



**Deltek**

# Agency Best Practice Guide For Operations Management

How to power your people, projects and profits



## Introduction

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Expertly handling resource and project management has always been a key factor to agency success. But now, as the current global crisis puts new pressure on your margins and your people, it's more critical than ever to keep projects on time and on budget—while avoiding employee burnout and turnover.

That's no straightforward task. It involves tracking project financials, getting the most from your people, creating accurate forecasts, establishing key operational processes, and more. As a Project or Resource Manager, or an Operations Leader, you've got a lot on your shoulders.

In this best practice guide, we'll explore how you can optimize project and resource management to improve workflows, control costs, boost utilization and effectively monitor projects from ideation to delivery.

## PROJECT MANAGEMENT

# Three steps to streamlined operations

Solid project management often comes down to successfully following a few key steps.

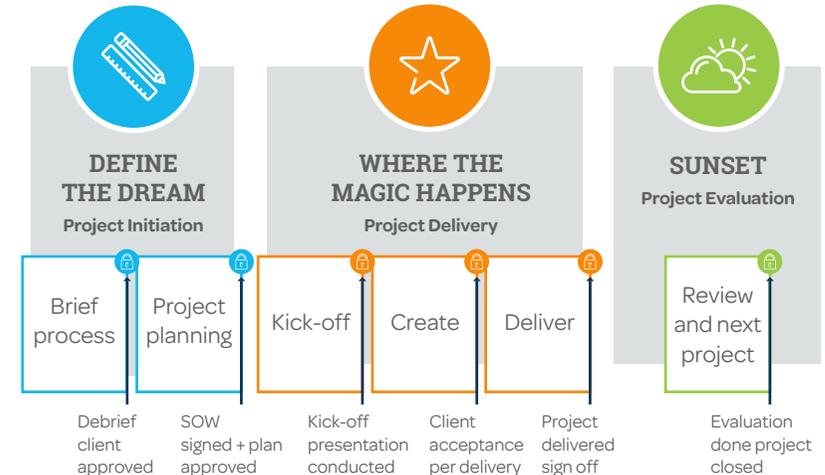
These three stages can help you keep costs under control and projects on track. This guide will outline what it takes to implement these principles.



To track project management improvements, we recommend focusing on these KPIs:

KPI	Description
Over-servicing	Compare to budget and identify run over (sales or cost price)
Project Margin	Revenue minus external costs, and minus cost of hours = project margin
% Complete	Percentage progress against the set baseline

To link your work closely to your internal processes and templates—and help ensure projects are delivered on time and on budget—we also suggest you establish a full project delivery model, like the one below.



# Set the right baseline for project success

Sometimes, projects fail—whether because of scoping issues, staffing miscalculations, or inaccurate planning and budgeting.

All of these can be categorized as “setting the baseline” incorrectly. Here are four steps to getting it right:

## 1. Establish your control point

Having a price quote, and a client-approved cost estimate or budget, is a vital reference point for project measurement and cost control. This should include an established number of revision rounds, complete with a timeline, to secure feedback and make revisions.

## 2. Start with the right project team

Projects are often staffed with whoever is available—not the best people for the job. Establishing the best team for the project before kickoff will save valuable time later.

## 3. Get the client to sign-off on the scope

Without a client-approved scope, you don’t have the documentation to secure all contractual aspects. We recommend that projects don’t begin unless the client has signed the Statement of Work. If you decide to start a project without client sign-off, ensure there is a process in place to mitigate over-servicing.

## 4. Kick off the project and keep everyone aligned

Kick off the project correctly by inviting the core team, including the client team, to establish deliverables, governance, and timeline.

As projects progress, client demands and expectations can increase too. This can result in scope creep, when a project expands beyond the Statement of Work.

Project management must focus on two areas—monitoring what has been spent, and providing clarity on progress against budget.

To monitor project spend at a basic level, we recommend using our core model of progress management:

Baseline	Actual	ETC	EAC	% Complete	
100	60	+	60	= 120	50%

The baseline is the contractual budget, the actual is what has been spent so far, and the ETC is the Estimate to Complete.

To calculate the Estimate at Completion (EAC), add the ETC and actual together. Or if work is delivered as T&M, the actual spend should be focused on.

# Execute projects and control progress

Establishing ongoing processes is a critical part of project management, with many practices and rules that can be applied, agencywide. But as a minimum, we recommend establishing processes in the following core areas with a regular cadence every month:

**Monthly Control:**

Follow up on project progress

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**Monthly invoicing:**

Get the invoices out every month

**Weekly project staffing process:**

Update staffing once a week

**Weekly time & progress management:**

Make sure hours are registered and approved

**1. Monthly invoicing**

Setting clear monthly deadlines for invoicing will improve cash flow. Although often left to finance teams, we find that PMs can be better suited to handling invoicing, as they are closer to the clients.

**2. Weekly project staffing process**

Project staffing should be updated on one given day a week, to avoid booking conflicts and ensure effective resource planning. Thursday is a good choice, as it leaves Friday to resolve any issues. It's critical that plans are updated correctly by all, as inaccuracies could lead to planning issues.

**3. Weekly time and progress management**

To maximise return on employee efforts, register time accurately and promptly. Employees need an easy way to submit time, and a secure approval process should be in place, so that all time registration can be complete by the beginning of each week.

**4. Monthly control**

As part of the month-end reporting process, PMs should provide details on the status of a project and evaluate the progress in terms of the value of work in progress (WIP), time and materials (T&M) and the percentage completion of the project (Fixed Price).

# Control your financials

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Depending on your agency's workflow, you may delegate project financial management to another team member. But from a best practice point of view, we suggest that Project Managers have complete control over project financials, including invoicing, in order to be able to effectively manage project delivery from beginning to end.

Remember, the Statement of Work, price quote, and resulting project budget must all be precise and accurate, as they serve as your baseline for measurement. So, we recommend including the financial terms below in your Scope of Work (SOW). If any are already incorporated into the Master Service Agreement (MSA) with the client, then the SOW should reference that document accordingly.

## FIVE CONTRACTUAL TERMS FOR FINANCIALS:

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- 1. Payment terms:**  
Ensure that your contract (MSA and/or SOW) has a clear definition of payment terms.
- 2. Delivery dependent payments:**  
When you enter fixed price contracts, ensure deliverables are clearly laid out, then make payments dependent on them—it gives you a solid reason for invoicing the client. Alternatively, a date dependent payment plan with upfront payment would work.
- 3. Type of contract:**  
Make it clear whether the project is fixed price or T&M.
- 4. Expense handling:**  
Set out how expenses will be treated. For example, they might be invoiced on a cost spend basis.
- 5. Assumptions:**  
In your SOW, lay out clear assumptions of expectations and dependencies of deliverables. This includes the number of revision rounds, or the amount of time set aside for the review and approval process.

## RESOURCE MANAGEMENT

# Three stages of resource management

Effective resource management can be broken down into the following steps:



Following these steps will ensure your projects stay on budget, and you can think long-term. We've outlined them further below:

**Step 1:** Get a complete view of tasks being performed over the next two months. Create project plans for all signed projects, and ensure Project Managers are also planning a couple of months ahead.

**Step 2:** Move to long-term project planning, including any possible opportunities. For projects more than two months away, this may require monthly updates.

**Step 3:** Finally, implement revenue forecasting—so you can combine the first two steps and make any hiring decisions.

To follow resource management improvements, we recommend tracking these KPIs:

KPI	Description
Actual Utilization	Hours on billable project as a percentage of available hours—per person
Planned Utilization	Weekly view of future workload, expressed as hours booked or utilization
Freelance Ratio	% of your total salary costs spent on freelancers, tracked monthly

# Establish Intuitive Processes

Resource management is a difficult discipline to implement. To prevent teams from resorting to local spreadsheets there must be clear, easy-to-follow processes in place.

To maintain a strong level of control, we recommend implementing these four processes with a regular cadence every month:

## Setting the project team:

Set the right team on the project based on needs – not only availability

## Monthly forecast:

Plan future capacity with a monthly update process

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## Weekly planning:

Make sure planning is always up to date

## Freelance process:

Control freelancer use through a PO process

## FOUR KEY PROCESSES TO PUT IN PLACE:

### 1. Setting the project team

Projects fail when you staff them solely based on availability. So it is important to select the right team from the beginning, especially on bigger projects, to ensure successful delivery and provide Resource Managers with important metrics to identify potential burnout and underutilization.

### 2. Weekly planning process

Keeping plans up to date is crucial. Here's a suggested schedule for optimizing weekly planning:

**Step 1:** PMs update plans every Thursday.

**Step 2:** Department heads and Resource Managers review and adjust bookings on Friday.

**Step 3:** Employees execute according to bookings.

### 3. Monthly forecast

Resource plans can't always be updated for the full length of the project, especially when not all opportunities are visible. Instead, introduce a monthly planning process for Client Services and PMs, where they create a picture of probable upcoming work.

### 4. Freelancer usage

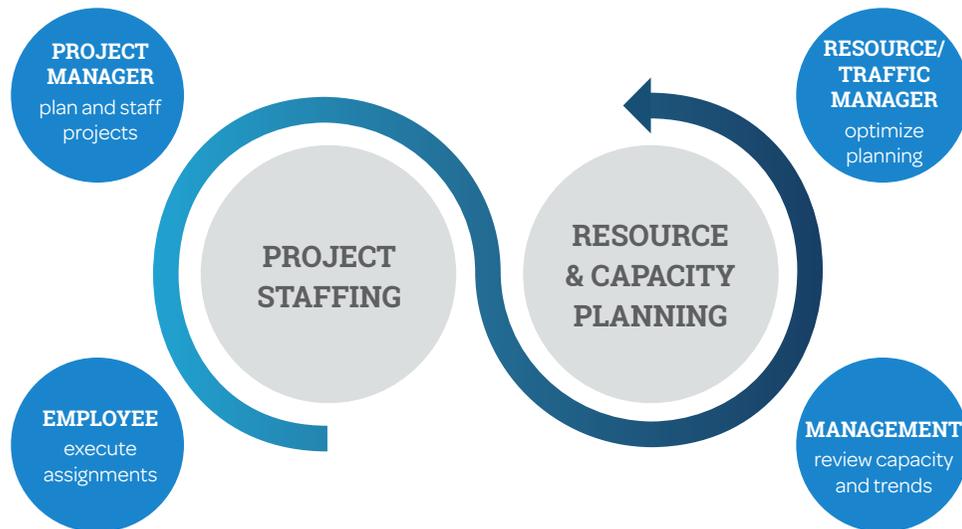
Freelancers often play a vital role in project delivery. But if you don't monitor and control how often they are used, they can become costly and break your project budget. To minimize unnecessary freelancer use, ensure Resource Managers are made aware before any purchase is initiated.

In order to keep project costs up to date, streamline the invoicing process, and prevent budget overruns, we suggest that freelance costs are applied using a purchase order (PO) process with an approval workflow.

# Plan effectively for the future

## Who should be involved?

If resource plans are not visible across the planning team, it leads to poor data quality and untrustworthy planning. Everyone needs to be on board, with strong, decisive support from management.



## THE ROLES WE MOST OFTEN SEE INVOLVED IN THE PLANNING STAGE INCLUDE:

- **Project Managers** should update and own the progress of the project.
- **Line Managers** or **Department Heads** should own the resources, and ensure everyone involved is placed effectively.
- **Resource** or **Traffic Managers** optimize planning and utilization by streamlining task assignments and employee usage.

# Plan effectively for the future

## In how much detail?

The more detailed your plan, the harder it is to update, as the number of entries and frequency for updating will increase. But how you plan depends on your agency's requirements.

Below is a practical guide to planning:



**Plan A** enables precisely planned staffing and task execution, providing more accurate resourcing metrics in real-time.

**Plan B** provides an overview of employee tasks within a given week, and can help you optimize employee usage. However, this is a result of resource transparency, updated once a week, not detailed daily planning.

## PRACTICAL TIPS FOR RESOURCE PLANNING:

- Only plan your billable staff—not your admin team.
- If certain freelancers work for you frequently, include them when resource planning.
- Lay out your project backlog and ensure that it is frequently updated to get a forecast of the next two months' work.
- If you want to predict freelance or hiring needs, consider and plan resources for probable opportunities from beginning to end.

# Get more from your people

Getting more from your employees doesn't just mean higher quality work—it will improve your bottom line too. And when you optimize utilization, whether at employee or management level, your people benefit from work/life balance and become a happier, healthier team.

So if you don't already measure utilization, we encourage you to consider both realized and future utilization in your resource plans.

We recommend tracking these KPIs:

KPI	Description
Billable utilization	$\text{Hours billable work} / \text{Hours available} * 100$
Productive utilization	$\text{Hours billable work} + \text{hours business development} / \text{Hours available} * 100$

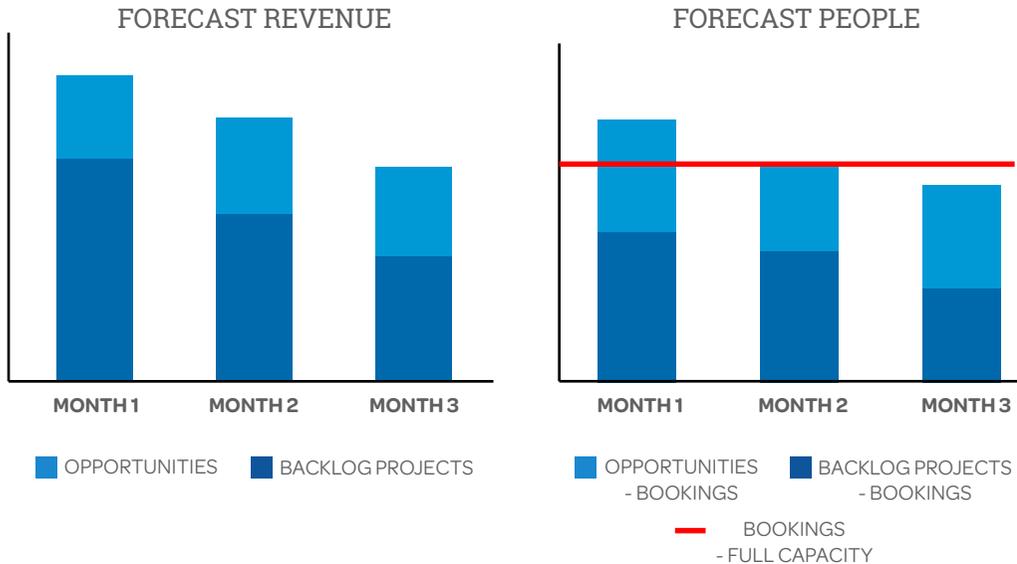
## THREE STEPS TO IMPROVING UTILIZATION:

- 1. Create a resource overview**  
The first step to getting the best out of people is knowing what they are working on.
- 2. Manage your bench list**  
The overview may highlight people in your team that are not as requested as others. Spot them and take initiatives to encourage them.
- 3. Optimize weekly**  
For employees that have available hours in the coming week, talk to PMs and find billable work for them.

# Embrace data-based hiring

As pipeline and revenue streams fluctuate, even with a fixed number of clients, your workforce must match your incoming revenue at all times. Hiring decisions should be based on both revenue and resource data. For example, if there is no probable work in the pipeline beyond three months, it may be a better option to bring in freelance help rather than hire an additional full-time employee (FTE).

It's a tricky balance to get right, and requires ongoing forecasting of pipeline and revenue—both in terms of backlog and probable opportunities—along with a long-term overview of your resource capacity:



## PRACTICAL TIPS FOR BETTER HIRING FORECASTS:

- Have your Client Services team update the pipeline forecast once every month.
- To achieve a long-term resourcing overview, start by planning resources for probable opportunities from beginning to end.
- Make it a monthly task for PMs to update the project plans of probable opportunities in the pipeline, in order to update the capacity forecast.

# Conclusion

As your agency’s pipeline fluctuates, client demands grow, and turnaround times decrease, operational efficiency is critical—for your people, your creative product, and your bottom line.

Successful resource and project management each start out the same way, with three building blocks, and key steps to follow.

PROJECT MANAGEMENT	
BUILDING BLOCK	STEPS
Set the baseline	<ul style="list-style-type: none"> <li>Establish a control point</li> <li>Put the right team together</li> <li>Get a precise scope signed-off</li> <li>Ensure everyone is aligned</li> </ul>
Execute project & control progress	<ul style="list-style-type: none"> <li>Register time spent promptly</li> <li>Update project staffing weekly</li> <li>Provide project progress details every month-end</li> <li>Set monthly invoicing deadlines</li> </ul>
Control your financials	<ul style="list-style-type: none"> <li>Invoice clients monthly</li> <li>Ensure your SOW and project budget are accurate and clear</li> <li>Use the right financial terms in contracts</li> </ul>

RESOURCE MANAGEMENT	
BUILDING BLOCK	STEPS
Plan signed work	<ul style="list-style-type: none"> <li>Establish a weekly planning process</li> <li>Set up monthly forecasting</li> <li>Monitor freelancer usage</li> </ul>
Plan opportunities and pipeline	<ul style="list-style-type: none"> <li>Involve the right people</li> <li>Plan to the right level of detail</li> </ul>
Combine forecasts & plans, then hire strategically	<ul style="list-style-type: none"> <li>Make your people accountable, by tracking key KPIs</li> <li>Look at realized and future utilization</li> <li>Hire only based on forecast data</li> </ul>

Even with these steps, resource and project management aren’t easy. That’s why many agencies are turning to Agency Management Solutions for greater operational visibility and control.

[Take a look at the Project Management, Resourcing and Collaboration functionality of our Total Agency Management Solution](#) to see how it could help you better manage budgets, keep projects on track and maintain a happier, healthier team.

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