

WHITEPAPER

Authors:

Dr. Julia Schreier and Tamara Huber

October 2024

Effective Resource and Financial Management via Rolling Planning

Table of Content

- 1 | The Initial Situation: A Common Problem
- 2 | The Reasons: Understanding the Difficulties in Managing Resources and Finances
- 3 | The Solution: Steering Holistically, Utilizing Data and Knowledge and Consequent Rolling Planning
- 4 | The Execution: The Pathway to Rolling Planning
- 5 | The Essence of Rolling Planning

Every organization juggles resources, budgets and timelines to achieve its strategic, tactical and operational goals. The question is how to manage these seemingly conflicting edges, and how to get an overarching, up-to-date view that allows decision makers to take proactive action without a lot of effort. This question is an old one, yet we still see the struggles and their many impactful implications. The reason is that besides all AI and prognostic calculations, we are still humans and oftentimes can neither see the full picture for now nor for the future. Combined with overconfidence, this leads to ending up in handling more topics than can be managed. This article thus provides guidance for CEOs, COOs, CIOs, and decision makers on the still relevant topic of how to efficiently and accurately plan resources and finances to achieve their business goals.

In trying to manage the conflicting aspects, it is common human behavior to try to get a firm grip and therefore get lost in security thinking and precise planning. Normally precise planning corresponds to centrally gathered, and therefore often wrong, annual resource and financial planning. This, in turn, leads to a lack of high-level, strategic, current, and continuous overview of capacities and finances to inform decision making. As the big picture is missing and one is lost in the details, a lack of flexibility to adapt to change results and can culminate in a seemingly expensive and unfocused IT organization.

An unfocused IT organization comes with too many demands and tasks for the available employees and too small budget to solve the right demands and tasks immediately. Instead, this whitepaper shows a steady and continuous way to make capacity and finance management more predictable and feasible. Approaching the challenge with rolling planning leads to good resource utilization and financial position as the desired goals will be reached in time without overutilizing or underutilizing of resources. Transparent, continuous planning makes it possible to work fact-based, to have less emotional discussions and to create more understanding for management decisions such as shifting priorities, scheduling and staffing of e.g., projects. Justification pressure is thus reduced by making visible what can be done to move the organization forward while adhering to the financial and personnel restrictions. In addition, the availability of up-to-date as well as relevant data for decision-making enables the desired control of resources and finances.

In the following, first, the motivation for capacity and financial management and second the challenges and pitfalls in the realization are reflected and explained. Third, a strategic solution design to overcome the common mistakes is presented. At the end, concrete steps, operational measures and best practices for successfully implementing rolling planning are illustrated.

1 | The Initial Situation: A Common Problem

Every organization juggles resources, budgets and timelines to achieve its strategic, tactical and operational goals. This balancing act is not an easy one. According to Gartner “Effective resource capacity planning manifests as improved portfolio value realization. While effective portfolio management depends on optimizing resources, less than one-fifth (16%) of organizations are effective in resource capacity planning”. Effective means there is reliable delivery with good resource management and employee engagement. This lack in effectiveness results in overstretched staff, project delays, and excessive project costs. Gartner report “As a result, organizations are under continuous pressure to change plans. In the past year, 64% of strategy leaders told us at least 50% of their business plans needed to change after concluding annual planning. They also told us their organizations haven't been effective at this — only 29% of strategists agree their business changes plan fast enough to respond to disruption. The business agrees, too — in a survey of business unit and function leaders, only 38% agreed their plans kept pace with disruption.”

Such numbers are not only true for the resource management, but also for the cost management. One in six projects on average overrun their cost estimations by 200% and their schedule by 70% (Flyvbjerg, Budzier, 2011). On average, IT projects exceed their original budget estimates by 45 percent, experience delays of approximately 7 percent, and deliver 56 percent less value than originally anticipated (Bloch, Blumberg, Laartz, 2012). Moreover, the duration of a project is a critical factor in determining its likelihood of success. For each additional year, the probability of cost overruns increases by 15 percent (Bloch, Blumberg, Laartz, 2012). Notably, 17 percent of IT projects fail to such an extent that they endanger the very viability of the organization involved, illustrating the profound risk associated with ineffective resource and cost management (Bloch, Blumberg, Laartz, 2012).

2 | The Reasons: Understanding the Difficulties in Managing Resources and Finances

Why are cost and time estimations so bad when the goal of resource and financial management is to use (financial) resources efficiently and in line with the company's strategy? Because good resource and financial management requires transparency about current and planned activities, the resources required (now and in future), and the strategic goals of the organization. This transparency is often lacking, leading to unnecessary costs, over-utilization, demotivation, and poor investments. In the following we highlight three common causes that provoke bad resource and finance management.

Cause 1: Getting Lost in the Bermuda Triangle of Resources, Costs and Timelines

Managing a business is a tightrope walk between resource, cost and time constraints and it is easy to get lost in decisions on resources, costs and timeline and their interdependent consequences (see Figure 1). This lack of clarity and alignment with all stakeholders on which corner or path of the triangle to prioritize can lead to significant challenges. An uncoordinated approach leads to misaligned expectations among stakeholders, frustration, and failure to achieve goals. Then, even when everyone tries it's best, a stakeholder can always criticize the focus of a team working on an outcome. For instance, if a project team focuses solely on minimizing costs without considering the necessary resources or timeline, the quality of the deliverables may suffer, employees are overloaded, and the finish date might be moved to the future. This ambiguity can create a cycle of rework, additional coordination needs and increased stress and even conflicts among all stakeholders.

In trying to manage the conflicting aspects, it is easy and common human behavior to conquer this uncertain and unpleasant situation with false security thinking. Leaders and controllers walk on the security path and try to be as precise as possible in annual resource and financial planning. It is a common assumption that early planning at a high level of detail can avoid coordination and other costs later. This assumption would be true if the environment and associated requirements did not change at all, and the data is reliable. But circumstances, resources, and budgets change continuously, especially in the

IT as there are lots of dependencies with other departments in organizations and correspondingly external control actions. For example, an organization planned its budget based on a projected increase in sales. Midway through the year, a competitor released a disruptive technology, drastically altering the market landscape. The organization's rigid financial controls prevented it from reallocating resources quickly, resulting in missed opportunities and a delayed product launch. This inflexibility can lead to significant financial losses and a tarnished reputation, as the organization struggles to adapt to new realities while being bogged down by outdated plans.

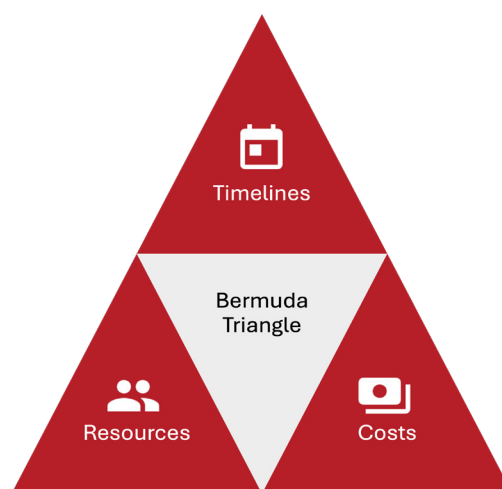


Figure 1 | The IT Bermuda Triangle

Cause 2: Missing the Full Picture

The other side of the coin of planning in too much detail shows another common trap: Planning too little or planning on short-term. In the IT landscape, organizations face conflicting demands as they need to balance the development of innovative projects with improving and maintaining the existing services. Usually, the full picture on the resources and costs needed for all services, projects and improvements is missing and there is only a focus on the running projects. This leads to a situation where dependencies cannot be evaluated and where the long-term consequences of decisions on new topics are overlooked. For example, the organization may already be busy working on existing issues. A new project might bring the barrel to overflow. And if not, the tipping point may lay in the future: Formerly new projects will put additional operational burden when being transitioned to the day-to-day run business, resulting in a growing service base that strains resources. Additionally, this creates dependencies on specific individuals who possess

unique expertise related to old and new services. As a result, the organization may find itself vulnerable if these key personnel are unavailable, further complicating the management of both new initiatives and legacy systems. For instance, an organization may prioritize new software development while neglecting the maintenance of legacy systems. This can lead to a situation where critical services are compromised due to a lack of resources allocated for their upkeep.

Taking the described consequences into account, it is essential to maintain a centralized overview for effectively managing an organization across several departments. This ensures collaboration and coordination across teams, facilitating knowledge sharing and resource allocation. As companies grow and decentralize, the perception of workload and priorities can vary significantly between departments. Larger organizations face challenges concerning political dynamics, where competing interests can complicate coordination, cooperation, and decision-making. The more decentralized the planning becomes, the greater gets the risk of fragmented approaches, leading to overestimation of available resources, overconfidence in project capabilities and non-consideration of dependencies.

Addressing these challenges requires a strategic approach that considers the implications of resource allocation across the entire portfolio and organization. Otherwise, too much attention is paid to sub-problems and their details. For example, you will then find a CIO deciding which employee works on which work package. Another common pitfall here is to talk about new demands. But even a sophisticated demand management does not help when there is no available capacity to work on these demands. Many focus on discussing charging issues while there is no ability to control cost generation. So as soon as one problem is solved, the next one pops up - without systematically improving the overall situation.

Cause 3: Lacking Comprehensive Foresight

Relatedly, as humans we lack a comprehensive foresight regarding the future. Organizations thus often rely on historical data which fails to account for emerging trends or shifts in customer behavior. On top, despite their best efforts, traditional annual resource and budget planning is often based on outdated and non-holistic assumptions and data. When management

tries to use this data during the year to manage the organization, the data is even more outdated. In sum, managers often must make decisions while being blind not only to the future, but also to the present.

Consequences:

The culmination of these issues leads to a number of problems: First, a lack of transparency, which means making decisions while flying blind. Second, having no or the wrong baseline to adapt to. Third, being overwhelmed with tasks, which leads to inefficiency and demotivation of employees. Fourth, high costs leading to pressure to justify to the business.

First, when capacities and utilization rates are not well-known, teams operate in silos, often making decisions based on incomplete or outdated information. This lack of transparency can lead to overcommitment of resources, as departments may overestimate their available capacity, assuming that they can take on additional projects without considering existing workloads. Consequently, this can result in bottlenecks, project delays, and employee burnout, as teams are stretched thin trying to meet unrealistic expectations.

Moreover, the inability to maintain a continuous overview of capacity and finances hampers strategic planning efforts. Organizations may find themselves reacting to crises rather than proactively managing resources to align with long-term goals.

Second, steering happens in a black box, because there is no up-to date data baseline concerning capacities and financials. So even though the organization is in a reactive mode, handling occurring challenges well is nearly impossible without this baseline knowledge. As a result, managers use the outdated annual planning. But these plans that are not adjusted throughout the year hinder the development and execution of long-term strategies – there is no flexibility to react to changes. While trying to handle these conflicting edges, in the end the strategic goals get lost.

Third, the problem manifests itself further in inefficient resource and finance planning. Organizations and humans typically overcommit the amount of workload they can deliver. So on top of the management mistakes (see above), all the small overcommitments sum up.

These cause employees to switch between tasks frequently. This in turn not only increases switching costs but also diminishes overall productivity as there are consequences on the dependent tasks that cannot start on time. This means an non-negligible extension in duration of initiatives (Handler, Davies 2021). Employees are stretched thin, leading to missed deadlines and subpar work quality. This can create a culture of heroism, where employees feel pressured to work overtime to meet expectations, ultimately leading to demotivation and , at worst, burnout.

Fourth, regarding finances, the high costs associated with the before mentioned issues and unclear budget situations can create a cycle of blame and distrust within IT departments and the whole organization. This environment fosters miscommunication and a lack of collaboration, further exacerbating the challenges faced by the organization. In summary, the failure to effectively plan resources and finances can lead to significant operational inefficiencies, financial losses, and in extreme cases, a toxic workplace culture. Organizations must embrace adaptive methodologies and foster a culture of transparency and adaptability to navigate the complexities of today's dynamic market landscape.

3 | The Solution: Steering Holistically, Utilizing Data and Knowledge and Consequent Rolling Planning

In the following we present to every cause (conflicting edges of resources, costs and timelines; missing the full picture; lacking comprehensive foresight), that has been described in detail above, an approach how they can be overcome and avoided. Continuously setting a direction, getting a holistic transparency on the resources, costs and timelines via consolidating knowledge and data, rolling planning, decentral decision making leads to a motivated fulfillment of organizational demands (see Figure 2).

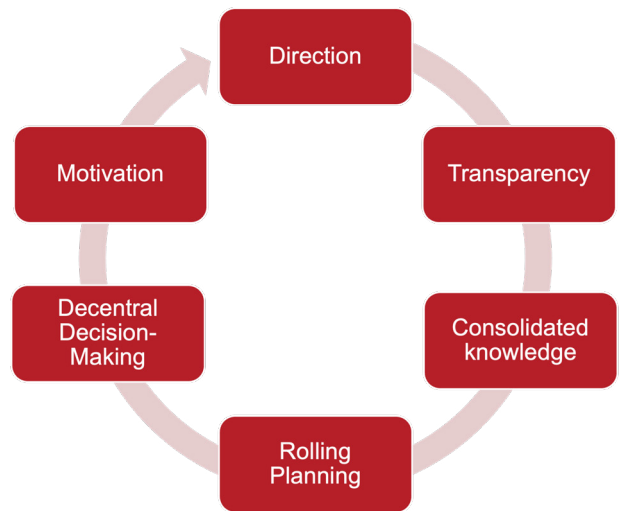


Figure 2 | The solution is to continuously use the deviation between status quo and goal and steer and adapt accordingly.

Holistic Transparency as a Solution to the Bermuda Triangle of Resources, Costs and Timelines (Cause 1)

To effectively address the challenges posed by contradictions and dependencies in resource and financial planning, organizations can resolve their lack of transparency by adopting a holistic approach that considers all relevant factors and their consequences and dependencies in one place, e.g., a suitable management software tool. The second step is to accept uncertainty and conflicts. Via engaging stakeholders throughout the planning process diverse perspectives and needs are integrated. With keeping all relevant stakeholders informed and in the decision loops expectations and actions are aligned. For example with a joint decision to focus on digital end-to-end processes, it is possible to challenge upcoming demands on buying and using a diverse new set of applications. In essence, this approach provides clarity and alignment on where to focus, when to focus, and why. Thus, the IT can move toward its vision with business alignment. The execution of this vision also requires visibility into the status quo and what capabilities lack or need to be optimized.

Consolidating Data and Knowledge as a Solution to Missing the Full Picture (Cause 2)

Two aspects are crucial to obtaining a consolidated, integrated, and meaningful knowledge on all these aspects. Getting a good reliable data base needs data on all initiatives, i.e. planning not only the projects and improvements (change part), but also the services (run part) (see Table 1). And to build your data on the knowledge of the masses, meaning the relevant knowledge holders in your organization, resulting in an overview across all departments and their dependencies. By combining decentralized knowledge with a centralized view, organizations

can achieve cross-departmental portfolio resource and financial management. Bottlenecks and interdependencies become transparent. This enables to act and hire additional personnel that can widen the bottleneck. But not only the management is getting a good base to act. This holistic view also enhances collaboration and empowers teams as everyone gets the ability to not only check the consequences, but also act on them. When addressed with new requests the IT management and each employee can point out the consequences on existing running topics. This understanding of constrained capacity is a prerequisite for effective capacity and portfolio management.

Run the Business:

Activities aimed at maintaining operations are summarized under the term “run the business”. These activities are characterized with a high degree of planning certainty. Prior planning data provides an efficient and reliable basis for extrapolation.

Change the Business

Activities aimed at change and transformation are summarized under the term “change the business”. These activities are characterized by a high degree of uncertainty. Regularly updating planning data provides a basis for exploring new endeavors and adapting budgets as required.

Table 1 | Differences in planning “run the Business” and “change the business” Activities.

Rolling Planning as a Solution to Lacking Comprehensive Foresight (Cause 3)

After having a holistic view with the inclusion of the knowledge from across the organization, this planning process must be done continuously to get a continuous up-to-date view. This method is called Rolling Planning and addresses the pitfalls of overly detailed or insufficient planning by focusing on the

appropriate level of detail at various stages (see Box 1). The Rolling Planning approach enhances flexibility within IT organizations, enabling to effectively manage capacities and costs while responding to dynamic market conditions and shifting priorities. This is achieved through following a two-step approach, as knowledge increases with time each step increases the planning details over time:

Rolling Planning is defined as a flexible planning approach that allows organizations to adapt to changing circumstances. It might be known from Rolling Wave Planning which is often associated with agile methodologies, which emphasize planning in phases, where details are fleshed out as initiatives progress. In financial planning the term Rolling Forecast is primarily used and involves continuous forecasts based on the latest data and trends. These regular updates can be called planning in waves, loops or updates. They all have in common that frequent updates ensure that plans remain relevant and responsive to changes.

Box 1 | About the term Rolling Planning

1. Annual Planning:

When it comes to annual planning, current and new initiatives need to be evaluated against strategic goals and prepared for potential resource and costs conflicts.

- Are there any portfolio items that will not be addressed due to limited resources and budgets?
- Is there a poor match with the expected long-term business outcome?
- Should all topics be implemented as planned or did priorities change?
- Should capacities be shifted to internally built-up new capacities, or extend the pool of available capacities by external support?

Once these questions have been answered and decisions have been accordingly made, it is worth looking at key resources and possible resource conflicts. Finance-wise contracts can be checked to identify cost-savings.

2. Intra-Year Sequencing:

As employees have a better knowledge on durations of tasks, they are included in the planning process via self-planning the upcoming two months. To monitor progress and adjust capacities with precision actual time consumed is also reported by the employees. Using the plannings and comparing those to the employees' self-planning and time reporting capacity conflicts and deviations can be identified. It is possible to spot whether resources have been used as expected and whether the anticipated benefit has been delivered and if not to adjust plannings accordingly. The same goes with costs: Actual incurred costs are compared to the planned costs and if necessary decisions can be made to adapt to changing circumstances. For example, when costs need to be saved, services and applications can be merged, and synergies can be used.

Consequences

With using and acting on such a holistic view (plannings across the organization and rolling planning) high-level and detailed transparency is achieved. This enables focusing on the strategic goals and executing them while consciously

controlling resources, costs and timelines. Rolling planning provides a consistent overview of planned and ongoing activities and required resources at all times. In addition, they help to strengthen the alignment of resources with the company's strategic direction. By taking a short cyclical approach and creating a consistent perspective, rolling planning facilitates the direction of all actions towards a common goal with a flexibility to react to constantly changing requirements. With the participation of everyone in consciously managing the plannings, self-plannings and time reportings and the continuous alignment on initiatives to tackle, this enhances motivation among proactive employees. By fostering cross-departmental portfolio and resource transparency, organizations can identify bottlenecks, thereby facilitating feasibility in project execution. This again leads to employee and management satisfaction. The ongoing transparency and alignment also ensures stakeholder participation, satisfaction, and valuation, or at least understanding for the circumstances.

4 | The Execution: The Pathway to Rolling Planning

Last but not least, using the solution of Rolling Planning in your IT organization starts with small easy steps, that just need to be executed.

Full transparency is the foundation.

When management and employees lack visibility into who is engaged in which projects and to what extent, coordination often bottlenecks at a central management point. In the worst case the CIO then needs to decide who can work on which projects. To combat this, implementing a unified system that tracks resources, finances, and timelines and allows information access to everyone is essential. This system should provide real-time insights into ongoing projects. This enables teams and employees to collaborate more effectively and make informed decisions. When everyone is involved, they need transparency on all ongoing activities at the right level. By categorizing services, projects and continuous improvements as contingents for smaller topics, organizations can streamline

processes. A common pitfall is creating overly granular services. A helpful rule of thumb is to maintain a service count equal to a quarter or half the number of employees (depending on the size of the organization) to avoid unnecessary complexity. What is often missed out are small improvements, which can be collected in change contingents. These can reduce planning efforts, enhance planning certainty, and facilitate decision-making. Projects need to be planned coarse first and then can be fine-tuned via the knowledge of the masses. Decisions on execution and adjustments should be made where they are most relevant and can provide the highest benefit. Clear responsibilities for who owns the planning for a service or big project need to be implemented. This transparency then enables taking full responsibility for each one's work.

Continuous rolling adjustments are made possible via different levels of detail across various time horizons.

Annual plannings give a coarse prediction. For more granular predictions the upcoming two months are ideal. Continuous updates to this self-planning process ensure that it reflects the current situation, minimizing uncertainty and rescheduling efforts. Plannings can then be adjusted before execution. After execution, plannings can be measured against actual performance. This enables adjustments for the future and ends in a steering circle.

References

Bloch, Michael; Blumberg, Sven; Laartz, Jürgen (2012): "Delivering large-scale IT projects on time, on budget, and on value", <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/delivering-large-scale-it-projects-on-time-on-budget-and-on-value#/>

Flyvbjerg, Bent; Budzier, Alexander (2011): "Why YOUR IT Project May Be Riskier Than You Think", <https://hbr.org/2011/09/why-your-it-project-may-be-riskier-than-you-think>

Gartner (2024): "Quick Answer: Is Resource Capacity Planning Worthwhile?", By John Spaeth, 28 August 2024.

Gartner (2024): "Adapting Plans to Respond to Disruption: Build Business-Compatible Planning Experiences", By Corporate Strategy Research Team, 1 April 2024.

GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

By maintaining such a data-driven approach, organizations can ensure that their resource and finance management strategies are both effective and adaptable. There is always a data basis to discuss necessary adjustments and to have a shield against unrealistic expectations. Therefore, establishing a transparent and structured approach to resource and finance management is enhancing operational efficiency and strategic alignment.

5 | The Essence of Rolling Planning

Organizations face significant challenges in resource and financial planning, with only 16% managing these aspects effectively, resulting in overstretched staff, delivery delays and high costs. There is a solution to manage resources, costs, and delivery, getting an oversight, foresight and being able to reach strategic goals. This solution is first, a holistic unified system that shows all the necessary data. Second, it incorporates the knowledge of many. Third, it is updating the data with rolling planning. Together, they unleash their power to improve delivery, flexibility, and employee engagement while reducing costs. Overall, unleashing the potential of the entire organization.

About the Authors:

Dr. Julia Schreier

Leveraging experience across different fields - from Industrial Engineering and Management to People, Julia's passion is enhancing knowledge and creating value by exploring and sharing innovative concepts and management insights. A key facet of her expertise involves effectively bridging the gap between academic insights and practical applications, particularly in addressing management topics and organizational challenges. This multifaceted background uniquely positions her to contribute valuable impetus to initiatives aimed at fostering comprehension, continuous growth, and progress.



Tamara Huber

With her extensive experience as an industrial engineer, Tamara looks at IT management challenges from both a technical and business perspective. As an innovation expert, she is aware of future developments. She has gained practical experience at the interface between science and business in numerous innovation and transformation projects, which has sharpened her understanding of the associated challenges. Her holistic view of companies and her drive to develop comprehensible solutions for complex challenges bring new ideas and aspects to the composition of the management of IT organizations.



Interested in Reading More About BeeCore?

Read our whitepaper “Holistic Management | Effective Steering | Fast Execution” about the principles for enabling fast execution.

In the past, we have repeatedly experienced periods of high volatility. These movements describe a change in the speed of environmental changes and a turn in the direction of market development. It is possible to win in these turns. In order to win, a fully coordinated plan is needed, as well as the fast execution of such a plan.

BeeCore makes it possible to create and communicate a fully coordinated plan and its fast execution. To achieve this, BeeCore defines procedures for holistic management, practices for effective steering, and principles for fast execution.

This paper elaborates on the principles of a fast execution.



 [Download the Whitepaper here](#)

*Bee360 is your partner for holistic management.
We stand with you in your transformation journey and deliver the right software for
an effective execution. We deliver step by step to the desired maturity degree.*

