

RTM Consulting

A-Player Syndrome

*How A Handful Of Experts Are Killing Your Profits – And What You
Can Do To Fix It*

Mark E. Sloan
Chief Operating Officer

RTM Consulting, LLC
513-236-5585
info@rtmconsulting.net www.rtmconsulting.net

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DO ANY OF THESE STATEMENTS SOUND FAMILIAR?

We don't have enough experts!

We need to pull Bill from the client X project to put him on the client Y project.

We need the 'A-players' on this project.

If so, you're not alone. One of the most common challenges facing Professional Services Organizations (PSOs) today is perpetually staffing successful project teams – or more simply put – getting the right person in the right place at the right time. What most PS Leaders don't realize is that they are driving down their billable utilization (and overall profits) due to their over-reliance on a handful of 'A-players,' also referred to as SMEs, experts, etc...

The evidence is clear in many PSOs, where utilization of resources is extremely bifurcated:

% of PS population	% Billable Utilization
10-15%	>105%
20-25%	<10%

And to make matters worse, we've seen that in these organizations, these "handful of experts" were 2-3x as likely to resign; as you can imagine, this has major financial impacts to the PSO and its clients. To put this issue into the proper perspective, consider the under-utilization of a large pool of resources which we found to be negatively impacting profit margin by 15-30%. *In a 400 person PSO, this equates to \$5-\$15M of lost profit annually.*

THE SOLUTION: STAFF A TEAM – NOT A ROLE

If any of this hits a little too close to home, there's one change you can make that will help tremendously. Transitioning to a "staffing a team" mindset will enable you to:

- Increase overall utilization – and decrease burnout of your top performers;
- Improve talent management / development – and reduce employee attrition; and
- Decrease fire fighting by PS management to enable an improved, proactive strategic focus.

By shifting the focus from staffing a Role to staffing a Team, you will create more balance across your entire portfolio of projects. Consider the pure consulting firm. Typically, when they staff a team, they are looking at a number of factors:

1. Available staff;

2. Criticality of the work and client relationship¹;
3. Overall objective; and
4. Career development needs of the available staff.

The list is pretty similar for PS teams inside a technology firm. The difference, however, is the emphasis placed on items 1 and 4. The pure consulting firm recognizes that to ensure its future viability, it must continually focus on the career development of its staff. It cannot simply staff a resource in the same type of role for years at a time. The typical person filling that role will burn out and look for new opportunities elsewhere. And in both environments, you must be prepared for natural turnover as well. So, when staffing a team, the consulting firm is evaluating a variety of trade-offs:

- If I get the expert architect, can I get by with two new developers? The expert always focuses on the details of the design to ensure its validity and can mentor more junior resources.
- I have three strong Business Analysts (BAs) available for Project Acme - is this the right opportunity for “Junior Project Manager 1” to assume the PM role? The client has been with us a while, the BAs know the client well, and we need more strong PMs as the business grows.
- We have a brand new client that we believe could be a long term client if we nail the first project. Senior Project Manager 1, our best PM is available, and Expert 1 can join the project in week three to lead the architecture team.

It sounds easy on paper. In reality, it is hard work, but, if as a PS exec you can stop fighting fires, then you can focus on critical staffing decisions for your organization that will help you get ahead of the curve and position yourself for greater growth and fewer headaches.

LEVERAGING JUST-IN-TIME RESOURCINGSM FOR MORE EFFECTIVE RESOURCE MANAGEMENT

Successfully transitioning to a focus on staffing a “team” as opposed to a “role” requires an iterative focus on your people (their skills and current assignments), the evolving needs of the business (your revenue and resource forecast), and timing (putting in place the governance to gain better visibility).

¹ Similar to the PSO, new client relationships do typically require a special breed of personnel in key roles to help build the relationship



The first step in relieving staffing pressure is developing a **Skills Inventory** on your current PS resources – both the “A-players” and the “pool”. This provides two benefits: 1) for near term staffing, it helps you to understand the key strengths of your entire team; and 2) for future staffing, it highlights particular skill and experience gaps that employees need to address.

From there, you can create a centralized **Staffing** process. Rather than having staffing decisions made individually or in silos, bring the PS management team together to address staffing needs across the portfolio. With information gathered during the Skills Inventory and the collective input of the management team, you can begin to staff balanced teams instead of treating every staffing need as a one-off role. And, when the team can see the full staffing picture, they will be more willing to make trade-offs on staffing their own projects – helping to release some of their own A players in exchange for support in other areas.

As you progress, you will need to engage Sales / Account Management in a **Forecasting** process. This will engage your demand generation function to help you understand potential future staffing needs (we typically like to see companies forecast up to 6 months out; think of this as a “line in the sand” that can and will change – the intent is be directionally correct, not necessarily precise). Forecasting helps the PS organization move from focusing on what we call the “-10 to +20 day” syndrome. That is, instead of spending a majority of your time on roles that need to be staffed 10 days ago to 20 days from now, you can get ahead of the curve and deal with future needs. Yes, it will take time to engage the demand generation function; however, the key benefit for them is the increased confidence they will get that a “team” will be ready to staff future work – and they will have much less to escalate.

Forecasting leads naturally into **Candidate Sourcing**. Forecasting enables you to begin to see the quantity and types of resources you will need moving forward; helping you make informed decisions on cross-training, hiring, and contracting. Rather than just hiring “good people” you can more accurately target the development and sourcing of resources needed to support your work efforts. HR / Recruiting

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/ Talent Management (whatever you call the function) becomes a strategic partner of the PSO during this process.

As with any process re-engineering effort, automation is an enabler of the process. You will need to deploy some type of **IT / PSA Infrastructure**. Depending on the size of your PSO, this may be as simple as a spreadsheet, but could involve leveraging existing COTS applications. Many PSOs will want to look at the available PSA solutions.

Lastly, **Process Governance** is the step of ensuring the cycle occurs and is continuous. This is not a one-time initiative that will solve the on-going staffing problem. Rather it *becomes* the on-going Resource Management Process. By staying on top of the process, you will ensure that information is shared across the various groups: PS Delivery, Sales / Account Management, HR / Recruiting / Talent Management. With better visibility to Supply (Skills Inventory, Candidate Sourcing) and Demand (Staffing, Forecasting), the entire organization will benefit as:

- Utilization increases through the more effective deployment of the full team;
- Employees have greater career development opportunities improving morale and lowering attrition;
- Clients (and Sales) are happier as projects start and end on time and on budget; and
- PS Execs sleep better because the fires have been extinguished.

THE BOTTOM LINE

PSOs that make the effort can move beyond “A-Player Syndrome” to control their own destiny and become an even more strategic component of their company’s overall value proposition. Moreover, achieving even small utilization improvements will have a significant impact on the bottom line:

# of Consultants	MARGINAL REVENUE IMPROVEMENT			
	Increase in Utilization by (pts):			
	1	5	10	15
50	\$208,000	\$1,040,000	\$2,080,000	\$3,120,000
100	\$416,000	\$2,080,000	\$4,160,000	\$6,240,000
200	\$832,000	\$4,160,000	\$8,320,000	\$12,480,000
250	\$1,040,000	\$5,200,000	\$10,400,000	\$15,600,000
300	\$1,248,000	\$6,240,000	\$12,480,000	\$18,720,000
400	\$1,664,000	\$8,320,000	\$16,640,000	\$24,960,000

Assumptions

Billable Hourly Rate \$200

Can you afford not to take action?

To learn more about Just-in-Time Resourcing SM, please visit www.justintimeresourcing.net

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ABOUT RTM CONSULTING AND THE AUTHOR

Cincinnati-based RTM Consulting provides strategic and operational advice to assist technology companies with increasing revenues and margins by leveraging professional and consulting services more effectively. Specializing in Resource Management and Professional Services Business Optimization, RTM Consulting helps IT hardware, software and pure consulting businesses achieve the benefits associated with successful professional and consulting services portfolios. With its unique Just-in-Time ResourcingSM solution and Business Acceleration Services, RTM Consulting helps large, medium and small firms move beyond theory to practical application of industry best practices and achievement of exceptional results in the shortest possible period of time.

Mark E. Sloan is the COO of RTM Consulting. Mark is an industry pioneer with respect to defining and deploying Global Resource Management processes for Consulting and Professional Service Operators. Mark is a frequent speaker at industry events and has served as an Advisory Board Member for the Technology Professional Services Association (TPSA). Prior to his current role as COO and Senior Founding Partner of RTM Consulting, Mark held a number of executive consulting and entrepreneurial roles with Accenture and Convergys.

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