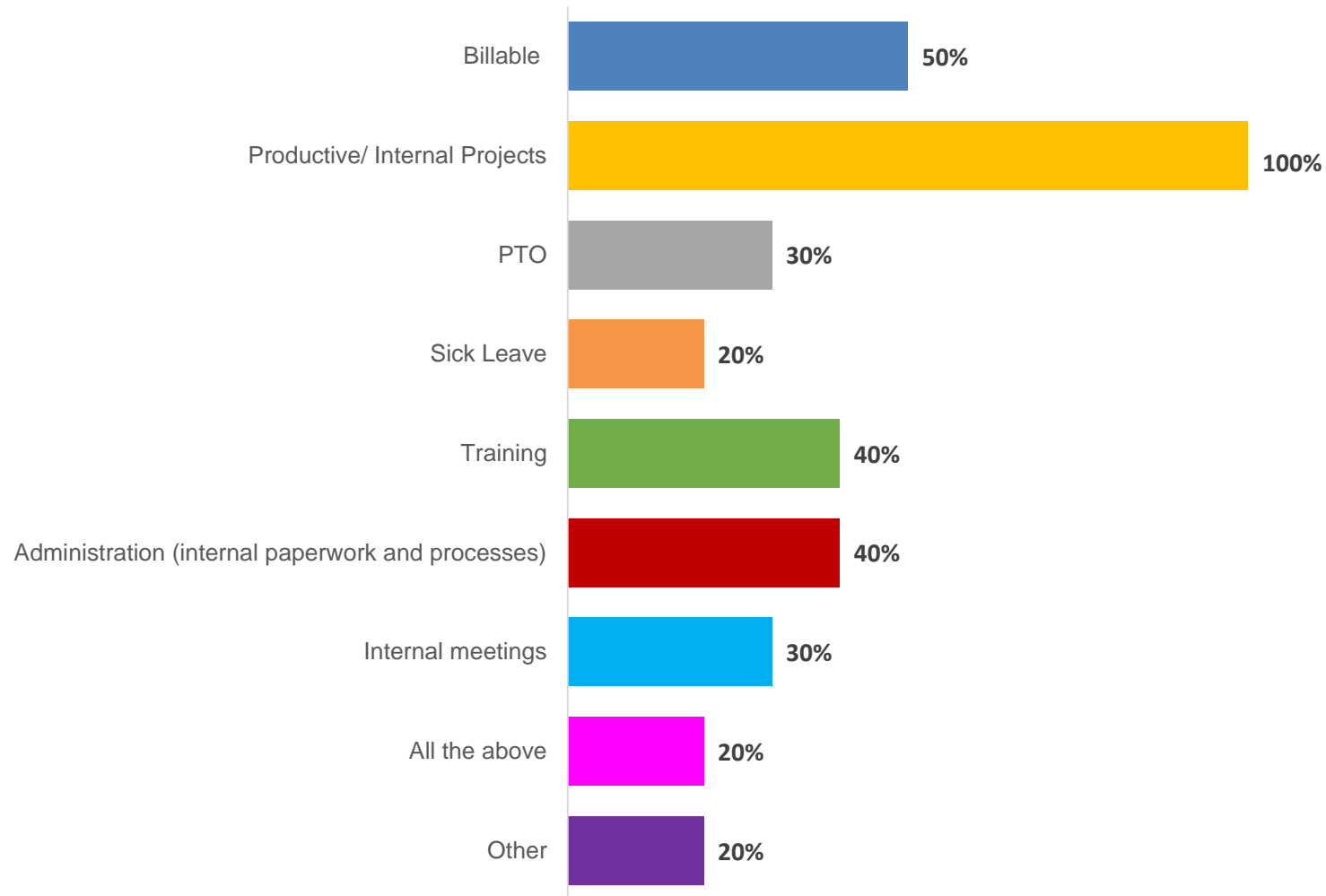
Q3: What standard do you use for the denominator of the utilization calculation? – PD



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

*Other
• 1500

Q4: What time categories do you track in the numerator of the utilization calculation? (check all that apply) – PD

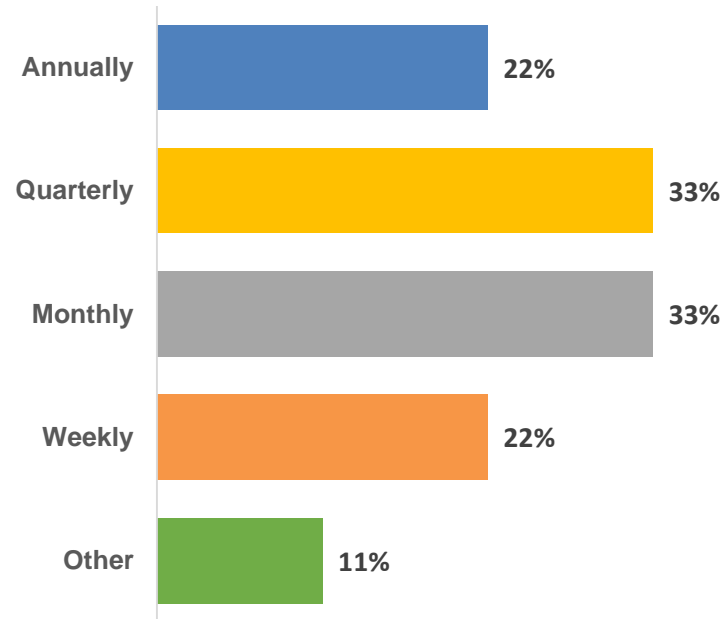


The number of time categories helps make clear the complexity of setting utilization targets.

For PD 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.

Q5: How often do you report utilization results? (check all that apply) – PD



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The data is largely unchanged from our prior survey.

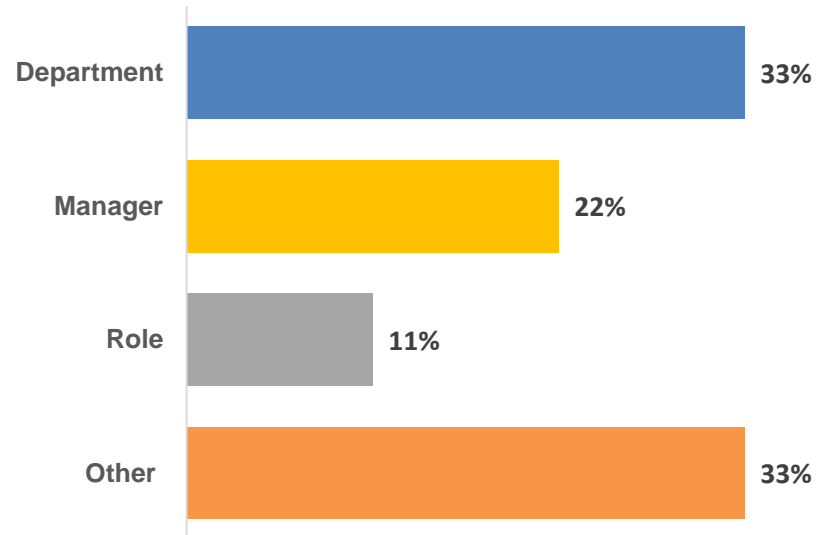
Often reporting capabilities are impacted by time reporting standards and rigor of compliance which should align with the need for more information earlier.

Real-time dashboarding is the future!

*Other

- Still working on schedule. New process for us

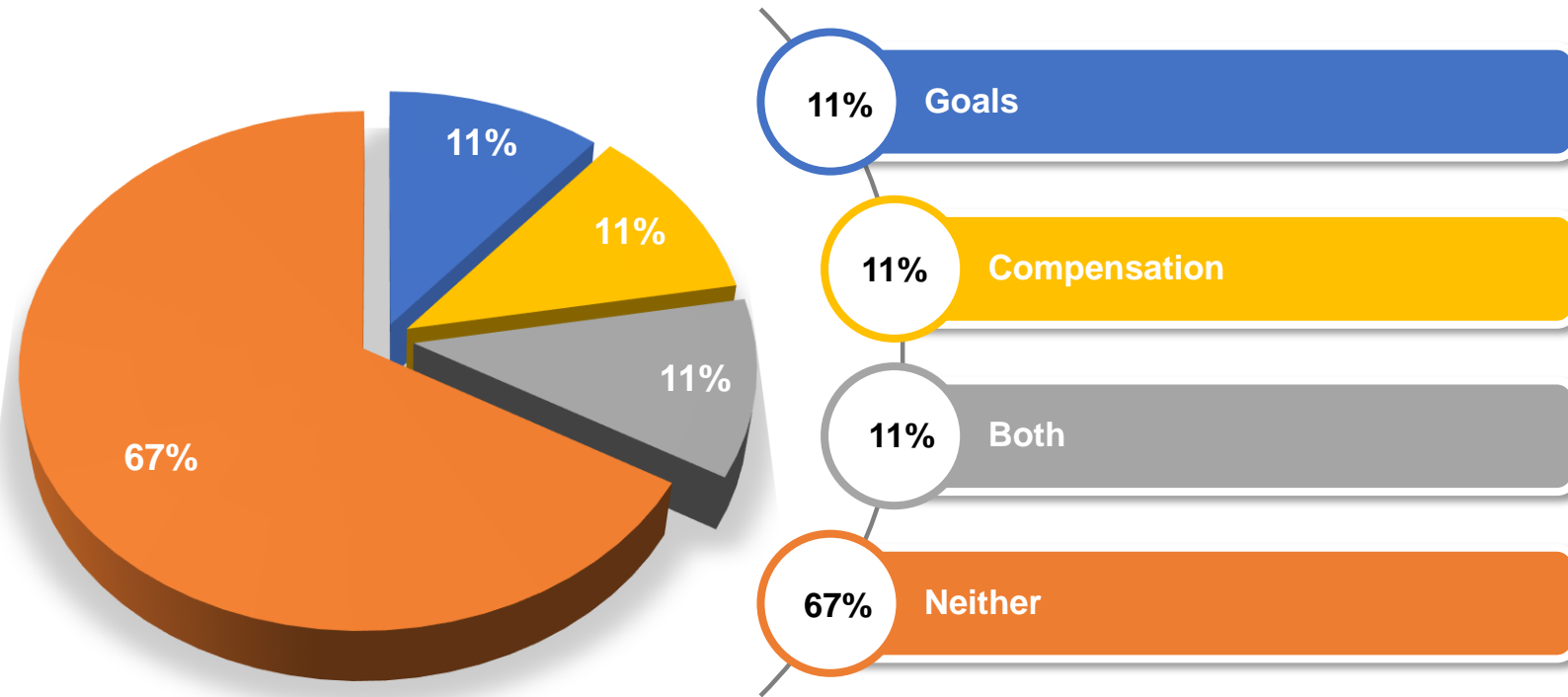
Q6: Utilization targets are set by: – PD



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.

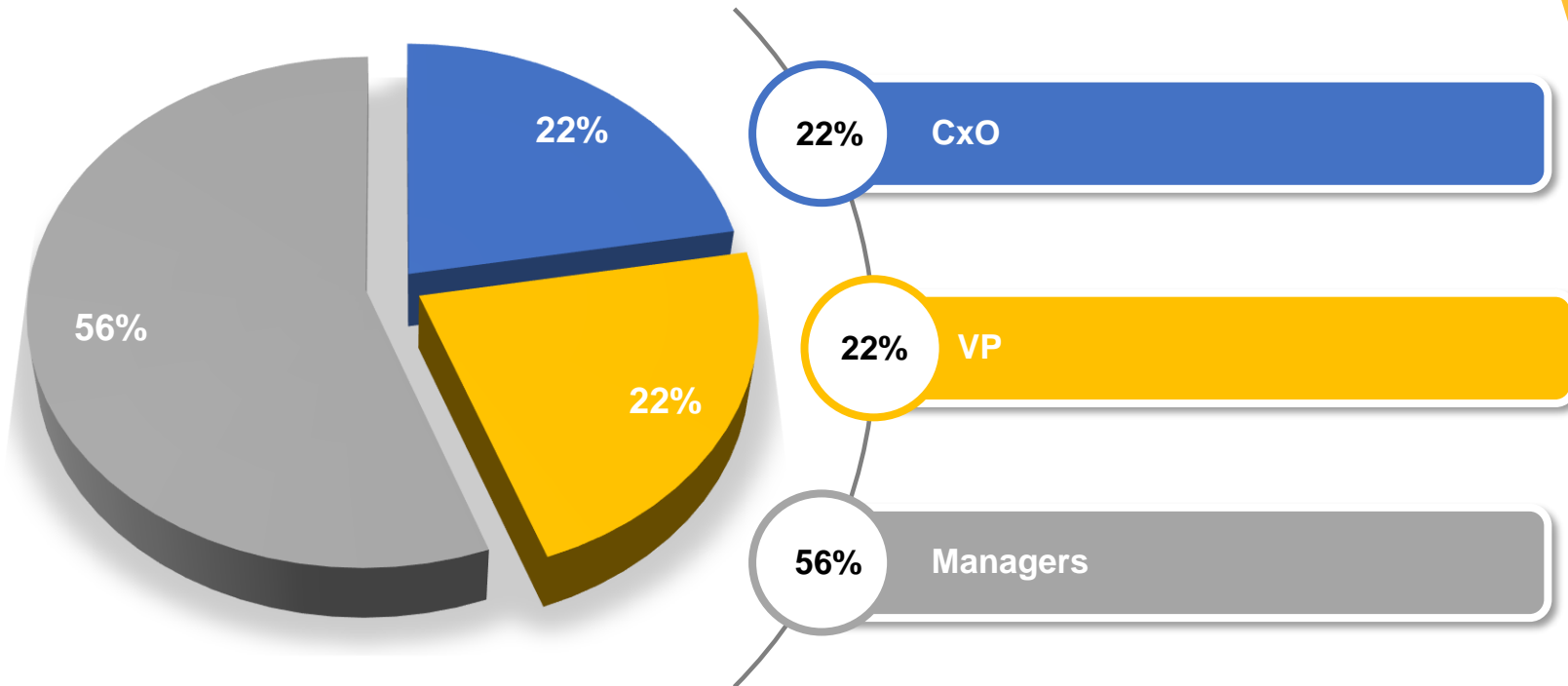
Q7: Are utilization targets part of employee: – PD



The PD industry would benefit from greater alignment of employee goals and compensation to utilization targets, and specifically to working on the right company priorities.

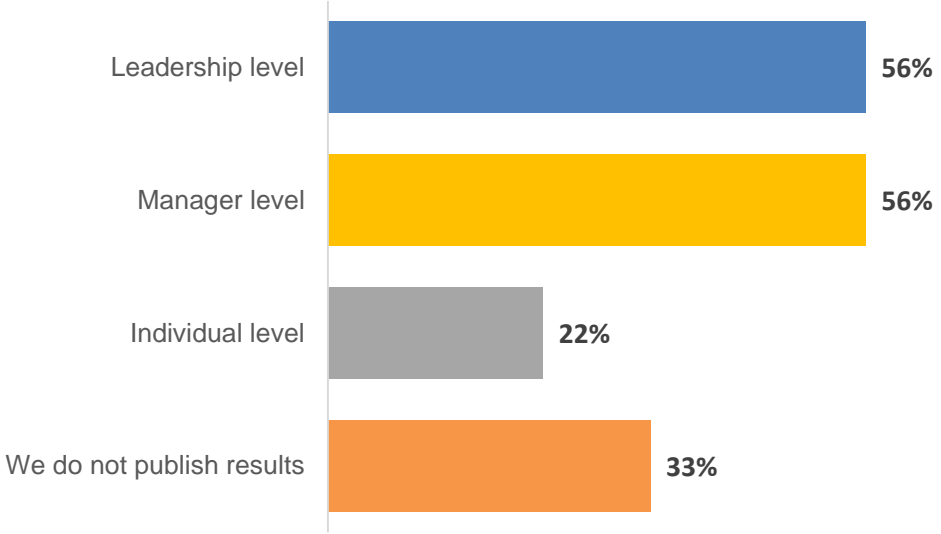
This would also require that those being held accountable are empowered to make choices to positively impact the outcome of utilization performance.

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

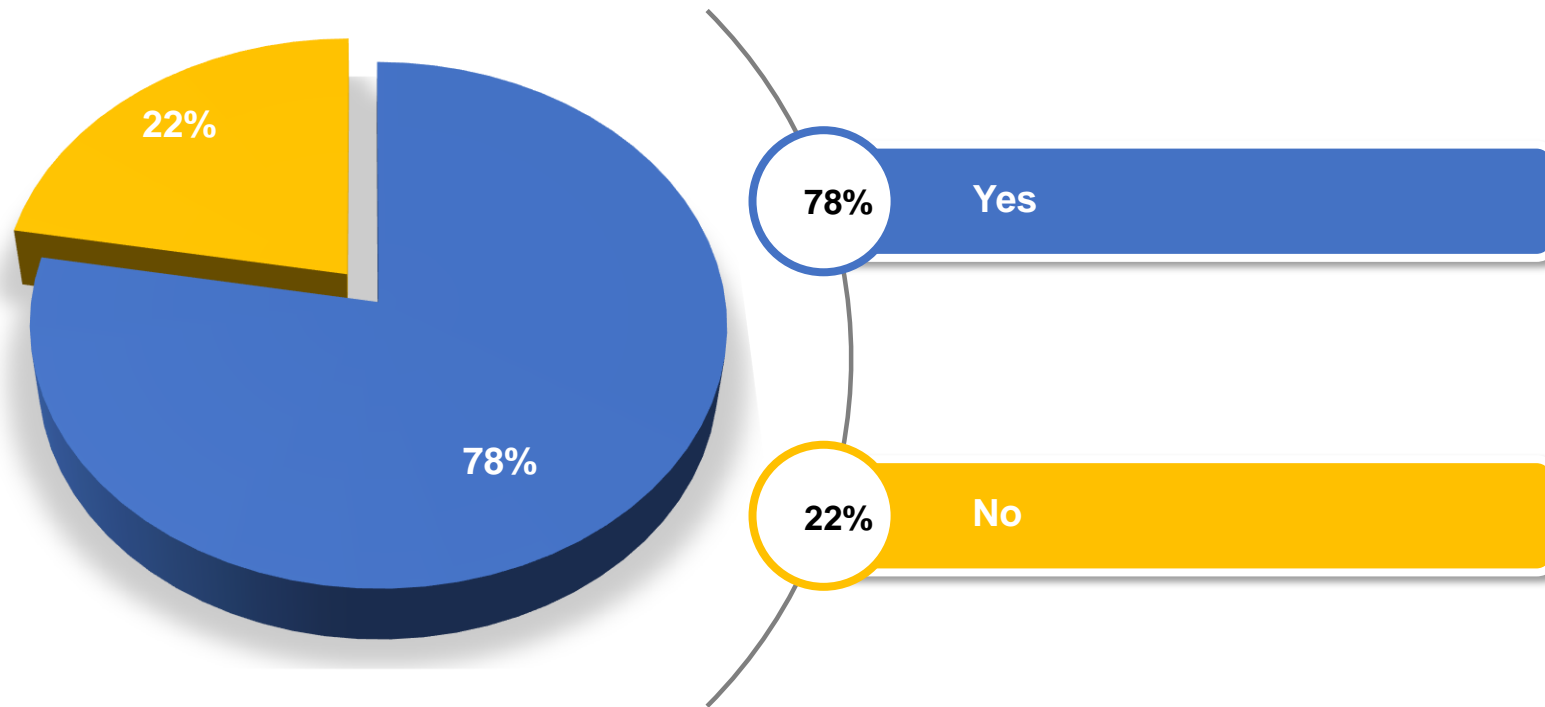
Q9: If you publish results (internally) for utilization performance, at what level do you publish the results? (check all that apply) – PD



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. Given the importance of this it is surprising that 33% percent do not publish results for 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.

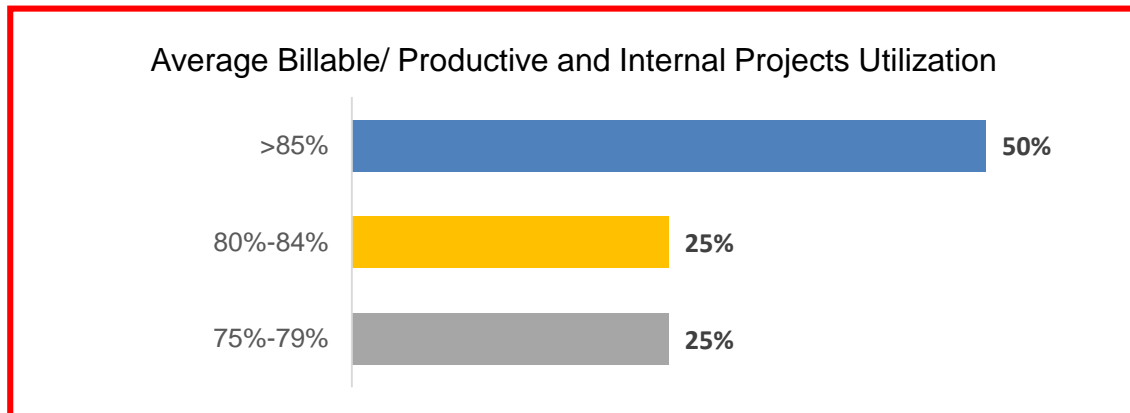
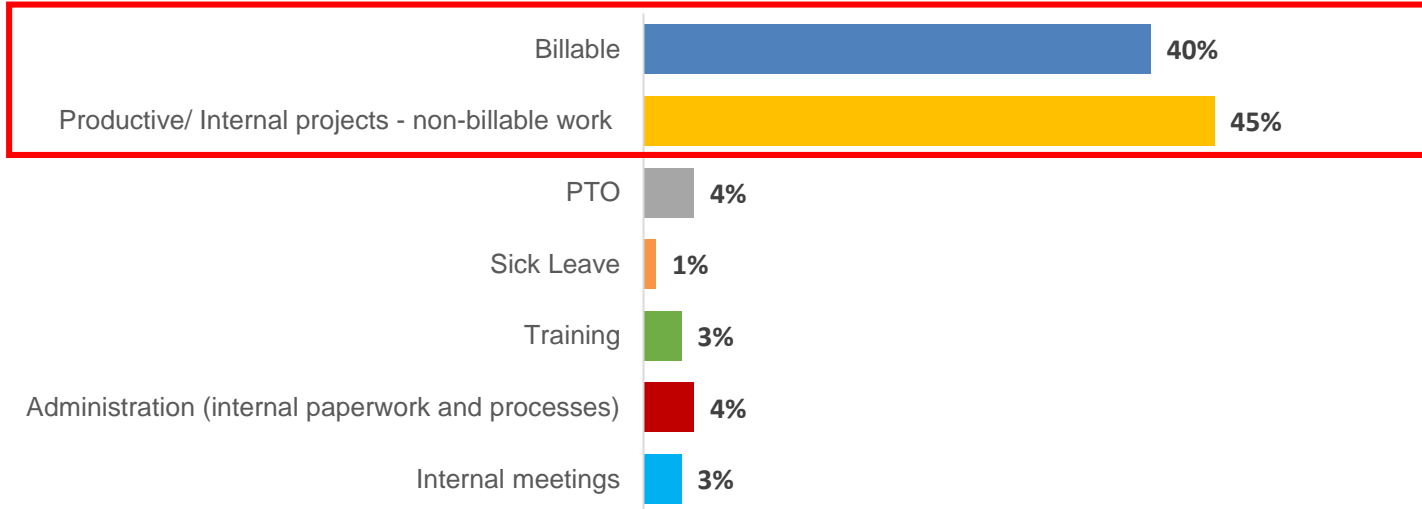
Q10: Do you count overtime hours in your utilization calculation? – E/IT



The data indicates more than 78% include overtime in the utilization calculation.

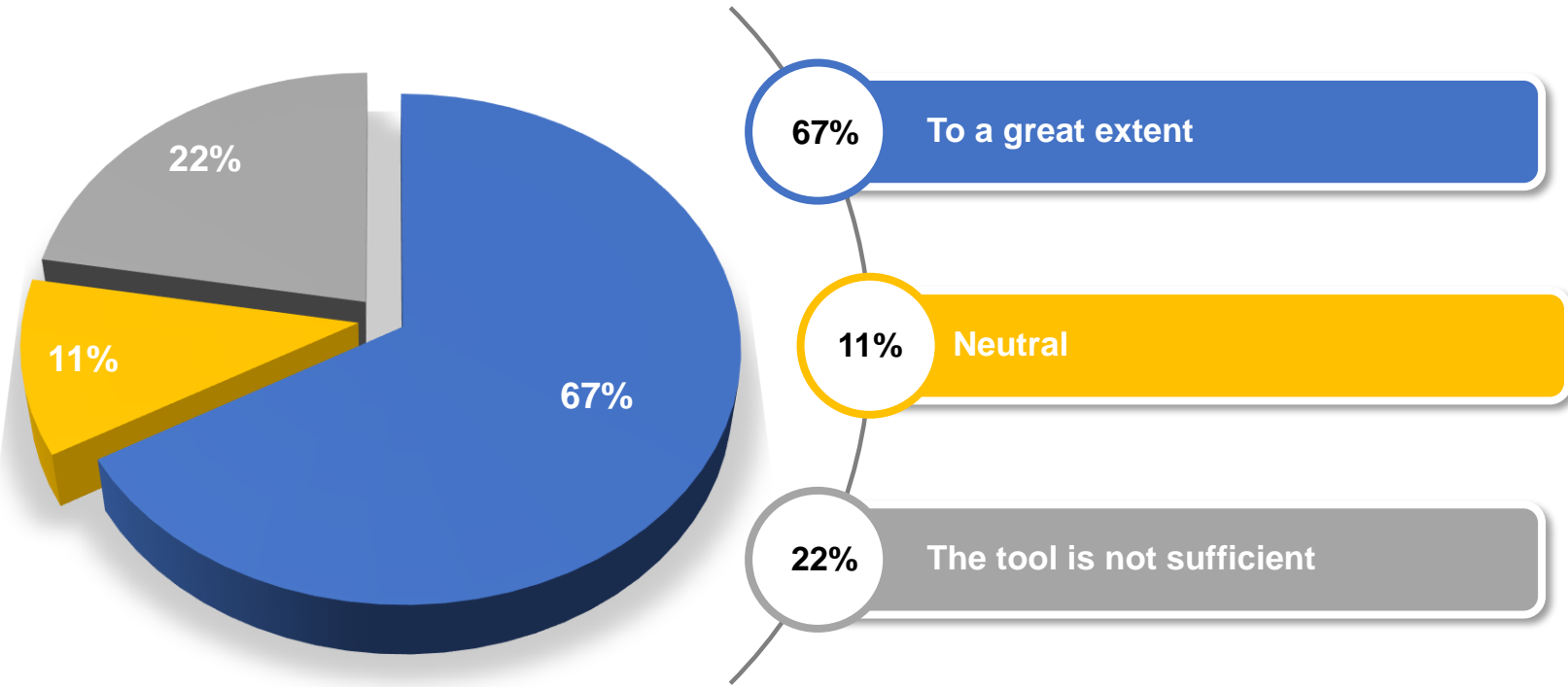
Organizational analysis and reporting should also focus on how that overtime is spread to manage employee morale and burnout, and identify under-utilized resources.

Q12: What is your average utilization (use of available time) result over the past 12 months by category? Write in amount in % for each applicable category - amounts should total to 100%: – PD



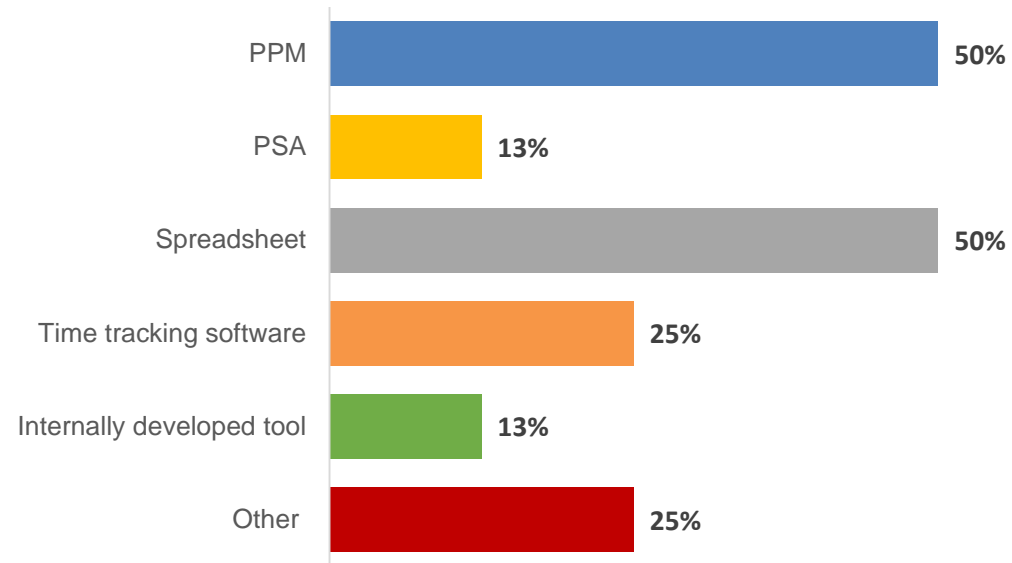
This set of respondents are getting good utilization from their resources. The survey makes no attempt to ascertain if resources are working 'on the right things' but does indicate 85% of their time is spent for productive or billable purposes.

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



PD firms are happier with their automation tools for RM purposes than their PS/CS and E/IT counterparts.

Q14: Which automation tools do you use to help with utilization tracking and reporting? (check all that apply) – E/IT

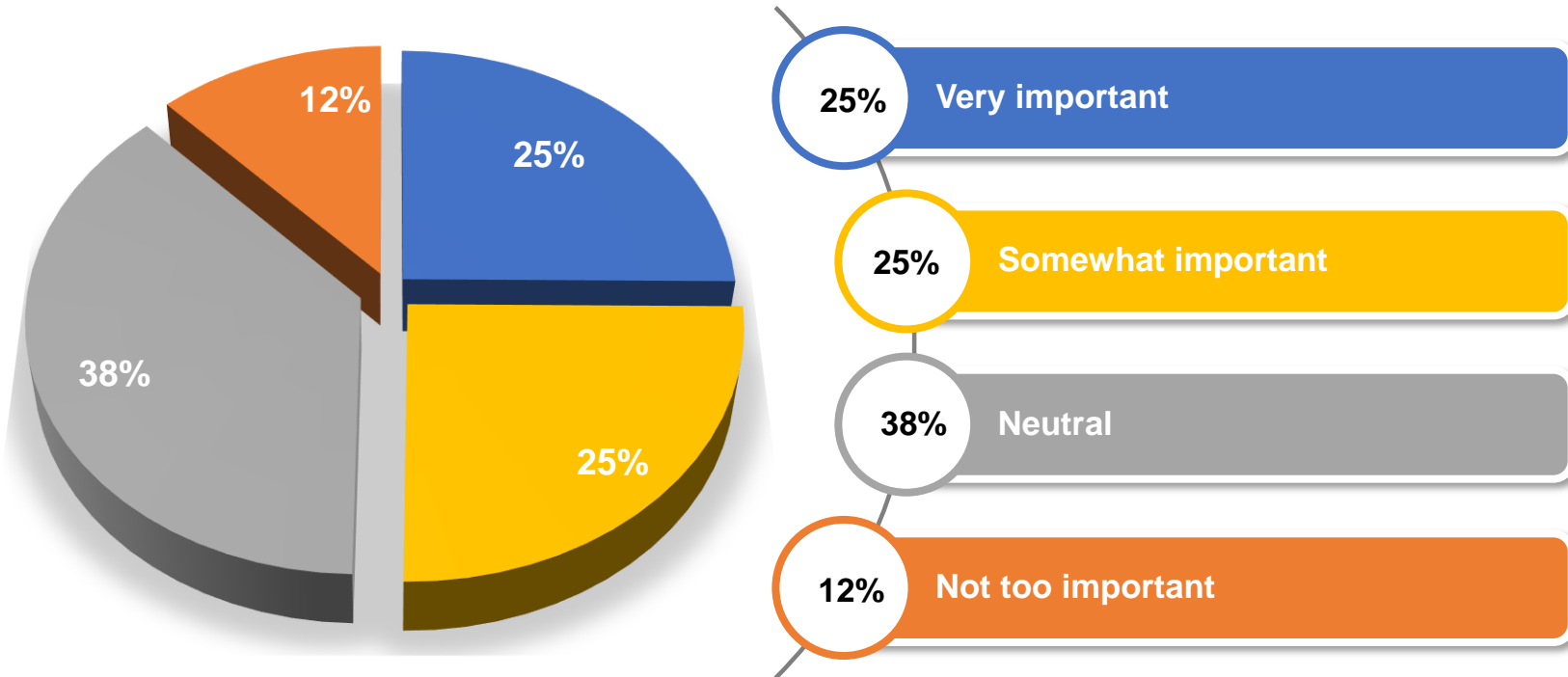


Reliance on spreadsheet still shows how far we need to go to improve automation support for resource management.

*Other

- PPM tool encompasses the time tracking module
- ERP

Q15: Utilization performance for our company is: – PD



50% of respondents consider utilization very or somewhat important. Given that labor costs are the majority of these organizations' budgets, we would expect focus on utilization will continue to increase.

Survey Summary



RESOURCE UTILIZATION

Survey Summary

1

Resource utilization continues to gain industry focus with project-based businesses, with important progress on the fundamentals of better metrics, governance and management. However, many challenges remain in both process and technology used to manage this important element of a service business.

2

Standardization of the utilization metric using the 2080 hour denominator continues, but there remains too many one-off approaches to measuring and governance which often limits peer comparison and masks internal issues inhibiting better utilization performance.

3

The industry continues to make steady progress with improved governance processes for resource management. We see more companies with improved visibility of all time buckets (knowing where all our time goes), management accountability, better visibility and cadence of reporting, assignment of utilization targets and incentives for improved utilization performance.





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