The Business of Resource Management

Part Two: The Cost of Getting Resource Management Wrong

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ABOUT THE RMI

The Resource Management Institute (RMI) is dedicated to advancing the discipline of resource and workforce management. We provide actionable thought leadership, proven best practices, and global standards that shape how organizations manage their most valuable asset—their people. Through our globally recognized credentials, we certify expertise in resource management, helping professionals demonstrate their capabilities and grow their careers. We also equip organizations with the practical tools and resources needed to manage human capital with greater efficiency, consistency, and purpose.

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THE COST OF GETTING RESOURCE MANAGEMENT WRONG DOESN'T SHOW UP IN ONE PLACE. IT SHOWS UP EVERYWHERE.

In the first article in this series, we established a simple idea: resource management is not just a scheduling or coordination function, but rather the mechanism that connects strategy to results. And it's a system that determines whether a services organization can perform consistently and predictably.

If this is true, then a question naturally follows: What happens when that system is not working as it should? The answer matters, because the cost of ineffective resource management rarely appears in one place. It's not always measured directly in dollars, but it shows up in outcomes that ultimately determine revenue, margin, and growth. And this isn't just a theoretical concern.

Throughout this article, we'll reference findings from RMI research, particularly the 2026 Inhibitors to Effective Resource Management and The Economic Impact and Value of Resource Management studies, which captured how organizations are actually planning, staffing, and delivering work today. Across both studies, a consistent pattern emerged: while most organizations report strong visibility into current capacity, only a small portion believe they are effective at forecasting future demand or identifying skill gaps.

This gap between visibility and effectiveness shows up clearly across the data. Most organizations believe they understand what is happening in their operations. Far fewer, however, are able to translate that visibility into consistent influence over outcomes. In other words, they can see what is happening today, but they cannot reliably shape what happens next.

This is where resource management excels when it is functioning as a true capability, bridging the gap between what the organization can see and what it can consistently deliver.

THE INVISIBLE COST

Most service leaders don't wake up thinking they have a resource management problem. Instead, they say things like:

- "We are missing revenue targets."
- "Projects are slipping."
- "Margins are tightening."
- "We don't have enough people. We need to hire and/or engage contractors."

These are often treated as separate issues, each with their own explanation and response. But in reality, they're not isolated problems. They're symptoms of a system that exists but isn't trusted or fully integrated into how the business plans, sells, and delivers work. And when that system underperforms, the cost shows up everywhere.

Because these issues show up in different parts of the business, they are rarely attributed to a single cause. The result is not just inefficiency, it is normalization. Organizations begin to accept these outcomes as part of their operating reality, rather than symptoms of a system that is underperforming.

EXAMINING THE COST AND WHERE IT SHOWS UP

Revenue Leakage

Revenue is often framed as a sales issue. But in professional services, we know it's not realized until work is staffed and delivered.

When resource management is ineffective:

- Projects are delayed because the right resources are not available at the right time
- High priority work waits for critical skills to become available
- Opportunities are missed due to perceived capacity constraints
- Forecasts assume capacity that doesn't actually exist

This is compounded by the fact that organizations report strong visibility into current capacity, but far lower effectiveness in identifying future demand and skills gaps, limiting their ability to convert pipeline into realized revenue, a gap consistently reflected in RMI research findings.

The issue is not simply that resource forecasts are inaccurate. It's that most organizations lack a structured capability to translate future demand into resource requirements, by role, skill, and timing. Without that translation, demand and capacity remain disconnected.

The result is not always lost demand. It's delayed or unreliable revenue realization. The organization may have work it can do, but it cannot consistently and predictably convert demand into delivery.

Margin Erosion

Margins rarely collapse overnight. They erode through a series of decisions that seem reasonable when made in isolation. Nod if these sound familiar:

- Using higher cost resources because a resource with the right skillset isn’t available
- Assigning overqualified talent to lower value work
- Making last-minute staffing decisions without insight into costs
- Reworking plans repeatedly as priorities shift

This is not surprising, as most organizations still use RM primarily to support staffing decisions rather than pricing, portfolio, or P&L management, limiting its ability to actively influence margin today.

This reflects a broader pattern seen in RMI research: resource management is widely present in organizations, but it is not consistently positioned to influence the decisions that determine financial performance. That position needs to change.

When data is fragmented across systems, assumptions vary by stakeholder, and decisions are made in isolation, margin becomes increasingly difficult to manage proactively.

When deployment decisions are made without reliable data, margin becomes an outcome rather than a variable that can be actively managed.

Margin is not just a function of what you charge. It is a function of how effectively you deploy.

Underutilization and Burnout

Ineffective resource management leads to imbalance. We see organizations experience both unused capacity in some roles and overloaded teams in others. Delivery leaders believe they need more people and teams feel they are already stretched. Over time, we see the bench increase in some areas while burnout rises in others. This causes the employee experience to deteriorate, and attrition to accelerate, often in critical roles and among critical talent.

While some may think these are HR issues, in reality, they are demand and supply alignment failures. The issue is often not a lack of capacity, but a lack of the ability to deploy it effectively. In many cases, this imbalance is masked by individual heroics, where a small portion of the workforce absorbs the pressure to keep delivery moving.

Delivery Inconsistency

Reliable delivery depends on predictable staffing, stable plans, and alignment between roles and work. When these conditions are not consistently present, delivery starts to break down. The result is variability. Some projects succeed. Others struggle.

In these environments, outcomes depend more on individual heroics than system design. While those heroics can compensate in the short term, they do not scale.

Forecast Instability

Executives rely on forecasts to make decisions about hiring, investment, and growth. But forecasts are only as reliable as the data and assumptions behind them.

When RM is not integrated into planning, forecasts assume capacity that doesn’t exist, hiring decisions lag reality, and plans must be revised repeatedly. Over time, confidence erodes, and the organization becomes more reactive and less predictable.

This instability is not just a data issue. It reflects a deeper process alignment gap between how demand is generated and how capacity is planned, with these processes often operating in parallel rather than in alignment.

THE SILENT ECONOMIC DRAIN

Why It's Hard to See

Each of these issues can be explained on its own. What makes this difficult is not just that they exist, but that their economic impact is rarely measured or connected.

- Delays are blamed on complexity
- Margin pressure on pricing
- Staffing gaps on hiring challenges

All may be partially true. But together they point to a broader pattern: the organization is not deploying its talent effectively, and the financial impact of that misalignment is rarely fully understood.

While most track operational metrics like utilization and forecast accuracy, far fewer measure financial outcomes such as margin impact, revenue realization, revenue per resource, or the cost of misalignment, which limits visibility into the true economic cost.

In fact, only a small percentage of organizations report consistently measuring the financial impact of resource management decisions, reinforcing how difficult it is to connect operational activity to economic outcomes.

There's a well-established principle: what gets measured shapes what gets managed. Today, most organizations measure the efficiency of resource management, but not its economic impact.
And because the cost is distributed, it's often accepted as normal.

THE COMPOUNDING EFFECT

What makes this more dangerous is not just that these costs exist, it's that they reinforce each other.

- Burnout reduces capacity
- Turnover worsens delivery gaps
- Reactive resourcing increases margin pressure
- Poor data prevents improvement

Each issue compounds the next because the underlying system is not addressed, and these effects reinforce one another, making improvement increasingly difficult over time.

This is the silent economic drain. Not because it is hidden, but because these issues compound over time, making the overall impact increasingly difficult to control.

WHAT LEADERS SEE VS. WHAT'S REALLY HAPPENING

Many of these challenges are interpreted differently across the business:

- "We need to hire" → Often reflects misaligned deployment, not an absolute capacity shortage
- "We have a forecasting problem" → Often reflects a lack of structured demand capture and translation into resource requirements
- "We have utilization issues" → Often reflects imbalance across roles, skills, and timing

What appears as separate issues are often different expressions of the same underlying problem: the organization is not consistently aligning demand, talent, and priorities. Recognizing this shifts the conversation from isolated problems to re-evaluating the organization's approach to resource management.

A DIFFERENT WAY TO THINK ABOUT IT

When leaders begin to see these patterns, the conversation changes.

From: “We have delivery issues.” Or “We need to hire.” Or “Margins are under pressure.”
To: “How is our resource management system performing?” and “Is our resource management system designed to support the outcomes we expect?”

This is the shift from viewing resource management as a function that supports execution to one that shapes business performance.

Most service leaders will ask questions like:

- How do we improve utilization?
- How do we deliver projects more effectively?
- How do we hire the right people?

All are valid, but they treat outcomes independently. This mirrors how many organizations operate today: solving for utilization, hiring, or delivery performance as separate challenges, rather than as interconnected outcomes of the same system. A more powerful question is: How do we consistently and predictably align demand, talent, and priorities across the business? That is the role of resource management when it is designed as a capability, and not a coordination task.

In many organizations, however, resource management exists without clear ownership at the C-level, without defined authority, and without integration into key decisions. As a result, it is expected to support outcomes it is not structurally enabled to influence. And that is where change must begin.

WHERE THIS LEADS

Understanding the cost is only the first step.

In the next article, we will explore how resource management must evolve to address this and what it means to move from coordination to a true strategic capability. Because recognizing the cost is one thing. Designing a system that consistently delivers against it is another.

ABOUT THE AUTHOR

Ryan Childers is the Managing Director of the Resource Management Institute (RMI). With deep expertise in global resource management, Ryan was an early adopter and implementer of the Just-in-Time Resourcing® brand of human capital management solutions. His passion for resource management is central to his role leading this important industry institute.

Prior to leading the RMI, Ryan was a Partner at RTM Consulting, where he advised clients on accelerating growth, implementing operational best practices, and developing delivery methodologies. He has also held leadership roles in Professional Services and corporate strategy at Ontario Systems (now Finvi), and began his career in systems deployment at Accenture.

Ryan holds an MS in Information and Communication Sciences and BS in Management from Ball State University. He is a frequent speaker and panelist at industry events.