RMI
Resource Management Institute ℠

Power UP

Best Practices in Capacity Planning

December 11, 2019

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RMI Mission

The RMI is dedicated to the advancement of resource and workforce management thought leadership, best practices and standards, globally recognized credentials that certify resource and workforce management expertise, and tools and resources necessary for effective and efficient management of human capital intensive businesses.

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We are helping companies via better resource management to achieve improvements in:

- Project performance
- Resource utilization
- Customer satisfaction
- Employee engagement/retention

We do this by providing:

- Best practice definition and development
- Market research and white papers
- Training and education
- Industry collaboration/events

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Innovate

Collaborate

Educate
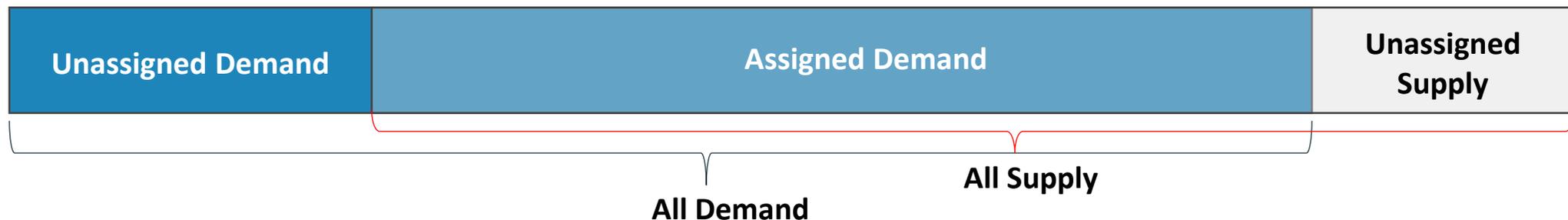
Best Practices in Capacity Planning
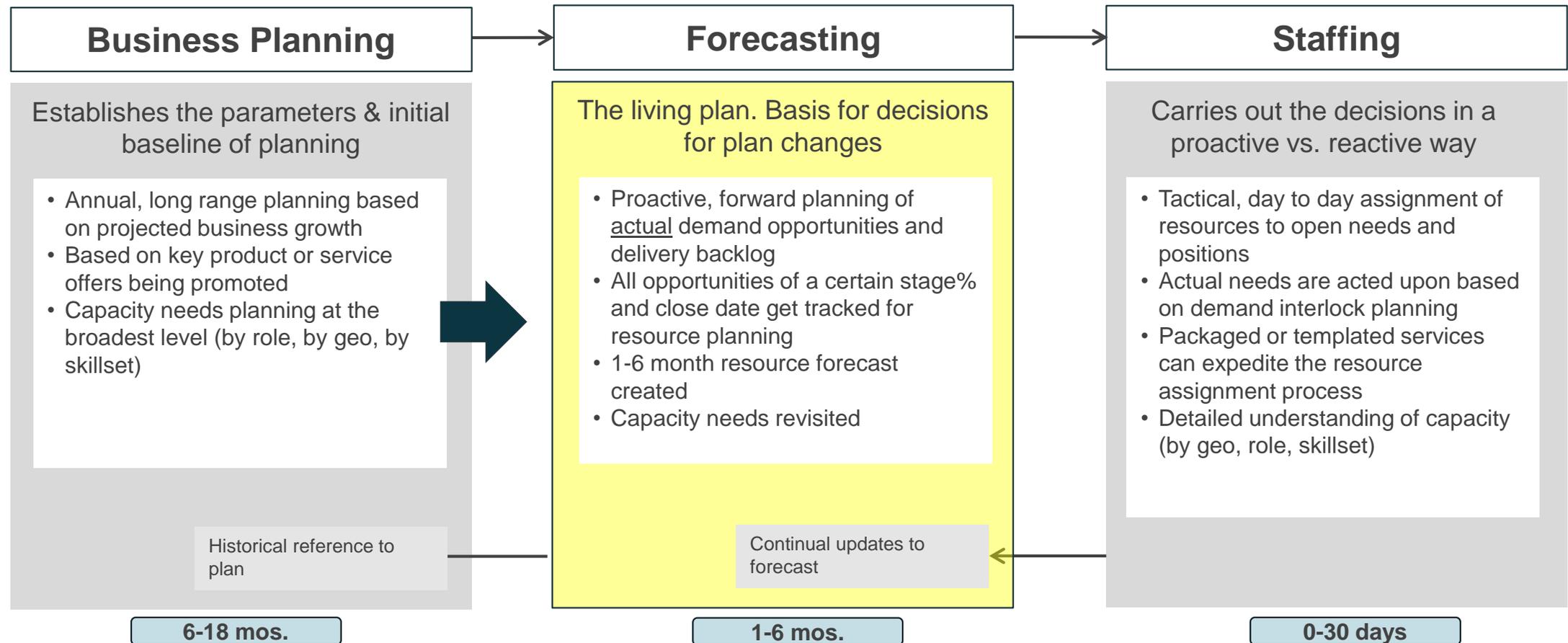
What is Capacity Planning?

Capacity Planning is the concept of managing the Supply and Demand of the business.

- **Demand** is comprised of active <u>and</u> future work.
- **Supply** is the resources in their different roles available to work the demand.
- Assignment of Supply (resources) to Demand (project roles) informs how well aligned Supply is with Demand.
  - Do we have enough resources to cover future demand?
  - Do we have resources with the right skills to cover future demand?
- Supports the definition of actions necessary to prepare resources to meet the needs of forecast demand

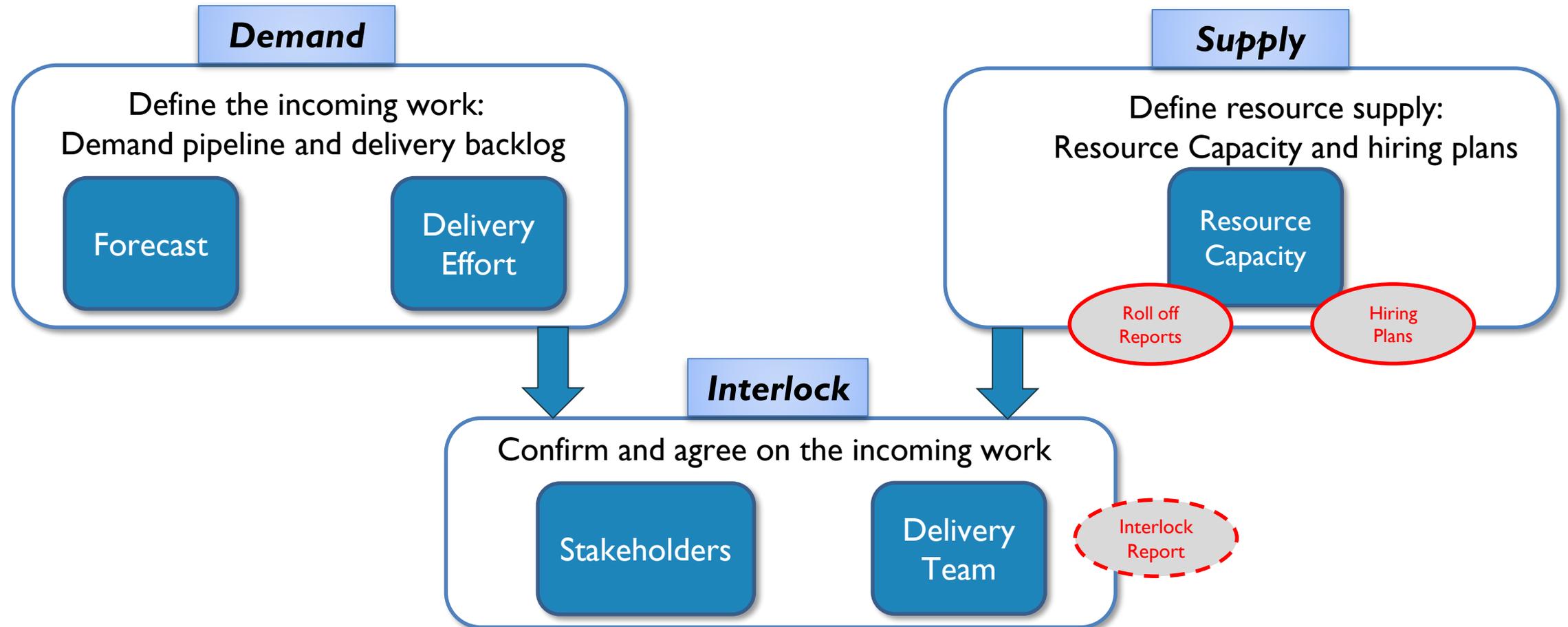| Unassigned Demand	Assigned Demand	Unassigned Supply

All Demand

All Supply

Resource Capacity Planning (excerpt from RMCP® Program)

Leading delivery organizations have a **three part approach** to capacity planning to meet the dynamic needs of the business.
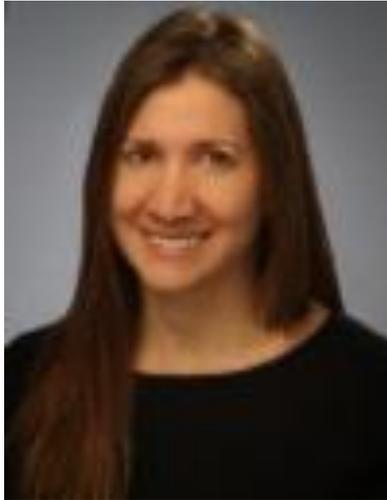
Business Planning	**Forecasting**	**Staffing**
Establishes the parameters & initial baseline of planning	The living plan. Basis for decisions for plan changes	Carries out the decisions in a proactive vs. reactive way
• Annual, long range planning based on projected business growth • Based on key product or service offers being promoted • Capacity needs planning at the broadest level (by role, by geo, by skillset)	• Proactive, forward planning of <u>actual</u> demand opportunities and delivery backlog • All opportunities of a certain stage% and close date get tracked for resource planning • 1-6 month resource forecast created • Capacity needs revisited	• Tactical, day to day assignment of resources to open needs and positions • Actual needs are acted upon based on demand interlock planning • Packaged or templated services can expedite the resource assignment process • Detailed understanding of capacity (by geo, role, skillset)
Historical reference to plan	Continual updates to forecast	
6-18 mos.	**1-6 mos.**	**0-30 days**

Best Practices for Capacity Planning

Demand

Define the incoming work:
Demand pipeline and delivery backlog

- Forecast
- Delivery Effort

Supply

Define resource supply:
Resource Capacity and hiring plans

- Resource Capacity
- Roll off Reports
- Hiring Plans

Interlock

Confirm and agree on the incoming work

- Stakeholders
- Delivery Team
- Interlock Report

Forecast Interlock is the process by which related stakeholders agree on all the drivers of demand, future capacity and the "interlock" or overlap between the two.
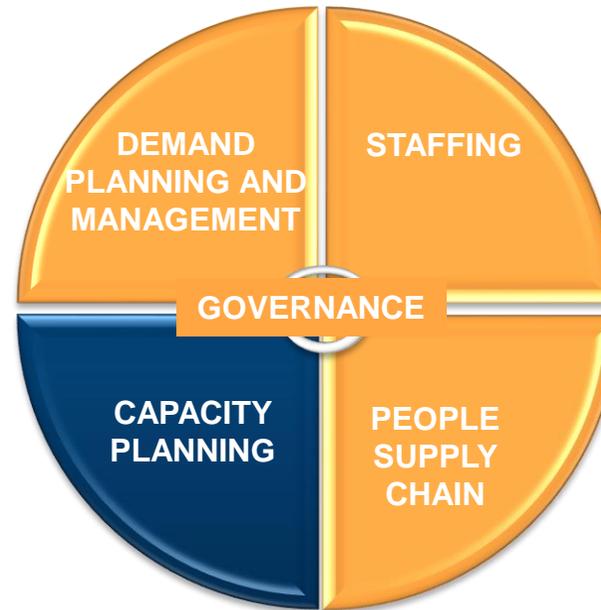
Introducing Our Guest Speaker

MariaElena DiPilla
Resource Management Sr. Specialist Advisor, NTT Data

MariaElena DiPilla is a Global Resource Manager for Public Sector and Commercial accounts in which she assists in the execution of identified workforce initiatives that result in increased productivity for the company. She works with business leaders on fulfillment strategy, optimization of utilization, and bench management and leads the staffing process for sales pursuits. MariaElena holds a master's degree in Human Resources Management from Widener University and a BS in Occupational Safety and Health Management from Millersville University.

MariaElena also serves as a member of the RMI Advisory Board.

Capacity Planning: Organization

Workforce Planning and Analytics → Demand Fulfillment

Capacity Planning falls within the Global Resource Management organization as part of Workforce Planning and Analytics.

GRM Practice Partners drive and manage this process with our Practice Leads and stakeholders within the overall RM process.

Capacity Planning: Model

Demand	Supply

Source
- Sales Pipeline
- Cost Model (Resource Model)
- Resource Requests

Internal
- Available and Forecasted Bench
- Allocated but releasable
- Under-utilized
- Freshers/Trained
- Attrition (reduced supply)

Account Partners work on the front end with the sales teams to review the pipeline and cost models.
The forecast is translated into demand entered into our tool.
Practice Partners rely on this important step to have visibility into the pipeline for capacity planning.

Capacity Planning: Demand

Demand

Sources
- Sales Pipeline
- Cost Model*
- Resource Requests

Demand
- Current and Future – new and replacement
- Historical – filled and cancelled/lost

Apply
- % of your active demand will be filled
- % of your pipeline will materialize
- Drop Out Rate

*Model Considerations
- Managed vs. Staffing engagement
- Dedicated vs. Leveraged

Monitor historical and project future demand to increase the forecast.

Capacity Planning: Supply

Supply

Internal
- Available and Forecasted Bench
- Allocated but releasable
- Under-utilized
- Freshers/Trained
- Attrition
- <mark>Gaps</mark>

External
- Accepted offers waiting to join
- Proactive Hires

Training Considerations
- Investment
- Retention
- Absorb cost

Proactive Hires
- Skill/Practice: able to allocate to multiple accounts.
- Domain/Vertical: account or vertical takes on some of the cost and risk.

Capacity Planning: Final Thoughts

Lessons Learned

- Art & Science
- Utilize a tool for demand management and analytics
- Partnership beyond RM and sourcing organization that includes sales, practices, segment leaders, analytics team.

Ongoing Process

- Review sales and demand forecast
- Keep the data clean
- Monitor proactive demand against projected demand to ensure there is alignment
- Monitor proactive hires onto billable assignments to avoid cost impact due to bench growth.

Employee Engagement

- Employee self nomination to job postings
- Self assessment to determine skills or experience gaps with opportunities to close the gap.

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Resource Managers

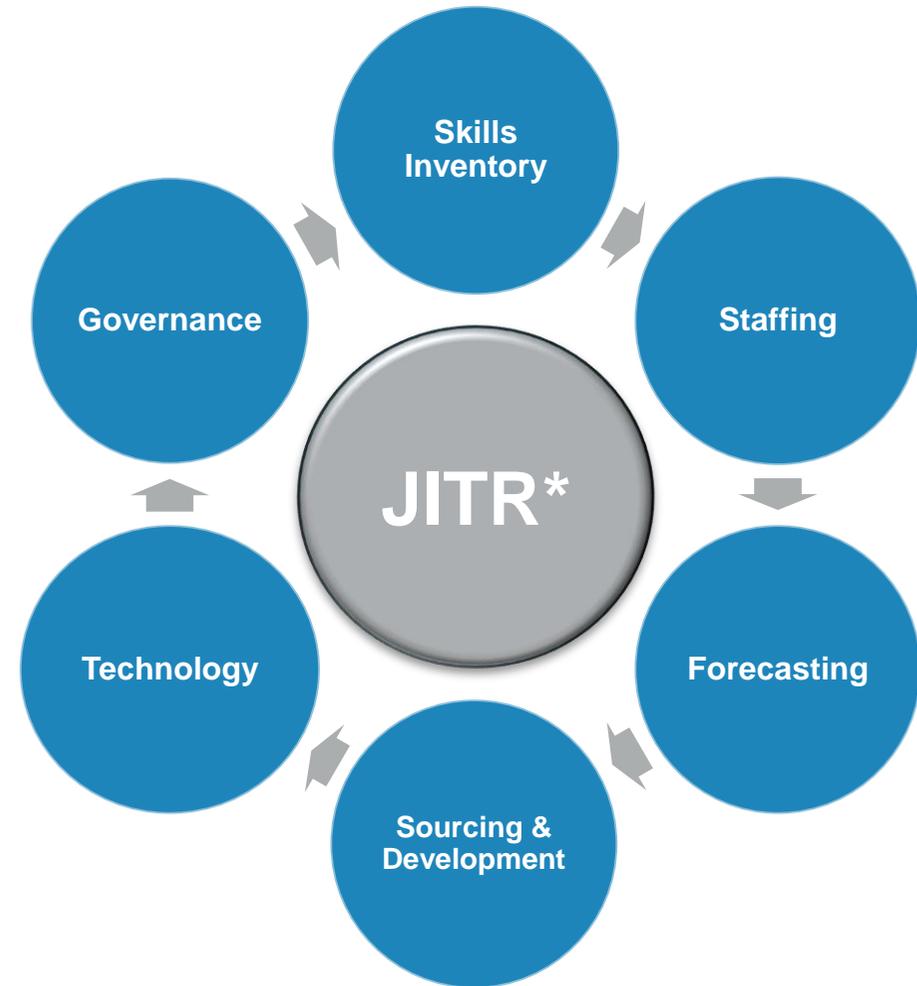| Learn Best Practices	Gain Access to RMCP® Resource Center	Collaborate with Industry Peers

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Q&A

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