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Podcast Transcription

Implementing Lean Marketing Systems

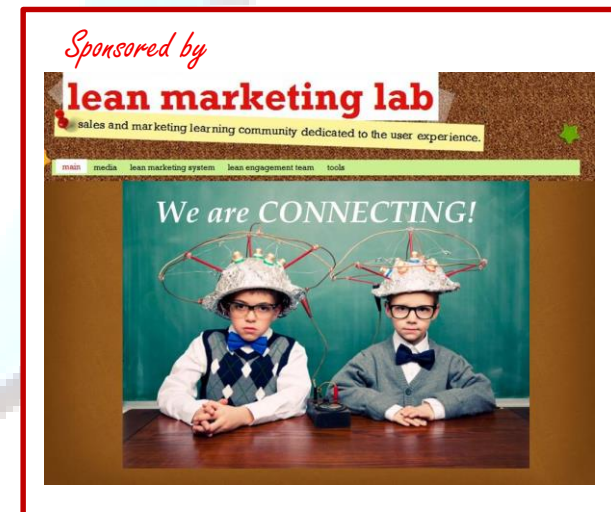


Fine Tuning your Company Processes

Guest was Jerry Manas

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Transcription of Interview

Joe: *Welcome everyone, this is Joe Dager, the host of the Business901 Podcast. With me today is Jerry Manas. He is a thought leader in organizational project and resource management. He is frequently cited by leading voices in the world of business including legendary management guru, Tom Peters, who often refers to Jerry's best-selling work, Napoleon on Project Management. Jerry, it's quite a compliment to have Tom Peter's citing your work. Could you tell me a little bit about your work?*

Jerry: Thanks, Joe. Yes, sure. I'd have to give some of the credit to Napoleon for that. It's funny, with the Napoleon book when it came out, Tom had a couple slides in his master deck and if you've ever seen his presentations, there are like 170 slides or so and there's like maybe a word or two on each slide. But he had a couple slides on two specific principles I covered in the Napoleon book. He specifically picked up on the principles of simplicity, and another one, a kind of a recurring thing he'd seen in the book of character, and he had some stuff about that. He also blogged about what I call the 'Six Winning Principles' in the Napoleon

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book. And I remember he said, "Not a bad list..."

It was funny because when I boiled down on all of Napoleon's principles, doing all the research for the book, there were hundreds of them, and I kind of grouped them. It was after I finished the book and talked about the lessons that the publisher came back and said, "Well, we need a number. Can you boil this down to like the seven..." They were saying like the seven habits whatever. So I mapped everything out, and I really boiled it down to six main principles in the book. And then of course they came back to me and said, "Well, can you do like an odd number because they tend to sell better?" I'm like; I'm sticking with six because that's how it works.

Joe: *Well tell me, are they really associated with Napoleon?*

Jerry: Well yes, because a lot of his principles and a lot of the examples I included in the book really support and many of them are the same exact words he used. Like for instance he always talked about exactitude and what kind of things lead to exactitude and there were a lot of examples of it in his career. He talked about speed and of course balancing these principles. There's exactitude, speed, flexibility was another one of them, simplicity, and character, and what he called moral force which was really about how do you get everybody behind you and supporting what you're doing. And there were a lot of principles and a lot of examples around those six areas that kind of all fit together and especially when you're

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managing projects and you're trying to go, okay how do we do the proper level of planning and keep moving fast but also be flexible and keep things simple. You start pulling all of that together, and you can really have successful projects.

Joe: *This is really a practical book on project management?*

Jerry: It really is. I wanted to make it so that the reader didn't have to know anything about project management or history but in really looking at both and I was trying to bring in a lot of the areas like for instance if you look at any of the PMI and the Project Management Body of Knowledge and all that, it supports all that. But the key with presenting this was that Napoleon was really a unique character, and I think there's reason for that, that he had such good lessons for project managers. One is he had these unprecedented achievements, not only that people are familiar with Napoleon on the battlefield but also in administration. He had a lot of firsts in terms of administering an entire empire and also architectural. They don't really think of Napoleon as a project manager, but he had all kinds of principles and methods he used in building things.

But the second thing, one of his achievements, the second thing is his principles were very well documented. One of his personal secretaries wrote a book on how he did it, so how did Napoleon manage things on a day to day basis. He had his own memoirs, and his secretary had memoirs, the soldiers had memoirs. He had his written maxims. There's nobody I could

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think of with all those accomplishments in history that's so well documented. And then the last thing was his legendary organizational ability. So I'm thinking how did he manage an entire empire with no software spreadsheets? So there are definitely lessons in that.

Joe: *Well we're not even here to talk about that but I was so intrigued after I did some research on you about it, and then I had to ask you a few questions.*

Jerry: Yes. They're really interesting.

Joe: *Your latest work is Resource Management and Capacity Planning. I'm intrigued by the subject especially because we live in this world of outsourcing and freelancer, and I think a lot of this is kind of forgotten anymore. What is the current state of resource planning?*

Jerry: In a word, I would say chaotic. Over-committed resources tend to be the thing I hear the most. There's resource information in silos; there's problem balancing the people resources in the organization with all the incoming demand. It's typically, it's commonly cited in a lot of studies and I've seen it in IT and services and pharma and some others as being a key issue, products is another industry. But while I was doing some research trying to help customers and I have written a lot of articles on it and it's been pretty much a big subject matter of mine because I've seen so many companies with the struggle and I was trying to recommend some books and there weren't any. I would say that the issues I see most often

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are really a lack of some kind of holistic view of what are the incoming demand and the capacity we have to take it on over a timeline. And also just an increased demand in general, there's competition, everybody's trying to innovate so there's this flood of work coming in without much feasibility on whether you have the capacity to do it. and also a lack of really good prioritization methods, to be able to prioritize this demand and the resources are constrained so everybody is trying to do more with less and that leaves to all these multi-tasking and in the long run, everything takes longer. And then last is everybody is trying to manage all this with spreadsheets which is kind of very difficult to do. You start getting into, is this Version 1.1 or is this the final, final?

Joe: *Does your book explain how to manage this and is it outside spreadsheets, is it dependent on software?*

Jerry: Well the book is independent of any special or any kind of software, any specific software I should say but it does talk about the benefits of software and why you need it. But really the book is outside of it and it really talks from a process standpoint, from a management standpoint, what the mature companies are doing, are they making them successful, and then what the companies are struggling or lack and what they need to do, how to get there. It offers a maturity pass and a framework for how you can manage going forward.

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Joe: *Well doesn't mature companies have this all down? I mean isn't this just needed for innovation in the new people?*

Jerry: It's pretty pervasive. For instance, I've seen some big companies have a lot of difficulties but they can be mature in other areas. They can be mature in project management and then still struggling with resource management. There's a benchmark study recently from a company called Appleseed Partners and I actually focused on that study in the book to a degree and it was interesting between this year and last year, they did a study each year. It was overall about a thousand people that they surveyed. A third of the companies came in at low maturity, about a third were in the middle, and a third consider themselves mature and they've addressed maybe at least 60% of the top issues which is good. So I would say roughly two-thirds of companies haven't solved the issue and even though once we have, we certainly have some room for improvement.

But the study did show, it was interesting that the mature companies had five things in common it came out with and one was that holistic view I talked about of capacity and demand. Another one was they weren't using spreadsheets or using specialized software like the Project Portfolio Management software. They have some kind of a resource management function in place to facilitate the maturity. And the last two is they were doing monthly or continuously capacity planning, so you're assessing your available capacity when you're evaluating and prioritizing all the incoming work but not quarterly or not annually. It's

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organic; it was part of the process, it was something that you at least monthly as the work's coming in, and you're assessing do we have the capacity to do it.

And then the last thing and this was an interesting example, a granular capacity planning. So for instance, if you're trying to assess your capacity, getting down to the skill and proficiency level, like, for instance, say I'm going to need some business analyst. Well, not just a business analyst, you're going to need somebody that understands the order of the cash process or somebody that understands SAP software and so on.

I had one case study in the book with Farmers Insurance, and I think it was a great example that kind of sums all this up. They were doing a project review and there was a big project coming in they needed to take on but the data showed that there were no project managers available and it was credible data because it was something that they had validated over time. The data also showed that there were some business analysts that had the right skills for that project, so they started interviewing them and then found one that was willing to take on a project management career path. And so they were able to take on that work and they set a new career path for the person. Like Larry Stanton who is the PM Director at Farmers Insurance said that he really couldn't do all that without good data, and I think that's really the key.

Joe: *So data has become a real important part of resource management and capacity*

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planning?

Jerry: Absolutely, absolutely.

Joe: *One of the things I think about when I first look at the title, and I look at the information, I think about the accountant. The accountant can always tell me what I should have down, but they don't necessarily tell me what I should be doing. What do I need to know what I should be doing? I mean does the book delve into what is in the future or is it just tell me kind of how it should be in my system already?*

Jerry: Absolutely. It's funny I see so many books in presentations and it's funny that a lot of them do talk about, okay here's all the pain and you go away feeling horrible and I know everybody else is having a pain but it doesn't make me feel any better. So yes, I wanted to really focus on, okay first, what are the typical pain points so people can identify what we're experiencing. But then how do the mature companies get better; how do they mature so that there is a way out basically? But then okay now, how specifically do we do it? So to bring all that together since it is a complex topic, I put together a framework, I call it the capacity quadrant and it's in the book and it kind of breaks it out into four distinct areas to try to build on and have at least some basic things in. so at the end of each chapter, I have like number one some key points, sort of like a checklist but then I pull it all together in a framework.

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Joe: What are the four pillars you call it? What are they?

Jerry: Sure. One is visibility. First I guess from a high level, I look at resources capacity management in terms of four lenses. There's visibility, prioritization, optimization, and integration. Getting into that a little bit more, visibility is really how do we build the visibility of demand, capacity and all the other systemic things that can impact capacity? Getting to everything from the organizational culture, to people having the right tools and communication and things like that, so it's not just about supply and demand but about all of the things that can impact that, the levels of multi-tasking that we do, things like that. So visibility is key, it always has to start there. At least get visibility of all the demand, not just projects but all the other things competing for people's time like all the keep the lights on work and stuff like that.

So once you build visibility; the next step is really prioritization. How do we really get better in terms of prioritizing the work that's coming in? I kind of break that out into three areas. If you look at it, some companies look at prioritization, and they think, well that's just storing. You can score the benefits and the risks and stuff like that. But that's one piece of it, there's also alignment. How well does it align with whatever strategies in the operating plan that we're trying to do? And then the categorization is you can be looking at work that's categorized by business unit and each business unit thinks their stuff is the most important

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so then you need some tradeoff opportunities. So if you really look at it in terms of alignment, scoring, and categorization and use that holistically to rank and prioritize the work, you can gain maturity in that area. I have examples of how companies have managed that effectively.

Then we get in optimization. So once you have the groundwork of the right visibility and the understanding of which work is important through the prioritization, now you can get into optimizing your resources to get the best bang for your buck and really optimizing your existing resources and there's different ways to do that, including the human aspect of it that a lot of companies overlook. And then lastly, there's the integration of all the planning that has to happen at multiple levels, for capacity and resource management and the governance and managing change, so it kind of talks to the things you can do in those areas because that's kind of the glue that holds it all together.

Joe: *Can we do this across the board and even in our development and even in our sales resource planning?*

Jerry: Oh yes, absolutely. In fact, a lot of industries share similar issues. Some may have a different area of focus but for instance, pharma companies, for years they've been like the kidney candy store and usually resources weren't an issue. Now they tend to be more resource constrained, they're trying to boost their efforts and cut costs and their priorities are always changing, plus on top of that they have specialized skills that they need so it's a

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big challenge there. Product companies are worried about time to market. They're being forced to innovate and in the middle of all this excess demand and trying to speed things up, they have constrained resources too. You have service companies who have professional services, they're concerned in understanding all the volatile demand pipeline, maximizing revenue and then often they too need specialized skills, so it talks to different industries. In fact in the book I kind of get into that a little deeper dive with talking with some people and some studies in different industries with their issues.

One other one that I see a lot is in insurance and healthcare and even banking where there are a lot of regulatory changes and that demand, there's not much you can do about it. Similar to service companies, the demand comes in when it is. You're not going to turn down work, so the idea is, how we optimize the resource that we do have, and that becomes the focus there on the more sales and service-oriented companies.

Joe: *I look at we can address the pains; we can see that, we can improve our process, and I think it's not easy to do but it's recognizable. We can see that. What are some of the gains that we can have in resource management? What are some of the kinds of a strength-based approach? What are the gains we can pull out of this?*

Jerry: Yes, absolutely and it's interesting to look at it in those terms too, in terms of key strengths and things like that. One of the things is a lot of companies who've had gains in

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terms of being able to improve their time to market, they've been able to avoid missed opportunities because they have better visibility of their resources, so it depends on the industry but there are different gains in different industries. But I think the big hitters often tend to have fewer project delays because you've planned better, and so then there's a ripple effect if a project is delayed. You're able to meet your projects on time because of that, so that's again time to market. You're avoiding missed opportunities, so there's definitely a revenue hit there. There are a number of things and in the book in fact, I think I have a whole section where I talk about the different benefits and the risks of not doing resource management.

Joe: *This book then is meant to be pretty much across the board of an organization. It's not particularly suited for one department. Its practically any VP of something could use this. Is that correct?*

Jerry: Yes, absolutely. In fact in the preface to the book, I kind of talk to that, about who is this book for. On one hand I think it has been a two-edged sword and a double-edged problem there in that senior management often will ignore these things thinking, okay well the people that are managing things will focus on that. And then the middle managers or project managers think, oh well that's for somebody higher up to worry about, or that's beyond my capability to really oversee. And really it's for both of them because they both really need to understand the impact of resource management and capacity planning on the

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company's bottom line and the top line. So it's really a business issue around revenue, the time to market, optimizing your resources, and I think that's what everybody needs to understand, to kind of bring those two areas together, to bring the senior management and the execution and delivery people together around understanding a need for that.

Joe: *A lot of our listeners and I equate being kind of a Lean guy. Does this coincide with the Lean guy and a Lean company?*

Jerry: Absolutely. In fact, I talk quite a bit about Lean principles, and I also come from that background and often promote that, even in project management circles. About reducing a lot of excess works, reducing the multi-tasking and things like that, but it definitely takes a Lean approach. I think that's one of the key principles that is kind of pervasive throughout the book. We talked about that mostly quite a bit.

Joe: *What would you hope someone would take from the book? I mean if they would walk away, read the book then walk away from it, what would you hope would be the one principle they take away from it?*

Jerry: I would think the one thing is that this is not an insolvable problem that companies are having success with it and it doesn't have to be some kind of a rigid methodology or anything like that. It can be Lean; in fact often the best solutions are Lean. They're simple;

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there are adjustments that can be made and to really focus on the heavy hitters, the areas where you can streamline. So I think the idea is a it's solvable and b, it doesn't have to be a complex nightmare trying to solve it.

Joe: *Sustainability, you know that's a big word about sustaining change and doing that. How does proper resource management and capacity planning...is that the key to sustaining change?*

Jerry: I think it is. Well number one, sustaining change and sustainability in general, if you're optimizing your resources, again it's all about getting rid of waste and you're not wasting resources, you're optimizing people towards getting the right things done, you're not wasting skills and money and things like that and really, it's all about change. In fact, when I talk to organizations about resource management capacity planning, my closing slide usually has to do with it's all about change. I think it was Steven Hawking who said something about...he said, 'Intelligence is the ability to adapt to change.' And I think that's a key thing. It's giving you the data; it's giving you the intelligence to be able to really adapt to change and that's what this gives you. When demand starts changing, priorities start changing, you have a good handle on your resources, you can easily adapt to the change, the organization becomes much more sustainable in terms of being able to adapt and optimizing the resources that you have.

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Joe: *Resource capacity and planning seems kind of very disciplined and very structured; is it?*

Jerry: Well it's structured in a way. It's disciplined in that if you look at it contextually, with any organization, you have work coming in and there's some kind of a brief step or to assess the work that's coming in, if it's bigger than a red box, where it should go, something like that, some kind of scoring or scoping or something with the work coming in. But then instead of just sending it into project execution and saying, okay let's go – which a lot of companies do, they say okay let's go and then resources aren't available. Usually, you find that out when a project gets delayed or things like that.

It's structured in the sense of as this work comes in, ideally it should hop over into some sort of investment planning or portfolio planning mode where the work can come in and you can assess it in the context of all the work in the portfolio. When you assess that, to whatever even if it's a thinking step, whatever method you use, the idea is to bring it into the portfolio, assess where can this fit in, how does it fit in in terms of importance, what's the available capacity to do this work and this is the part everybody leaves out, when can I do the work based on my capacity or do I need to start looking at alternative sourcing strategies and start using contractors. Contractors don't always work for everything but if you have a strategy for it, some kind of strategy to say here are the cases where we're going to consider bringing in contractors where it makes sense and then have those as an option, otherwise

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the work has to slip or really you just have limited options, either you reduce the scope and you slip the work or you bring in help. So even at that high level helps an organization.

When you plan when you can do the work, then you come over, and that's when you can get into execution and then assigning your resources and things like that. But that missing piece, that whole capacity planning piece is what a lot of organizations skip and they don't have the process to do that.

Joe: *I think one of the buzz words for a long time now is agile and in a lot of company, you asked anybody in any company, "Oh, we're agile..." Does this conflict with an agile mentality or does it help it?*

Jerry: Actually it helps it. In fact, I speak quite heavily about agile. The thing is with agile; it is a bit of a different animal; it really turns everything on its head. So if you look at a wonderful project, really it starts out with a plan and then you're estimating the cost and the schedules. You're saying, okay here's my requirement, here's my scope and then I'm saying, okay what's this going to cost me to do and when can we get done? Agile literally turns that upside down. It says, okay here are the features that I like but what I'm going to do is I'm going to fix the cost and the schedule so I'm going to have a...here's my release period or my sprints during a certain time period and now I'm going to estimate, these are the features that I think I can deliver within that schedule. So really, it's a completely different animal

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that literally turns a waterfall model on its head.

But from a resource planning perspective, people say, okay well since we're agile well does that mean we can't plan resources? Well, with a lot of agile organizations, what I suggest is at least reserving your resources at a high level. Even if it's at a sprint level, saying okay we're going to reserve our resources, so you can get some kind of sense of demand because those projects consume resources too and if you're not tracking that work at all, if those resources are isolated to a specific project, it's not as much of an issue but if they're shared with the rest of the organization or they're doing other things, then you really need to at least keep track at a high level of what the resources are doing. I don't think you need to get into detailed resource allocations like test level things because that would be a fruitless effort on an agile project but at least at a high level to be able to get a sense of demand and that way you can mix that demand in with waterfall projects or whatever other kind of projects are going on in the company.

Joe: *Is there something you'd like to add that maybe I didn't ask?*

Jerry: We kind of covered quite a bit. I will say a lot of companies, the struggles that I see a lot and it's almost like the tail wagging the dog, I see a lot of companies struggle with for instance do we capture time, should we capture time and at what level? If it's something that takes maybe either 10 or 15 minutes at the end of the week or even like two minutes a

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day if you're capturing it daily, it tends to be a big roadblock that I see because a lot of organizations can't agree and some people look at it as 'Big Brother.' So there are some best practices for being able to make that leaner and more accepted.

One thing is finding the right level of granularity, and I always suggest starting with the output, starting with saying what is it that you need, what kind of decisions do you need to make? Because I see that in a lot of companies, they say at what level do we capture time and at what level do we have to assign resources and then sometimes they get mixed up. They say, okay well we need to capture time because we need to know what our people are doing. Well, time entry isn't going to tell you what your people are doing, it's going to tell you what your people were doing last week or the week before. It does give you good data, a good historic data to do better estimates and of course it gives you cost data so if you need to capture actual and it's necessary.

So a lot of it depends on the output. Number one, do you need actual or is forecast good enough? If you need forecast then what you need is to do resource assignments. Now at what level of granularity, do you need to do detailed resource assignments? Well, it depends on what you want out of it. If you need to know who's available for any given week or something like that, then you need to assign at a lower level. Some people say, can I assign people at a phase level that lasts several months but I want to see their availability at a more granular level? But you can't do that unless you assign them at that level so it's a

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matter of just understanding the output and what it is you want out of it. So that's the one thing I'd like to add because I see that as a common roadblock that a lot of people are trying to implement in resource management.

Joe: *I think that's a great answer. I wish I would have asked the question myself. Where can someone find the book, the title of the book and find out more information about you?*

Jerry: Sure, thanks. The book is called The Resource Management and Capacity Planning Handbook. We wanted to name, so people know exactly what it is and where to go. It's available wherever books are available - through Amazon, Barnes and Noble and the publisher is McGraw-Hill so it should be available pretty much anywhere.

One other thing I think I'd like to mention...Oh, you can also reach me on my Website at Jerrymanas and my Twitter is JerryManas. One other thing I'd like to point people to is there is a joint study in 2014 and also there's one in 2013, I do reference this study in the book but there's a new one that just came out, the 2014 State of Resource Management and Capacity Planning and there's a Website. The study was conducted by Appleseed Partners and it was sponsored by Plainview and there's a Website called RMCP - like Resource Management Capacity Planning - rmcp.planview.com and if you go on there, there's all kinds of free and you can number one, read the study and download it but there's all kinds of assessments that is sliced and diced by industry and you can do an assessment of

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organizational capacity planning and resource management and I think there's also some reference there to the book as well. So that's a site you might want to go to for people who want to dig deeper and then start looking at the breakdowns by industry and the state of the industry.

Joe: *Could you repeat that URL for me please?*

Jerry: Sure. The URL is rmcp.planview.com.

Joe: *I'd have to ask you, what is the Creating We Institute?*

Jerry: Oh, yes. The Creating We Institute is a research institute. Its focus is on findings in neuroscience and organizational development and the idea is to pool the collective thoughts together of the institute on helping organizations go from a group of "I's" to thinking in terms of "We" and it started with Judith Glaser who is a great author. She had written...the most recent book was Conversational Intelligence which she focuses on. She's a big networker so a few years back, she brought a group of disparate thought leaders together, myself included, for a thought leadership summit at her home in Connecticut and we've been meeting ever since periodically and the group grew to some 40 something people all over in US and Europe and South Africa and we've done some partnerships with the National Constitution Center in Philadelphia. We started really pooling our thoughts together in terms

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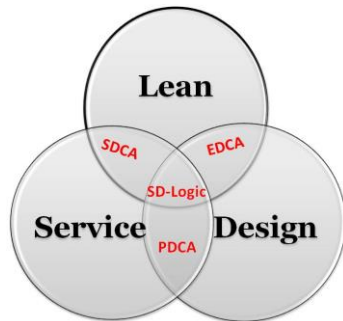
of articles and research and things like that. We've partnered with some companies like HeartMath and lately the main focus is on conversational intelligence which is sort of like emotion intelligence but focusing on the conversation and the language and things like that that can help bridge people together through various conflicts.

Joe: *Well I would like to thank you very much Jerry. I thought that was a very interesting conversation. This podcast would be available on the Business901 iTunes Store and the Business901 blog site. Thank you, Jerry!*

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