Solving The 5 Biggest Resource Management Challenges Facing Agencies

By Moira Alexander

PROFESSIONAL SERVICES businesses have always played essential partnership roles in achieving long-term success when working with clients. However, the role of services companies, such as agencies in the marketing sector, is becoming increasingly valuable due to continual changes, increasingly high client demands, and mounting pressures from innovative competitors that are rapidly changing industries around the world.

Understanding the forces that are reshaping professional services and the industries they serve, as well as the critical ways that services firms need to act in order to succeed, will mean the difference between successful businesses and the companies quickly left behind.

Powerful Dynamics are Reshaping Agencies

While many agencies have been successful in consistently meeting their resource management objectives in the past, recent events have disrupted the status quo. A new world of business is surfacing, posing multiple compounding and unexpected resourcing challenges.

There are five major challenges that will continue to threaten to delay projects or halt work altogether in many companies in the coming year and beyond.

1. The Speed of Change
2. Shrinking Budgets
3. A Shift to Remote Workforces
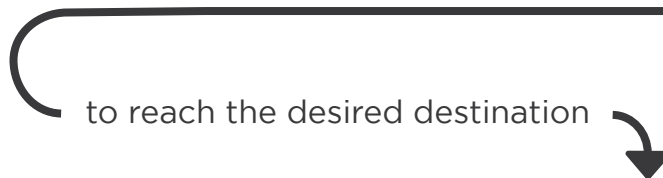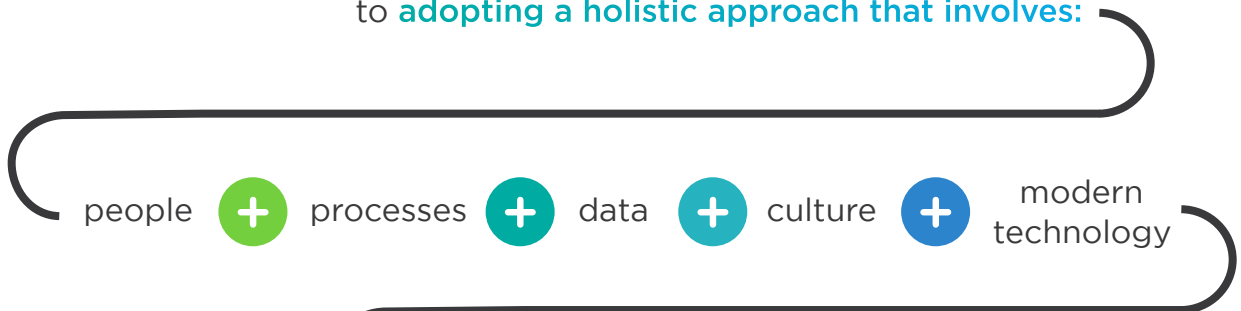4. Supporting a More Diverse Workforce
5. Employee Mental Health

These challenges are especially impactful in services-based companies that have historically relied on their people for face-to-face contact with customers. With rapidly changing industry conditions coupled with inadequate technology, performance is being drastically hindered at companies that can no longer interface in the same way.

For Resourcing, The Time For Acceleration Is Now

At the core of proactively addressing these challenges will be the ability to rethink your company's approach to resource management and its overall operations.

Successful resource management will come down to **adopting a holistic approach that involves:**

people **+** processes **+** data **+** culture **+** modern technology

to reach the desired destination

Sustainable resource optimization

1 Developing Rapid Responses To Rapid Change

Over the past few years, the speed of change has accelerated and imposed additional strain on companies just to survive. While services-based companies, including marketing agencies, have historically relied on face-to-face interactions, allowing for longer lead times to convert to a sale, this is no longer affordable nor practical in modern decision cycles and flexible processes. In marketing, for instance, agility is a modern approach that requires shorter engagements and more flexibility across key areas, such as creativity, budgeting, and media.

Recent global events have been a major driving force behind increasing client demands and faster digital infrastructure adoption. In response, companies have accelerated the digitization of their customer, supply chain, and internal operations interactions by three to four years according to estimates in a McKinsey Global Survey.

Companies that have been successful in their endeavors over the past few years have one thing in common: the adoption of a range of technological capabilities that fill in talent gaps—a more effective approach to addressing resourcing challenges. By building upon modern resource management technology, services organizations are able to optimize their resource usage dynamically and sustainably, and find the capabilities they need to succeed in an increasingly competitive market.

By taking a truly strategic approach to resource management, professional services organizations have the power to maximize, adjust, and better understand usage of all resources across all projects and divisions in real time. This is only possible, however, when businesses have the right technology, processes, resource management maturity, and level of access to a networked economy of resources to continually optimize their resources in accordance with constantly shifting demands. It's through technology and processes that services companies are able to effectively address each of the big challenges they are facing today, empowering them to scalably support the needs of a complex, modern workforce.

Shift Your Approach to Resource Efficiency and Agility

In times of crisis, customers rely on services companies to set the tone. One of the best ways to shift the approach to uncertainty and to handle the speed of change rests heavily on adopting a strategy that involves four aspects, according to Gartner. These aspects are scenario planning, understanding customer sentiment, anticipating impacts, and rethinking plans. While these may not seem new at first glance, the key is doing this with greater agility and impact through a holistic lens.

Engage in Expanded Scenario Planning

Being prepared for anything means identifying and running all scenarios—the best, worst, moderate, and most likely cases. To do so, it's necessary to identify and expand on the market and customer-specific scenarios your agency could experience under existing or changing conditions. Then determine the various outcomes and the actions needed to mitigate or exploit each.

Become More in Tune With Changing Customer Sentiment and Behavior

Instead of addressing issues after they develop or waiting for the market to decide for you, make an actionable plan and get going. Augie Ray, VP Analyst at Gartner, says of agencies, "Among marketing's greatest challenges is foreseeing how the customer wants, needs, expectations, and purchasing decisions will evolve." Good approaches to getting this foresight include establishing 'voice of the customer' (VoC) programs that improve team insight into the impact of changes on customers. It also involves taking an omnichannel approach to drive more engagement to gather data across more channels, including social media, customer emails, phone calls, and chat.

The Four Aspects:

scenario planning **+** understanding customer sentiment **+** rethinking plans **+** anticipating impacts

Reflect on Practical Operational In-the-Field Realities

Combine scenario planning, customer sentiment, and internal operational challenges to get a full picture of what's changed and how. This allows your company to temper customer expectations by making more realistic promises that can realistically address customer service volumes.

Adapt Project and Operational Plans To Meet the New Normal

To address the impact of recent worldwide events, it's becoming critical to establish programs that take restrictions into account in a practical way. Add virtual services that allow customers to interact with your brand, yet maintain restrictions and safety. Adopting a more digital approach to meeting customer needs is a must-have for current and future success.

Because the efficiency of your business relies on its most valuable assets—its people—it all comes down to personalizing digital communications that are more rapid yet effective. Accomplishing this requires modern processes and technologies, leading to a strategic approach which arms professional service organizations with the vigor to better understand, maximize, and adjust resource usage of each resource across all their projects and divisions dynamically. It makes all the difference in being able to rapidly and efficiently scale your resources and business to better deliver on client expectations.

It's important to recognize that technologies can help increase the effectiveness and efficiency of all business activities. The fastest and most flexible companies can adapt the best to the new realities. As a result, these companies develop a huge advantage in the market and are more likely to become industry leaders.

2   Counter Shrinking Resource Budgets

Under the current global operating environment, shrinking budgets have been one of the biggest challenges for service companies such as agencies. In a recent report by Gartner, marketers report that there have already been many delayed campaign launches, altered ad creatives, and forced cancellation of media buys.

With many marketing and digital service agency budgets shrinking, companies are accelerating their shift to adopting digital technologies for greater visibility, agility, and data-driven decision-making. As companies increase their digital infrastructure adoption to offset shrinking budgets, improving project profitability through resource optimization will only become more crucial.

Step-Up Visibility To Optimize Budgeted Spending

It's time to develop a unified service performance view to support real-time decisions that minimize the negative impact of change or unexpected events. In an environment with increasingly tighter margins, customers are demanding pricing transparency. There's an increasing need for real-time insight into daily resourcing, pricing, and the impact on margins. Achieving resource optimization means the smoother running of projects and day-to-day operations to improve visibility.

Align and Weave in Data for Clarity

Aligning and interweaving business data, client project data, and workforce data offers unprecedented visibility into the performance of team members. Achieving excellence requires a unified resource-centric data model that aggregates project, financial, and workforce data to give services companies unprecedented clarity around business performance.

Include Relevant KPIs

Companies need to be able to quickly see the Key Performance Indicators (KPIs) that matter most and make allowances where and when needed in real-time to reduce waste and meet shrinking budgets. This increased insight and visibility across an entire company will ensure spending is maximized in projects and in areas where resources are most needed.

Leverage Advanced Analytics for Better Decision-Making

Advanced analytics can also help accurately identify where budgets need to be reduced or increased. As a whole, effectively using data is a game-changer for fast and accurate decision-making, especially when change happens rapidly; this rapid change creates the urgency that prompts the need for increased agility. Adopting digital technologies provides relevant data and metrics to increase visibility, agility, and data-driven decision-making. It can make the difference between staying on budget or risking any ROI altogether.

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3 Rethinking Your Skills Matching Strategy

It's estimated that more than half (58%) of the workforce needs new skills to complete job duties, but the pool of skills can be expanded by prioritizing skill adjacencies. The good news is, companies can retain and optimize existing resources to close skills gaps by broadening their search to include workers in the gig economy or developing a skills matching strategy that employs both.

Optimizing resources relies on continuously leveraging resource data to factor in all resource possibilities and to dynamically make adjustments as variables change. Taking on-premise, remote, and gig economy workers into account helps to uncover resource availability, match appropriate skills with project needs, and juggle a constantly shifting workforce makeup. The end result is a stronger, more agile team.
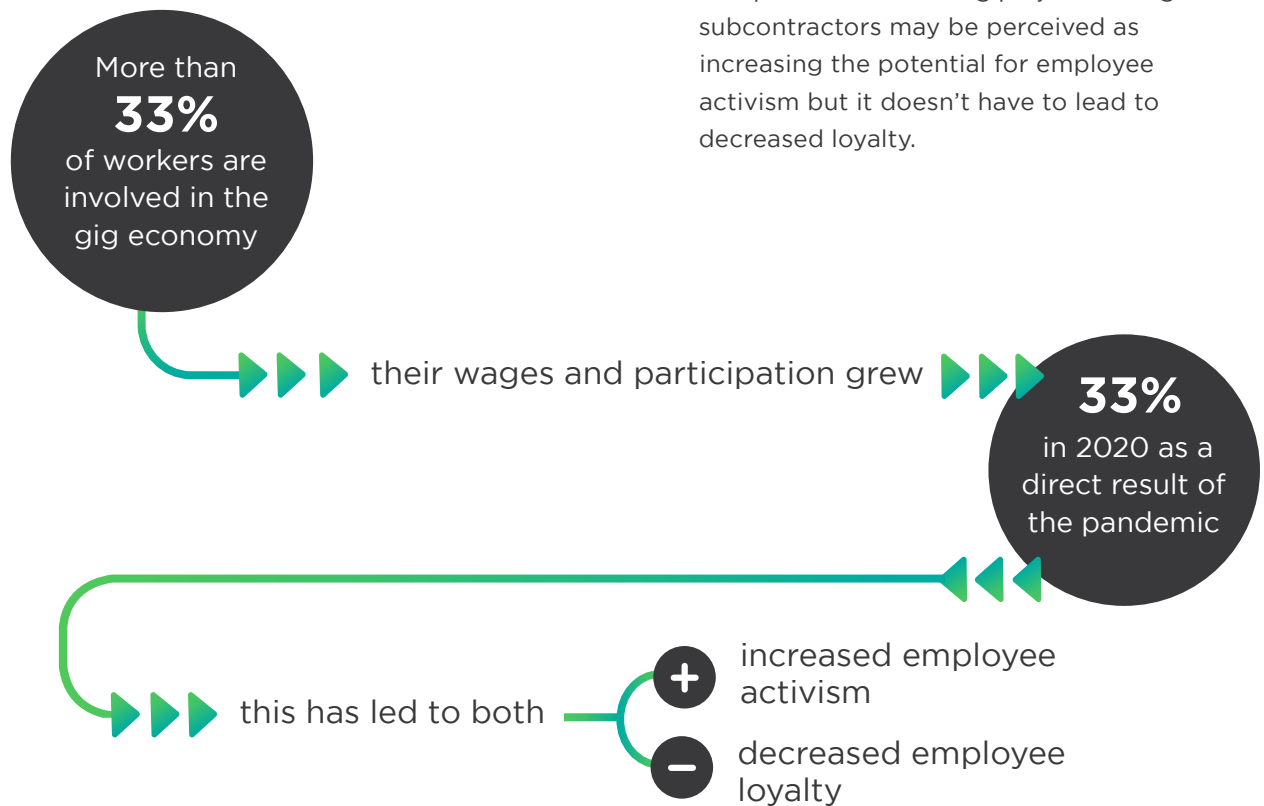
Although the gig economy and remote workers have been around for quite some time, recent events have accelerated the pace of transition to remote work and added to existing workplace transformation issues. For example, with over a third of workers involved in the gig economy, their wages and participation grew 33% in 2020 as a direct result of the pandemic. This has led to increased employee activism, decreased employee loyalty, and further contributed to skills shortages or skills matching challenges.

Uncover Resource Availability: Build Stronger Teams

Recognize the Value of Subcontractors

Despite the disruption to how work is done, the skills remain—just in a different form. But the success of services organizations will rely on how well companies can adapt. One benefit of today's operating environment is increased access to subcontractors. It's estimated that 60% of US workers are engaging in freelancing activities at least weekly, with US freelancers estimated to grow from 57 to 86 million by 2027. This presents a massive talent pool for employers to tap into for resourcing projects. Hiring subcontractors may be perceived as increasing the potential for employee activism but it doesn't have to lead to decreased loyalty.

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+ increased employee activism

– decreased employee loyalty

Harness and Align the Power of Employee Activism

Employee activism is often perceived in a negative light, but it can become an asset during times of disruption because it opens new doors and brings about enlightened and empowered talent. When it comes to skills shortage challenges, the gig economy and remote employees can become effective change agents that bring forward unencumbered forward-thinking and innovation, rather than remaining stagnant in a state of group-think.

The operational and corporate social responsibility (CSR) issues that many companies are grappling to solve today are the same issues many employee activists are passionate about. This creates opportunities to uncover new skills through the gig economy that contribute toward stronger unified remote teams. Teams that are ready to tackle change in a positive and productive manner.

Identify Skills Adjacency

The gig economy also offers services-based companies great flexibility to uncover skills adjacency—and to map the skills needed for projects by focusing on the key areas to support long-lasting workforce resilience, including:

- Predicting the shift in work areas of demand using advanced analytics
- Connecting the subcontractors at scale
- Accelerating remote learning through virtual technologies
- Fostering a greater sense of shared goals and team resilience
- Assessing transferable skills from all sources for resource optimization

4 Diverse Talent Supports Shifting Customer Demands

Lately, much of the workforce has been forced to complete their work remotely. As a result, businesses have quickly recognized the need for access to a vast contract workforce with diverse, hard-to-find skills. Adding to this, Diversity, Equity, and Inclusion (DE&I) initiatives have come into focus, with adoption rates factoring workplace accountability and social responsibility into recruitment policies and practices. This has resulted in a turning point that is anticipated to have a long-lasting effect on current and future hiring practices around the globe.

Embrace DE&I and Broaden Resource Options

The Project Management Institute (PMI) reports that almost 7 in 10 project professionals said their organizations have a recruiting process in place to develop diversity. Why? The most diverse teams are more likely to outperform less diverse teams and can improve project success rates.

Diversity isn't just race or gender: it relates to how a person thinks and what they believe. Through an increased sense of community and support, diversity decreases conflict and increases innovation. PMI explains that to succeed, companies will need to start focusing on specific principles.

Walking the Talk

While there's a clear desire for diversity and inclusion, only 38 percent of organizations prioritize cross-cultural awareness and communication. To achieve real and lasting outcomes, companies need to establish a strategic plan, policies, action, and clear company-wide communication around DE&I initiatives. This plays a massive role in attracting and retaining diverse skill sets.

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Re-Examine the Status Quo

The reality facing companies, especially service-based customer-facing companies, is that there's a need to look at DE&I more seriously. The ROI on diversity and inclusion initiatives is real and measurable; it's all about moving beyond the status quo and developing a culture of belonging. Companies also need to rethink outdated office requirements and outdated systems and embrace more modern technology and processes to better support DE&I initiatives. These initiatives, in turn, will more effectively and more holistically broaden resource options.

Closely Reflect Your Audience

Customers are global and becoming more diverse. To attract and keep clients and business partners, companies will need to find talent that truly reflects their diverse audiences. DE&I initiatives will assist companies in reaching a diverse talent pool and in ensuring that each team member can meet an increasingly diverse client base.

Leverage Technology To Remove Bias

Whether conscious or unconscious, bias exists in the workplace and can play a significant role in derailing the vision of companies. To address this effectively, it is necessary to leverage the tools that can remove human bias and truly staff the best person and help align DE&I initiatives.

Management can identify the optimal resource mix through every stage of every project with mathematical rigor and adjustable parameters for resource recommendations, scenario planning, and inflight requests

5 Balance Workloads To Improve Employee Mental Health

Although workplace stress has always been a factor that has affected employees' health and long-term retention, the shift to remote work and its associated challenges have significantly intensified the impact on an already taxed workforce. This has further complicated resource optimization strategies and turnover in general, with almost half of American workers now suffering from mental health issues.

Today, 51% of workers have reported an increase in mental health symptoms at work, while 75% of 18- to 24-year-olds reported one or multiple mental health symptoms. Anxiety levels have tripled, while signs of depression have quadrupled. But despite these clear needs, team members' mental and physical health can often be neglected.

Adopt the Right Technologies To Reduce Burn-Out

Stress, isolation, social factors, and other workplace issues can play a significant role in the increase in mental health challenges. According to Mental Health America, depression alone is one of America's most costly illnesses. Absenteeism and lost productivity from high employee turnover cost companies over $51 billion annually.

When addressed properly, many benefits can be realized, including:

- Improved productivity and performance
- Improved intra- and inter-team communication
- Decreased human error
- Decreased absence
- Employee retention
- Less team conflict
- Increased customer satisfaction
- More successful projects
- Increased revenue and opportunities

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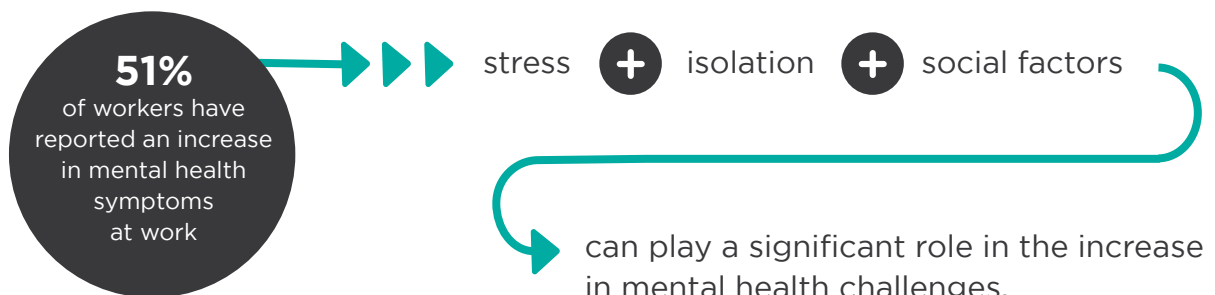
Incorporate Stress-Reduction Initiatives To Reduce Burn-Out

Services-based agencies can be most at risk due to the nature of the services they provide and high levels of contact with customers and should incorporate the following initiatives into the workplace.

- Developing policies for a safe, inclusive, and equal culture
- Enrolling leaders in workplace mental health training
- Soliciting feedback about leadership performance
- Providing a means for anonymous feedback
- Coaching leaders to demonstrate an openness to feedback
- Being respectful and sensitive to each team member
- Welcoming and encouraging employee mental health days
- Communicating frequently and consistently with teams
- Encouraging team members to support each other
- Adjusting to keep up with changes
- Providing the technologies that support each role

Provide Leadership Buy-in for a Healthy Workplace

Healthy workplaces and and overall employee retention also hinge heavily on buy-in from sponsors, executives, and managers, whether working on specific projects or in day-to-day practice. Commitment and genuine support are needed, not just words. Reducing burnout isn't just about policies and procedures; modern technologies can play an enormous role in lessening mental stress. Mental stress in the workplace can often be linked to unnecessary labor-intensive processes that require longer hours and excessive effort. The right technologies can free up time and energy by:

- Streamlining processes to reduce labor-intensive manual workarounds
- Enabling valuable data gathering and analyzing for accurate and faster decision-making
- Connecting remote teams for easier collaboration

With lighter workloads, data to support decision-making, and teams that are more connected, employee stress can be significantly reduced.

On the Road to Overcoming the 5 Challenges

The five challenges resulting from a constantly changing landscape create an overall inability for services companies to reach effective resource utilization rates—leading to missed objectives, missed deadlines, decreased margins, and missed opportunities. It's only by interweaving your people, processes, data, culture, and modern technology into a holistic and strategic approach that the many benefits of resource optimization can truly be reached. With an impact-driven strategic approach and purpose-built technology, services businesses can precisely determine the optimal mix of resources for the ideal outcomes.

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