



Power UP

Mastering the Annual Budget Process

Thanks to Our Sponsors:



September 18, 2019

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.

www.resourcemanagementinstitute.com

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
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Mastering the Annual Budget Process for Resource Planning

Annual Budget Challenges and Tips

➤ Process discipline

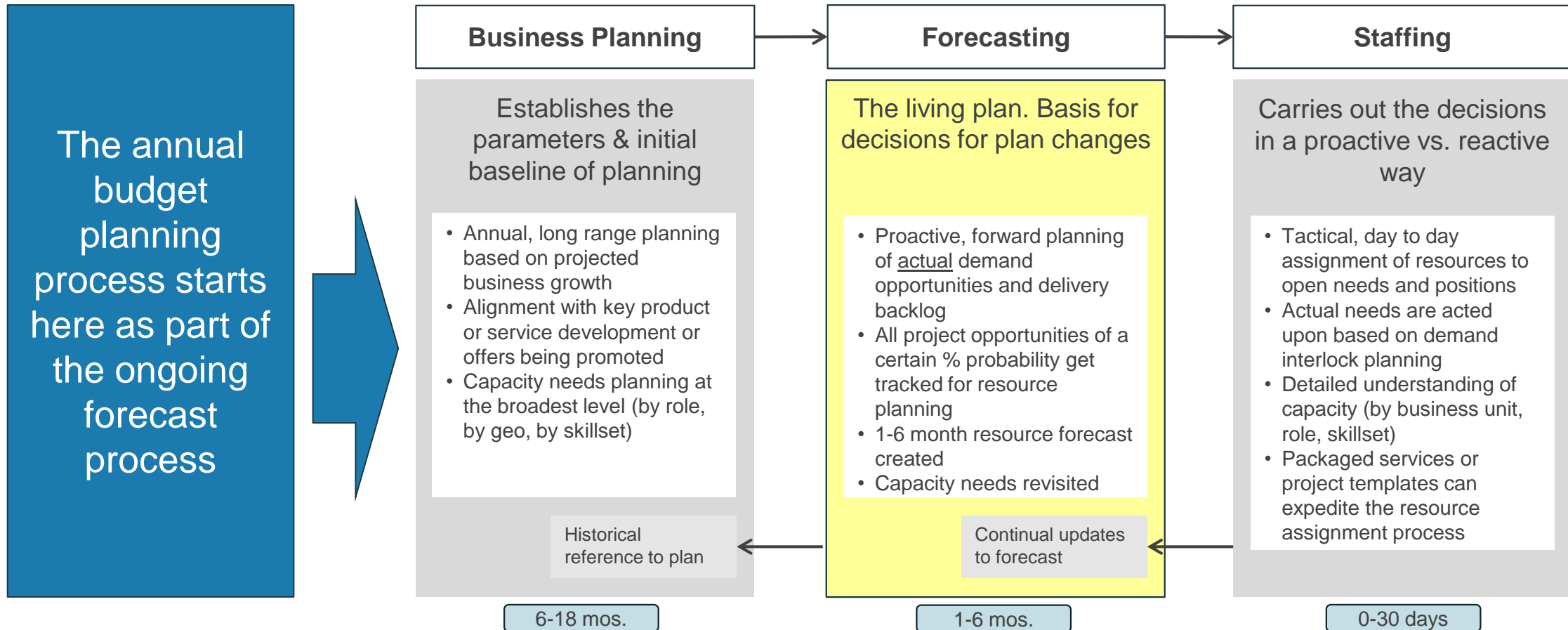
- Is there an agreed process with agreed working assumptions?
- Have all the inputs/outputs been defined?
- Are the right people involved including the RMO (not just finance and business units)?
- Does the process address how unplanned work will be handled?
- Are all the time buckets which consume 'time' incorporated into your analysis e.g. PTO, sick time assumptions, professional development, etc.
- How granular are skills needs being defined?
- How will you incorporate forecasts for third party resources?
- *Is your annual budget static or fluid? (what happens when your planning assumptions change)*

➤ Data/data integration

- Where is your data stored and how will data be integrated? PSA/PPM/RPM, HCM, forecasting tools e.g. CRM or E/IT project portfolio planning tools and spreadsheets!
- Do we have the right data?
- How are discrepancies resolved when data sources are in conflict?

Annual Budget Planning (excerpt from RMCP® Program)

Leading delivery organizations have a **three part approach** to capacity planning to meet the dynamic needs of the business.



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What this means to PSOs:

- Sales projects how many of each product/service they're going to sell with some sense of pace (by quarter/by month)
- Delivery translates projected sales into resource needs (by role, by geo, by practice, etc.) for new sales
- Resource needs associated with delivery backlog (in-flight projects) are added to create a high level view of projected capacity needs
- Projected capacity needs are compared to current capacity to establish baseline capacity plan for the year/period

6-18 mos.

1-6 mos.

0-30 days

What this means to Enterprise IT / Product Development:

- In E/IT, business planners identify planned projects for a period (12-18 month period)
- In Product Development, Product Management defines a roadmap for future products (enhancements or new)
- Delivery translates project list into anticipated high level resource needs using historical staffing/sizing data (T-shirt sizing) to determine capacity needs for the period (for new projects)
- Resource needs associated with delivery backlog (in-flight projects) are added to create a high-level view of projected capacity needs
- Projected capacity needs are compared to current capacity to establish baseline capacity plan for the year/period

Tips From the Trenches

- ✓ Help those involved in the budget process understand the benefits of more thoughtful data-based budget planning for human capital
- ✓ Make sure the group is aligned on working assumptions
- ✓ Leading organizations are moving to a more fluid budget process for project-based service teams
- ✓ Data integrity and integration needs to be established early in the process
- ✓ Continuous improvement processes work great for the annual budget process – track progress vs. plan carefully and amend your processes accordingly

Introducing Our Guest Speaker



Molly Wilde
Upsher-Smith
Laboratories

Molly Wilde is a resource capacity management professional currently consulting at Upsher-Smith Laboratories, LLC, where she supports the product development and operations organizations. Molly specializes in the theory and application of topics such as skills inventory, demand forecasting, capacity planning, and process governance in complex project environments. She received her resource management certification (RMCP®) from the Resource Management Institute in 2015. Prior to Upsher-Smith, Molly was part of the Portfolio Management Office for the Medtronic Restorative Therapies Group.

Molly also serves on the RMI Advisory Board.

RMO Value in Budget Planning

- Successful execution requires both \$ capital and labor
- Finance functions have an excellent handle on the \$s
- Finance functions do not have good sightline to labor
- Labor insight from the RMO paints an integrated picture

How Does the RMO Position Itself to Add Value?

- Engage in continual, iterative forecasting (not driven by the AOP*)
 - Know the FTE committed to in flight work at all times
 - Know the FTE available for new work at all times
 - Maintain data at a person, role, functional level (data rolls up and down)
 - Always understand your most constrained roles or functions

*AOP = Annual Operating Plan

How Does the RMO Position Itself to Add Value?

- Engage in continual, iterative forecasting (not driven by the AOP)
- Use actuals validated resource templates to scenario plan
 - Good templates are maintained at a role and functional level
 - Provide the impact of new work on resources to the business
 - Effective systems do this easily

How Does the RMO Position Itself to Add Value?

- Engage in continual, iterative forecasting (not driven by the AOP)
- Use actuals validated resource templates to scenario plan
- Build proactive partnerships with the business and finance
 - It takes time to build credibility in the forecasting process
 - Waiting for the AOP* to engage is too late

*AOP = Annual Operating Plan

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Q&A

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