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"Heroics is not a business model"

Ken is a Senior Operations, Business Analyst and Advisor with over 25 years of experience in the Creative Agency world.
He is a Rutgers University graduate, with a BA in Philosophy and an MBA Finance from Monmouth University
He started his professional career as a typesetter where he led the transition from mainframe to desktop publishing, and ran one of North Americas first Indigo digital print shops.
His Agency experience started at Ogilvy & Mather where he established global studio operations, refined workflows across the US for Ogilvy's largest domestic clients, led client-side workflow optimization work sessions and setup Ogilvy's first client facing ecommerce web publishing solution.
· Saved largest global client $1.5m in a single year through establishment of global studio process changes inclusive of their first global network for file sharing
· Built web based variable print enablement engine with approval workflow for national client to enforce brand guidelines across all marketing communications
· Led workflow optimization seminars both internally as well with key clients
He then moved to MRM Worldwide where he led the transformation of MRMs largest US clients from print-centric to digital. He then onboarded MRM NY's largest single client which required defining and building an "agency within an agency". At MRM, Ken continued honing his operational, analytical and tactical skills to include optimization of resource management, pricing and scoping.
· Led $24m fee client inclusive of scope management and staffing
· Defined and established a new print and digital content studio that operated 18x5 to meet clients production needs
· Grew print and digital revenues 22% over 5 years
· Grew from managing 35 people across 5 departments to 85 people across two offices
· Received highest annual client review scorings for both team and financial management five years in a row
· Was requested by client to lead in the establishment of an internal digital review and approval workflow
With these new "arrows in his quiver", Ken returned to Ogilvy where he established a new solution offering that liaised between the finance and business teams to optimize scoping, establish best practices in resource planning and expanded Ogilvy's reporting methodologies to include the integration of a number of disparate legacy systems to provide clear actionable insights to C-Suite Executives and Stakeholders that were not previously available.
In the last two years, Ken has improved his own analytical toolset by becoming Tableau Desktop Certified so that he can continue to provide highly actionable, informative data to stakeholders in the most user-friendly ways possible to insure both clarity of purpose and engagement.
What follows is a representative case study of working with a client with a complex structure, to define and execute operational dashboards for identifying issues, establishing decision-making criteria and ongoing governance.

MANAGEMENT CONSULTING SOLUTIONS

· Scope Development and Management
· Pricing Strategies
· Operational Analysis
· Resource Planning and Optimization
· Workflow & Process Mapping
· Governance Modeling
· Executive Dashboards
· New Client Onboarding
· New Business Support
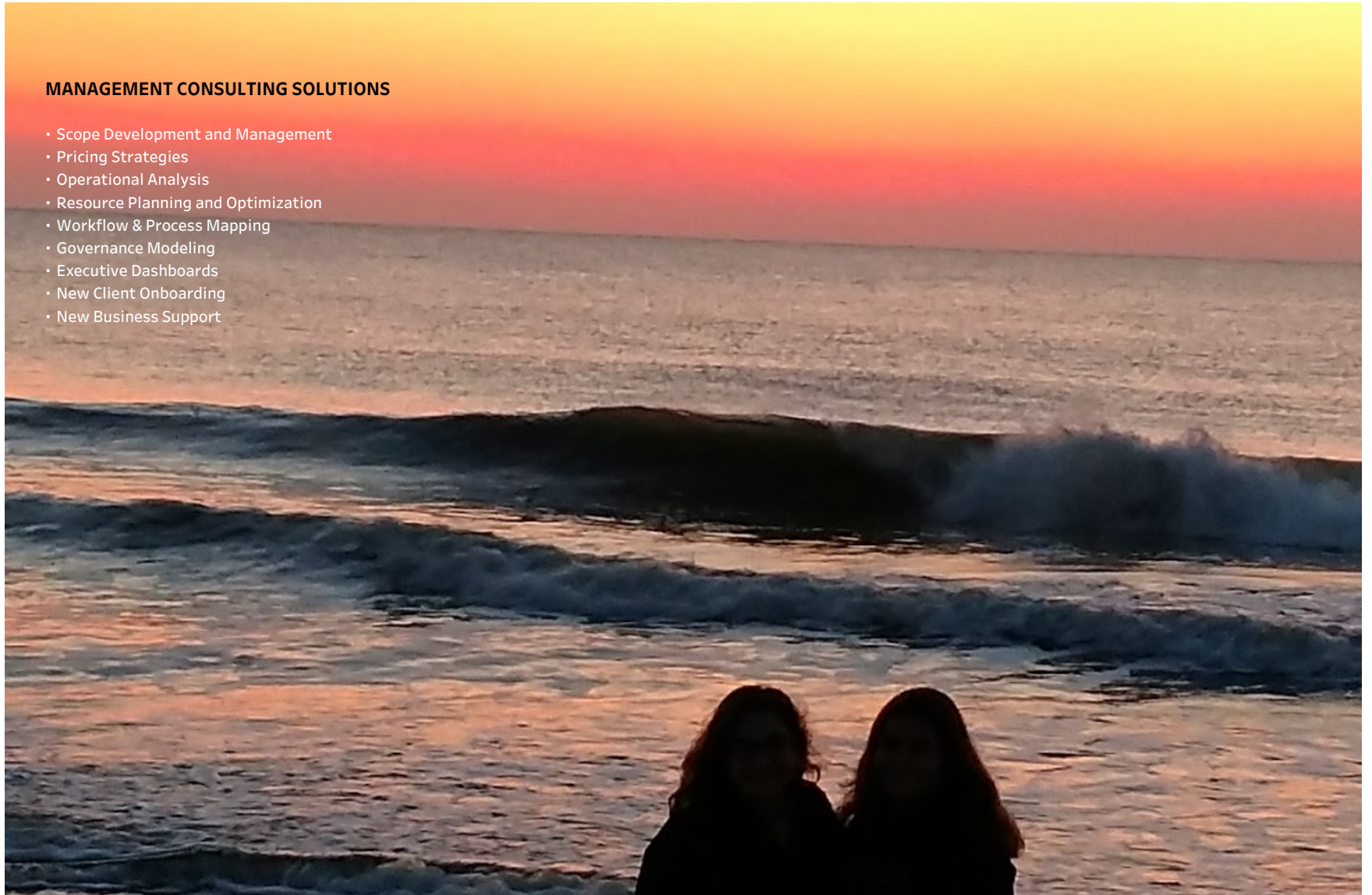
Case Study Overview

Client is a primarily US based professional services organization. They have experienced declining margins and are looking to identify areas of inefficiency and "leakage". The objective is to provide a dashboard suite that can provide key metrics for identifying challenges for early intervention.

There are three primary, distinct, data sources that operate semi-autonomously, with decentralized data capture across a number of different teams and roles
1) A standalone revenue/financial system – System of record for all financial operations
2) A business warehouse system – System of record for time recording and reporting
3) A proprietary enterprise resource planning system – System of record for project planning and resource allocation

Organizational structure is matrixed with differing points of integration between each category. Dashboards need to support filtering along each grouping:

- National
- Regional Solution Groups
- Service Pillars

Financial Overview

Source data: Finance and BW

Clients are geographically dispersed with client revenue "following the resources". Revenue is measured across two distinct groupings (Region - ie homebase of resources engaged) and Service Pillar (capabilities of teams engaged).

FINDINGS
- East region resources are responsible for nearly 53% of net sales
- Professional Services sector is generating the largest share of net revenue (50%), with roughly 20% of that coming from clients located in California. However, Professional Services is down ~$39m over the previous year.
- The largest revenue growth is coming from the Technology Services sector which is up $13m over prior.

NEXT STEPS
Identify revenue leakage in Professional Services
Continue to focus on growth represented in the Tech Services and Consulting business units
Look at alignment of resources to client physical locations, are there opportunities for logistical optimization

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■ East	■ South	· $0.00M	○ $10.00M
■ Midwest	■ West	○ $5.00M	○ $13.28M

Net Sales by Region

	Proforma	MCF
Grand Total	$230.34M	$223.41M
East	$124.09M	$118.22M
Midwest	$63.31M	$54.79M
South	$32.90M	$38.71M
West	$10.04M	$11.68M

Net Sales by Service Offering

	Proforma	MCF
Grand Total	$230.34M	$223.41M
Consulting	$31.79M	$50.02M
Health	$17.67M	$19.35M
Manufacturing	$27.78M	$26.87M
Professional Services	$145.00M	$106.11M
Technology Services	$8.09M	$21.06M
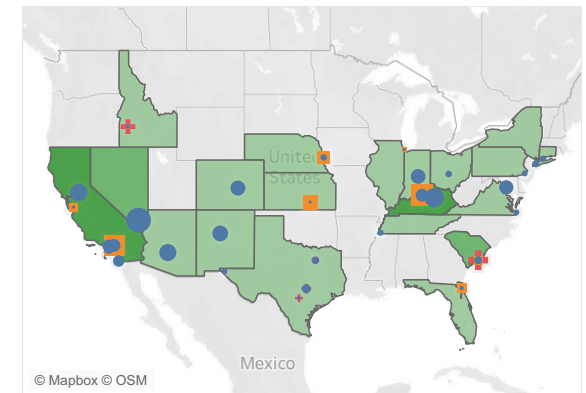
Grand Total		$223.41M
CA	Total	$47.68M
	East	$27.11M
	Midwest	$14.51M
	South	$4.45M
	West	$1.61M
KY	Total	$32.18M
	East	$17.77M
	Midwest	$11.43M
	South	$2.51M
	West	$0.46M
NV	Total	$20.14M
	East	$16.03M
	South	$2.09M
	Midwest	$1.92M
	West	$0.10M
SC	Total	$17.81M
	South	$10.42M
	Midwest	$3.53M
	East	$3.16M

Resource Optimization

Source data: BW and ERP

The service pillars are capabilities groupings based on skills and services. Resources may be geographically dispersed, but fall under a single aggregation based on specific clients needs. A client can (and often does) engage with multiple service pillars. All measures are based on direct billable resource only. (I.e., no O/H or support resources are tracked here).

FINDINGS
- There are 657 resources working across all service pillars, with 82% of their time engaged in activities directly related to clients
- 8% of the time is on non-revenue related activities (Admin).
- 73 people (11% of the 657 billable resources) are working below the standard equivalent (ie underburn against full capacity)
- At 8,729 hrs underburn with an average sell-rate of $100/hr we are losing $873k of potential billable time due to inefficiency.

NEXT STEPS
Work with service pillar leadership to optimize resource engagement under each of their groups, including acceptable targets.
Identify underachievers for additional training and support to maximize contribution value
Undergo a team skills assessment to align resources with demand

Year-to-Date Hours (Direct Staff only - Fulltime Active)

Legend:
- Admin / TTW (%)
- NBZ / TTW (%)
- Internal / TTW (%)
- Dir / TTW (%)
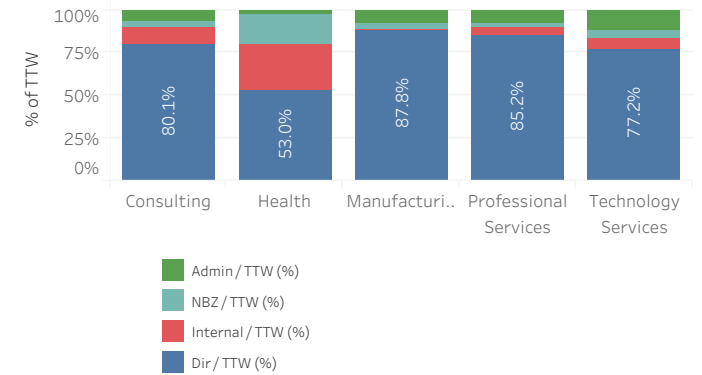
Year-to-Date Hours (Direct Staff only - Fulltime Active)

	Std Hr Equiv	TTW	Direct Hr	Dir / TTW (%)	Indirect Hr	Indir / TTW (%)	Adm / Sem	Admin / TTW (%)	TTW< (Std-OOO)	lost efficiency	Total H/C
Grand Total	646K	658K	541K	82.2%	117K	17.8%	53K	8.0%	73	8,729	657
Consulting	166K	170K	136K	80.1%	34K	19.9%	11K	6.7%	10	3,755	176
Health	10K	11K	6K	53.0%	5K	47.0%	0K	2.3%	1	49	10
Manufacturing	59K	62K	55K	87.8%	8K	12.2%	5K	7.4%	0	0	65
Professional Services	294K	302K	257K	85.2%	45K	14.8%	22K	7.4%	49	3,576	292
Technology Services	118K	113K	87K	77.2%	26K	22.8%	14K	12.5%	13	1,349	114

Capacity Management

Source data: Finance and ERP

Phased tracking is based on five critical measures.
1) MCF - This is the current revenue model from sales/finance teams (revenue recognized YTD + the remaining forecast).
2) Actual - This is the fee cost of labor spent YTD. The cost of labor at client rates.
3) Util Plan - This is the capacity plan for each client team based on known and antiipated work. This is the expected labor demand.
4) Sold - This represents contracted project work at agreed to fee rates.
5) Act + To Go - Is an aggregated view which represents sunk opportunity costs (YTD fee equiv) along with the rest-of-year forecasted utilization fee.
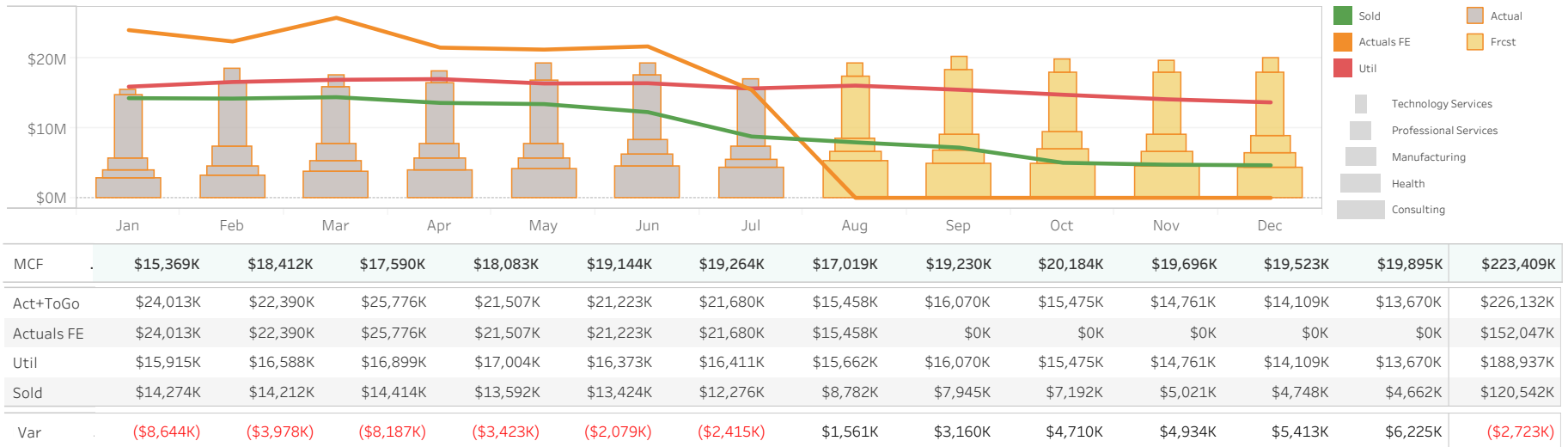
FINDINGS
- We have an overabundance of resource costs being applied (Actual) without an equivalency of revenue (MCF)
- With a FY Forecast of $223m against a Fee Equivalent of Actual+ToGo of $226m we are not on track to "catchup"

NEXT STEPS
In order to minimze the gap we need to improve back half utilization (ie, reduce staffcosts or increase revenue)
We should look to adjust staffing to align with revenue forecasts where possible
Challenge/encourage account to increase revenue opportunities...ie "walk the halls"

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
MCF	.	$15,369K	$18,412K	$17,590K	$18,083K	$19,144K	$19,264K	$17,019K	$19,230K	$20,184K	$19,696K	$19,523K	$19,895K	$223,409K
Act+ToGo		$24,013K	$22,390K	$25,776K	$21,507K	$21,223K	$21,680K	$15,458K	$16,070K	$15,475K	$14,761K	$14,109K	$13,670K	$226,132K
Actuals FE		$24,013K	$22,390K	$25,776K	$21,507K	$21,223K	$21,680K	$15,458K	$0K	$0K	$0K	$0K	$0K	$152,047K
Util		$15,915K	$16,588K	$16,899K	$17,004K	$16,373K	$16,411K	$15,662K	$16,070K	$15,475K	$14,761K	$14,109K	$13,670K	$188,937K
Sold		$14,274K	$14,212K	$14,414K	$13,592K	$13,424K	$12,276K	$8,782K	$7,945K	$7,192K	$5,021K	$4,748K	$4,662K	$120,542K
Var	.	($8,644K)	($3,978K)	($8,187K)	($3,423K)	($2,079K)	($2,415K)	$1,561K	$3,160K	$4,710K	$4,934K	$5,413K	$6,225K	($2,723K)

Staff Optimization

Source data: ERP

We track resourcing across two groups:
Bill type: Reconcilable v Nonreconcilable
Resourcing: Named v TBD

- For non-reconcilable clients, we want to use the most effective resources as possible to optimize revenue generation. If existing resources can execute on a more timely basis, then that can have a positive impact to margin growth. Conversely putting senior staff on junior projects is a sure-fire margin killer.
- Conversely for reconcilable clients, inability to find resources (TBD) can put revenue generation at risk. We need to close all TBD in reconcilable sold work if we expect to achieve targetted revenue.

FINDINGS
- We have 67 TBD resources in plans that should be reallocated against existing staff especiially when we have an abundance of Admin time being booked
- 20 of those TBD resources are assigned to committed opportunities for reconcilable clients which represents revenue risk of $6.5m if not closed in timely manner

NEXT STEPS
Confirm staffing gaps against critical roles.
Realign resources that are underutilized to unfilled roles where possible.
Close open roles, including a skills assessment to be sure we have the right people in the right places to optimize staff cost/revenue alignment.

Revenue Risk (Direct Staff only)

		Non-Reconcilable			Reconcilable		
		Contracted FTE	Contracted Fee E..	% of Total	Contracted FTE	Contracted Fee E..	% of Total
Grand Total		265.8	$102,578K	100%	98.2	$35,779K	100%
Named Resource	Total	218.9	$85,979K	84%	77.7	$29,226K	82%
	Health	0.2	$150K	0%	0.9	$487K	1%
	Consulting	44.2	$15,927K	16%	5.2	$1,483K	4%
	Manufacturing	13.3	$5,572K	5%	24.6	$9,696K	27%
	Professional Servi..	132.5	$53,907K	53%	19.4	$7,136K	20%
	Technology Servic..	28.6	$10,424K	10%	27.6	$10,424K	29%
TBD	Total	46.9	$16,599K	16%	20.4	$6,553K	18%
	Consulting	4.2	$1,270K	1%	0.5	$106K	0%
	Manufacturing	2.8	$911K	1%	3.9	$1,200K	3%
	Professional Servi..	35.0	$12,965K	13%	10.4	$3,419K	10%
	Technology Servic..	4.8	$1,453K	1%	5.7	$1,828K	5%

Effective Rates

Source data: Finance and BW

	Eff Rate Avg	YTD Hrs	YTD NS	FY Frcst
Grand Total	$169	740,548	$124.88M	$223.41M
>$200	$273	264,742	$72.30M	$117.79M
<$200	$111	475,807	$52.58M	$105.62M

Effective rate monitoring (YTD revenue / YTD fee equiv labor) is critical to achieving margin optimization. By tracking the effective rates of each client we can identify where problems may exist. Using $200/hr as our E/R target, we can see how many clients are providing positive ROI and how many are under-performing.

FINDINGS
- Roughly 43% of our client revenue to date is coming from under-performing client teams.
- We have almost as many clients below E/R target (46) as above (55). With an average E/R dilution of $111 against those 46 clients.

NEXT STEPS
Work with client teams to identify causes for their low E/R and work together to rectify - solutions may include one or more of the following:
- Scope analysis and scope development training
- Fee/Ratecard analysis and contract review
- Change Order management
- Negotiation training
- Client risk assessment

Effective Rate Group