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Improve Time to Market with the Resources You Have Today

By Carrie Nauyalis

Key Results from the Product Development View of the Resource Management and Capacity Planning Study

Product development organizations are constantly searching for ways to improve time to market, reduce the total cost of development and more effectively prioritize winning ideas. According to a global study of 280 product development executives, what's holding them back is not a lack of skilled resources in the company. For the majority of executives surveyed, lack of visibility into demand for resources and capacity to fulfill them is resulting in ongoing chaos among their teams, missing market windows and wasting resources on the wrong projects and products.

Fortunately, the study also shows that improving resource management and capacity planning processes as well as implementing the right technology can support goals, such as reducing total cost of development, filling the pipeline with profitable products and speeding time to market.

Commissioned by Planview® and conducted by Appleseed Partners and OpenSky Research, the study—**How to Improve Time to Market with Existing Resources**—reveals that most organizations need to better align and connect products with the corporate strategy as well as ensure that scarce resources are leveraged wisely for the most competitive offerings and highest value returns.

MOVIN' ON UP THE MATURITY SCALE

The study surveyed product development executives through the lens of a maturity model, which was created to benchmark their capacity planning and resource management performance in terms of people, process and technology. The maturity levels of participants were split fairly evenly into thirds:

- A little less than one-third were identified as basic or ad-hoc in maturity, which is characterized as somewhat chaotic, with limited visibility into incoming demand or insight into what their resources are working on;

- Slightly more than one-third said they were in a limited maturity phase with some visibility into resource assignments and alignment to demand but with limitations around repeatable processes and resource forecasting; and

- Roughly a third claimed to be at a higher managed or optimized state of maturity with effective work and planning processes, the ability to apply resources to the highest value products and the ability to adapt to change.

TOP PAIN CAUSES

More mature organizations cited the top causes of their pain points are challenges estimating for projects and lack of process maturity, closely followed by ineffective use of historical data (see Figure 1).

These causes are related. Organizations need to implement mature, repeatable processes as well as store experiences, best practices, historical actuals and lessons learned in a centralized, accessible system. Then, managers can acquire information from historical data to create high-level, detailed project estimates and deliver them quickly and painlessly.

Unfortunately for most, this information is siloed, residing in the heads of product and development managers or in local desktop files. This is often the result of multiple issues: resources being so overloaded that they're rushing to the next project, a lack of process adoption and reliance on information that is non-standard and out of date without the right technology to store, search and apply it. A minimally invasive process that is enforced and enabled across the organization can make a significant difference to improve the availability and reportability of vitally important data for resource and project estimation.

Limited maturity organizations, with their newfound visibility, have pinpointed some specific top issues to address. They want to start with improving process maturity and then tackle project-estimating issues. Like the most mature, they will greatly benefit from the efficiencies they gain as well as making projects less risky.

Similar to their more mature counterparts, lower-level maturity organizations identified their top pain causes as process maturity. But they also report a new key pain cause: executive buy-in. This is an important first step in

Product Development-Pain Causes By Maturity Level

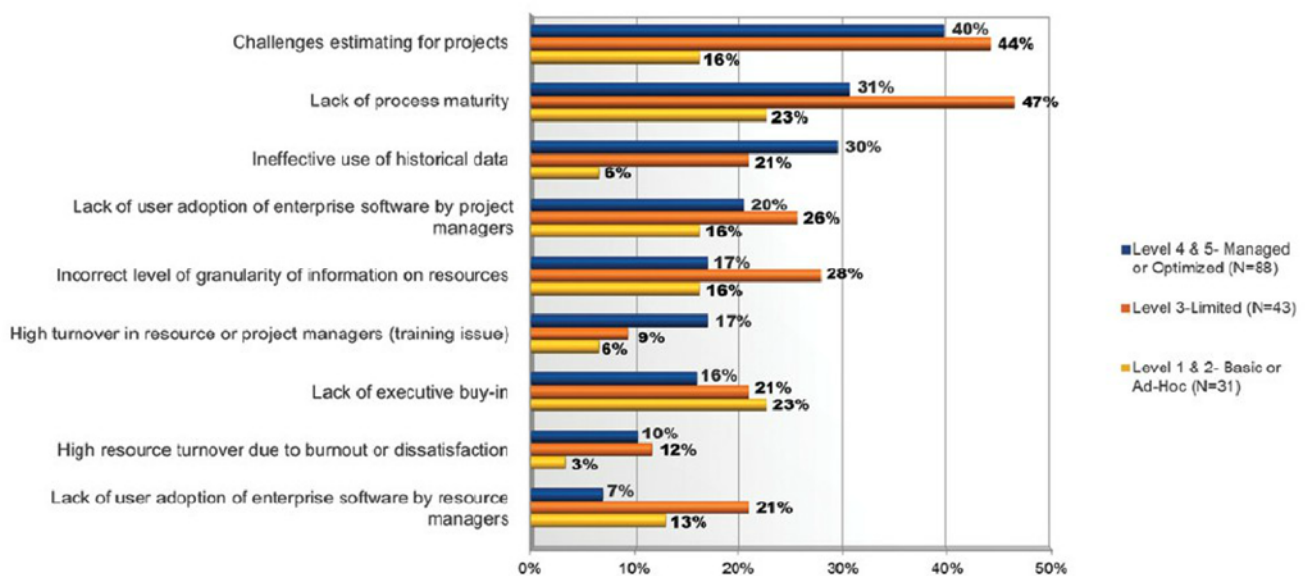| Pain Cause	Level 4 & 5 – Managed or Optimized (N=88)	Level 3 – Limited (N=43)	Level 1 & 2 – Basic or Ad-Hoc (N=31)
Challenges estimating for projects	40%	44%	16%
Lack of process maturity	31%	47%	23%
Ineffective use of historical data	30%	21%	6%
Lack of user adoption of enterprise software by project managers	20%	26%	16%
Incorrect level of granularity of information on resources	17%	28%	16%
High turnover in resource or project managers (training issue)	17%	9%	6%
Lack of executive buy-in	16%	21%	23%
High resource turnover due to burnout or dissatisfaction	10%	12%	3%
Lack of user adoption of enterprise software by resource managers	7%	21%	13%

Figure 1. Pain Causes by Maturity Level

The study also shows that improving resource management and capacity planning processes as well as implementing the right technology can support goals, such as reducing total cost of development, filling the pipeline with profitable products and speeding time to market.

Product Development Top 5 Pain Points (after software) by Maturity Level
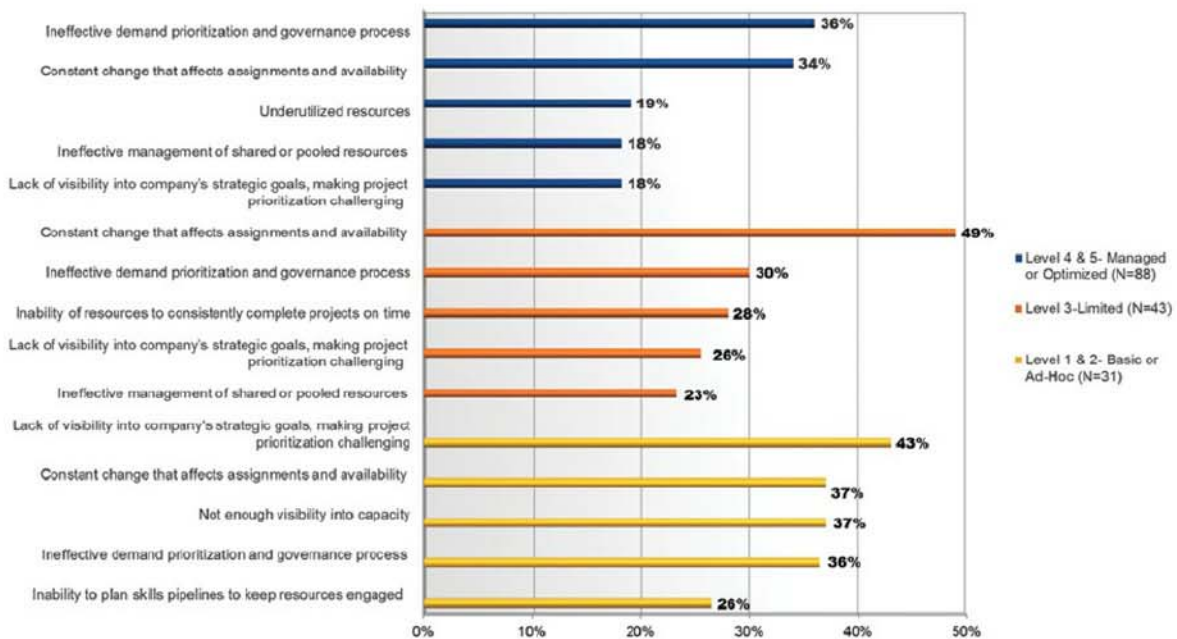
Ineffective demand prioritization and governance process — 36%
Constant change that affects assignments and availability — 34%
Underutilized resources — 19%
Ineffective management of shared or pooled resources — 18%
Lack of visibility into company's strategic goals, making project prioritization challenging — 18%

Constant change that affects assignments and availability — 49%
Ineffective demand prioritization and governance process — 30%
Inability of resources to consistently complete projects on time — 28%
Lack of visibility into company's strategic goals, making project prioritization challenging — 26%
Ineffective management of shared or pooled resources — 23%

Lack of visibility into company's strategic goals, making project prioritization challenging — 43%
Constant change that affects assignments and availability — 37%
Not enough visibility into capacity — 37%
Ineffective demand prioritization and governance process — 36%
Inability to plan skills pipelines to keep resources engaged — 26%

Legend:
- Level 4 & 5- Managed or Optimized (N=88)
- Level 3-Limited (N=43)
- Level 1 & 2- Basic or Ad-Hoc (N=31)

Figure 2. Pain Points (after software) by Maturity Level

Figure 2

Product Development-Pain Causes By Maturity Level

Figure 1. Pain Causes by Maturity Level
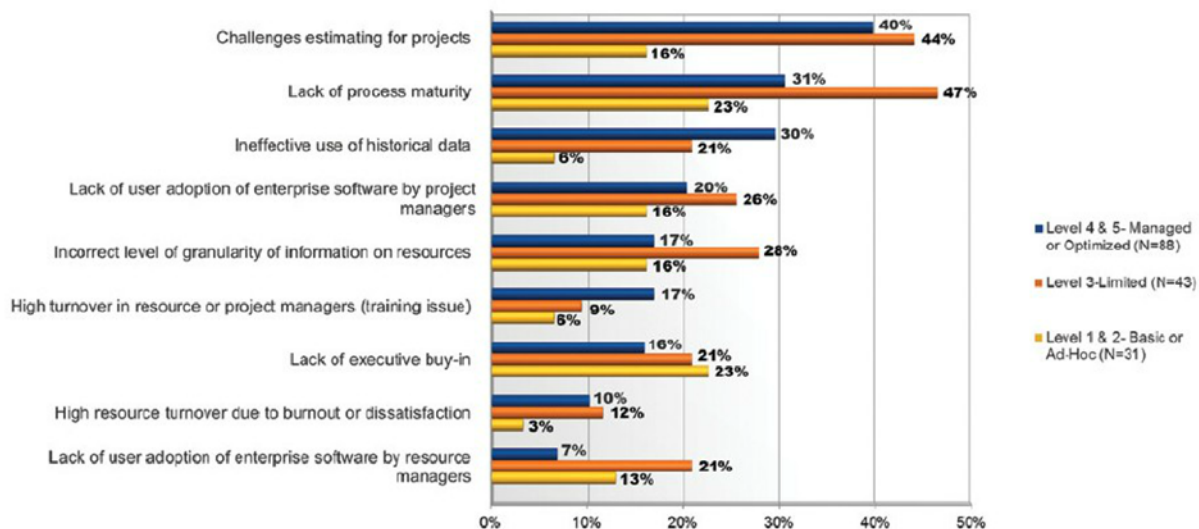
Figure 3

TOP PAIN POINTS BEFORE AND AFTER SOFTWARE

Before implementing enterprise software for resource management and capacity planning, the top two pains points are clear: lack of visibility into capacity, followed swiftly by its twin, poor insight into demand. Equally apparent is the cascade of pain that follows from those two problems. Once supporting enterprise software is properly implemented, an interesting picture takes shape. As might be expected, several areas show significant improvement. Capacity and demand visibility are enhanced, as is reporting on demand. In addition, there is a 6 percent improvement of resources completing projects on time, which can make a substantial difference in margins.

After implementing software, the top pain points differ by maturity level, but even those who identified their maturity level as high indicated that their processes and prioritization need improvements. The most mature product development organizations place "ineffective demand prioritization" and "constant change that affects assignments and availability" atop their list of pains, respectively (see Figure 2). Constant change leads

to business risks that include remaining in crisis mode and the inability to optimize both people and financial investments.

Organizations in the limited maturity phase identified constant change as their No. 1 pain point. This reveals that some visibility into resources provides a keen sense of the lost opportunities and room for improvement needed.

Organizations at the lowest maturity level are most challenged by an inability to see into their companies' strategic goals, making project prioritization challenging. In contrast to higher maturity organizations, this group sees its pains as more evenly distributed, bearing higher percentage points across the board for constant change, not enough visibility into capacity, ineffective demand prioritization and inability to plan skills pipeline to keep resources engaged.

TOP BUSINESS RISKS

Across maturity levels, organizations agreed that the biggest business risks of not addressing resource management and capacity planning issues are (see Figure 3):
- Delayed time to market resulting in losses of revenue, savings, user/customer satisfaction and/or market share;
- Decisions based on dated or inaccurate data;
- Quality or cost issues due to misalignment

of resources to projects; and
- Reporting issues, such as inability to report to management about the project portfolio health.

Survey participants indicated that risk would decline by 8 to 10 percent in each of these areas if the right processes and tools were implemented. Higher maturity organizations are already seeing these benefits, as outlined in the next section.

BENEFITS OF IMPROVING RESOURCE MANAGEMENT AND CAPACITY PLANNING

The benefits of moving up in the maturity matrix are clear. The research indicates that more mature organizations have better processes, use the right enterprise software and employ best practices. They also experience the following:
- 27 percent better visibility into capacity;
- 22 percent improved visibility into demand;
- More than 10 percent reduction in the risk of delayed time to market; and
- 10 percent lower risk of relying on inaccurate data for decision making.

All participants, regardless of their organization's maturity level, shared two key expectations of addressing resource

management and capacity planning with improved processes and the use of enterprise software:

1. Streamlined and accurate resource forecasting and planning; and
2. Improved project success and time to market.

Making an investment to improve these areas in a product development organization is well worth the effort. The questions that hinder some groups are how to do it and where to start.

THE SIX CHARACTERISTICS OF MATURE ORGANIZATIONS

The study shows that organizations with a strong foundation of technology, process and executive support achieve a more complete picture of capacity and demand. They also follow similar best practices. Those organizations that excel in resource management and capacity planning tend to:

1. Have insight into what people are working on, can identify bottlenecks and run scenarios on-demand to adapt to change;
2. Meld top-down with bottom-up approaches to capacity planning and resource management;
3. Have a dedicated function to lead resource management and capacity planning activities;
4. Agree on these top three best practices: prioritization, what-if analysis and executive buy-in;
5. Estimate projects well and have good supporting processes in place; and
6. Use Product Portfolio Management (PPM) software to optimize their resources.

HOW TO TAKE THE NEXT STEP UP

The research shows that there is considerable room for growth for organizations of all maturity levels. Most product development executives indicated that they are aware of the need and the potential benefits of optimizing resources, including stronger company bottom lines, better market share and brand awareness equity. With a firm foundation of the right technology, processes and management support, mid- or lower-level maturity organizations can begin to build on best practices to achieve a more complete picture of capacity and demand.

This research report is an extension of the Resource Management and Capacity Planning Benchmark Study 2013.

Carrie Nauyalis is the New Product Development solution evangelist at Planview. She is a passionate thought-leader, speaker, MBA guest lecturer, blogger and vlogger on all things product portfolio management, with warm places in her heart for the topics of innovation, Stage-Gate® and agile.

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