



Capacity Planning Fuels Innovation Speed:

Research Confirms Capacity-Centered Organizations Reduce Time-to-Market Risks

Based on the *2016 State of Resource Management and Capacity Planning Benchmark Study*

Business leaders are focused on growth, as they should be. However, many wonder whether their organization's people resources – their most important asset – are focused on the right work to keep pace with growth objectives. They are also focused on innovation initiatives, and currently, many are in the midst of the digital transformation maelstrom. These, too, are often resource-constrained. The sad truth is; in most organizations, growth and innovation are at risk due to poor capacity planning.

Research shows that organizations at a high level of capacity planning maturity reduce time-to-market risks by 16%. They are better able to prioritize demand with capacity in mind. They reduce unplanned projects by 50%, are 35% better at prioritizing shared resources, and are 17% more likely to be able to run what-if scenarios on demand. By every measure, they are better able to make more informed, faster decisions to optimize their portfolio and resources in support of growth objectives.

Organizations at a lower level of maturity deem capacity planning important, but 61% find it extremely difficult. These organizations are at risk of falling further behind the innovation capacity curve.

Benchmark Research Findings

More than 400 leaders representing product development, IT, and enterprise program management participated in the latest benchmark study on the state of resource management and capacity planning. The study identified risks and pain points through a lens of proficiency and maturity in the two disciplines. Higher maturity organizations have become capacity-centered throughout their organization and their process. They continually take capacity into account, thereby creating agility and ensuring proper resource commitment and execution.

Business Risks of Inaction

Portfolio and resource leaders are connecting their resource management and capacity planning capabilities to business risks. Without improvement, lower-maturity organizations risk stunting growth (Figure 1).



Top Business Risks of Not Addressing Resource Management and Capacity Planning with Improved Processes and Tools



* n=408

“The risk of poor capacity is the inability to resource projects. We have a need for speed and need the right resources at the right time in the life cycle of a project. It’s what we’re solving for to meet growth objectives.”

– Senior Program Manager,
Global CPG Company

Figure 1

Correlation Between Capacity Planning Maturity and Agility

Effective capacity planning is a catalyst for enabling more adaptable, nimble organizations to make decisions faster and execute their digital transformation projects, innovation, or product delivery. Pain points around capacity planning decrease significantly with maturity (Figure 2). Foundationally, mature organizations are 47% more likely to have a comprehensive view into both capacity and pipeline demand. Thus, they have the ability to evaluate whether to take on new projects and to run strategic what-if scenarios to support decision-making.



Capacity Planning Pain Points

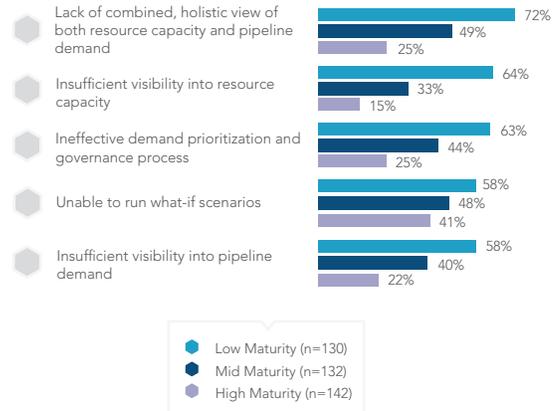


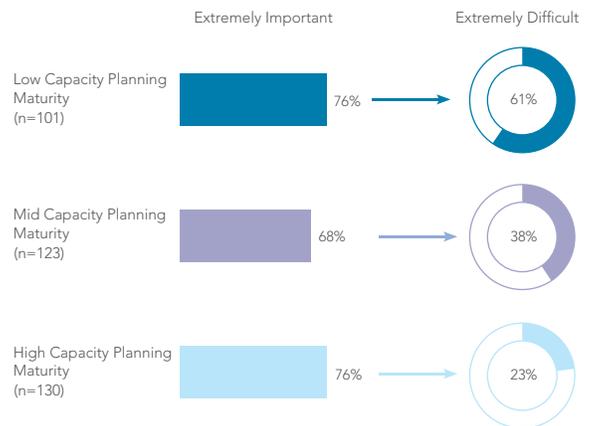
Figure 2

Everyone Agrees: Capacity Planning is Important; Less Mature Organizations Struggle to Do It

On average, 73% of organizations across all maturity levels rated capacity planning as extremely important, but mid and lower maturity counterparts find it extremely difficult. Most experience a fire drill every time they are asked to provide capacity information, or they don't consider it at all and blindly commit resources to projects. This has downstream implications resulting in project delays and time-to-market slips. Higher maturity respondents are 38% less likely to find it difficult to consider capacity in the planning process.



Importance and Difficulty of Considering Capacity in Planning Process



Question was asked on a 10 points scale, where 1= not at all important and 10=extremely important.

Figure 3

“We see capacity planning as crucial but difficult.”

– Program Manager,
Global Insurance Company

7 Characteristics of Capacity-Centered Organizations

The following seven attributes are commonly found among higher maturity, capacity-centered organizations. These groups can commit to projects with confidence because they have data to help the business make smart tradeoffs. They:

1. Realize the value of a comprehensive view into capacity and demand
2. Always consider capacity in the project approval process
3. Have far fewer unplanned projects
4. Conduct continual, consistent capacity planning
5. Can evaluate and make decisions quickly
6. Rely on purpose-built project and resource management software, not spreadsheets, for capacity planning
7. Have a strategic center of excellence (CoE) or centralized project management office (PMO)

Balancing Demand Against Capacity: Fueling Innovation Execution

Organizations at the vanguard of capacity planning are in position to execute on their innovation plans. By being capacity-centered, they are able to make decisions in a matter of hours or days, as opposed to week or months. By establishing one view into both pipeline demand and the people resources to do the work, they can run scenarios and make smart portfolio tradeoffs and decisions. The result is a progression from blind investments and decision fire drills to a finely tuned innovation machine that knows precisely what talent is available, where it is applied and how it can best be tapped to fuel growth objectives.



“Our company can evaluate the capacity to take on a new project in days now. Just a few years ago, it took 8 weeks. We are very cautious to ensure the decision data is right. Once we feel more comfortable, we could move even faster.”

– Senior Program Manager,
Global CPG Company”

To learn more about the benchmark study and methodology, visit Planview.com/RMCP/About-Research

For the IT perspective of the Benchmark Study, access the Guidebook for IT Leaders at Planview.com/RMCP/IT

For the product development perspective of the Benchmark Study, access the Guidebook for Product Leaders at Planview.com/RMCP/Product

