Mavenlink Blog

🔍

NEW FEATURES

The People Mistakes: Forecasting, Hiring, Contracting [Part 2]

FEATURED DOWNLOAD

Turning Projects into Profits

Five Trends Transforming The
Future of Service Delivery

Five Trends
Transforming
The Future of
Services Delivery

READ NOW

2:20 PM | FEB 12, 2016 | IN: **NEW FEATURES**

Share:

Facebook Twitter Linkedin Google+
f   t   in   g

Sign up for

The People Mistakes

Part 4 of The Biggest Mistakes Agencies Make While Growing … And How to Avoid Them

You are only as good as your people.

Agency leaders often focus on getting the best people.

Top Stories

The Process Mistakes: Bad SOWs, Bulk Scheduling, Not Cost Tracking [Part 4]

February 12, 2016

The Profit Mistakes: New Services, Low Margins, Not Delivering [Part 3]

February 12, 2016

They *have* to, and they have to keep them happy and engaged. Yet poor resource management and planning exist.

These are costly mistakes that rear up in a lot of ways.

The People Mistakes: Forecasting, Hiring, Contracting [Part 2]

February 12, 2016

Mistake 1: Not Forecasting Staffing Needs Correctly

Which comes first, the client or the team? It's a hard question.

Many agency leaders still rely on educated guesses from years of experience. But it opens a liability because the forecasting is imperfect.

Too many people and your margins suffer. Too few people and you can't take on new work. While you may be able to operate with one person too many or

Every project management and accounting term you'll ever need to know https://t.co/FKBLwxtSE>

🐦 @mavenlink

one person too few, it directly impacts your profitability.

At a small agency, all it takes is one wrong number to throw off the equation.

At a large agency, it can be even worse. You aim too have more people than you need so you can act quickly when new client work comes up, but carrying this cost is difficult.

Mistake 2: Hiring Full-Time Employees for Short-Term Projects

It's so critical to hire for your long-term vision. You need to match skills with the key services that are making the most money for your agency..

Let's provide an example.

Say you have just won a six-month contract that includes several new service offerings for you. Your initial reaction is to hire for what you need to deliver on : a designer, writer.

I bet you delivered a great campaign!

But when the contract ends, then what? You have to build a sales pipeline that fits those skills. Or, you try to put them in roles they are not great at.

Or, even worse, you need to let people go. It's not a good situation to be in.

No matter what, the situation results in you spending time and money on people and projects that are not

benefiting your business.

Mistake 3: Hiring the Wrong People

If you're hiring, you're probably in a rush to fill the position. It might feel like a fire drill! You need someone to plug a hole, and you want it yesterday.

I've been at agencies where we hired fast to fill a need. We actually expected and understood that people would come and go. The interview process was short.

Basically, we believed that if it doesn't work out, we can just deal with it later.

Another mistake we made was hiring someone with terrific portfolio work — for which we had no need. We thought, "Let's just get them in, and surely we

can find a use for their skill!"

Putting the wrong person on the wrong account is damaging in many ways. First, the clients sees right through it and become dissatisfied. It follows that the employee who is used to doing really well in previous positions gets frustrated and wants to leave.

Ultimately, you wind up spending more billable hours from other resources (because you are trying to make up for poor work).

The Fix: Match Your Hiring to Long-Term Demand

The big problem for growing agencies is managing your work supply (human resources) with your demand (sales and contracts).

Labor costs are usually your largest expense, so it makes sense that when this balance gets off, so does your profitability. Not to mention the sheer fact of being able to meet client expectations and deadlines.

There are other concerns, like cultural impacts on your already-growing team.

In a nutshell, having the wrong amount and wrong type of people on staff impacts your bottom line and your culture.

To fix this, get a true visual into your sales pipe.

Understand the work that's coming in both by type of work and amount. Your core staff should be able to meet the bulk of these needs. For anything short term or narrowly targeted by a niche skill, pull in a

contractor to fill the resource gap.

As you build your trusted network of vetted talent you can rely on, you'll be able to market this to your clients as your unique ability to tap top talent at a moment's notice.

That means you'll win more work, deliver it more profitably, and scale up in this competitive economy.

If You Only Remember a Few Takeaways:

- Resist the knee-jerk reaction to hire
- Keep your team as lean as possible
- Develop a trusted network of contractors and other provider partners
- Work with specialists to really fill specific client needs
- Contract when client demand is unique or one-time

- Hire when demand is growing
- Avoid assuming growth equals adding new people; let your sales pipeline dictate hires

Take the Next Step:

>> Get Mavenlink's definitive guide to knowing when to hire versus when to contract in this exclusive ebook. <<

Now that you know the people mistakes, let's tackle the profit mistakes.

>> Click here to read the next chapter, Part 3: The Profit Mistakes. <<

>> Click here to access this full recorded webinar. <<
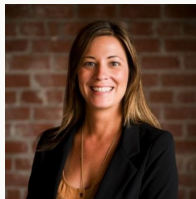
>> Click here to go back to Parts 1: Growing Pains. <<

FILED UNDER   **NEW FEATURES**

POSTED BY   2:20 PM | Feb 12, 2016

Comments

Contact Us

Company History

Press Room

Trusted By

Careers

Resource
Management

Business Intelligence

Team Collaboration

Project Manager

Finance Manager

Owners & Executives

Google Project

Management Tools

Gantt Charts

Resource
Management

Software?

What is Resource
Planning Software?

Project
Management Terms

Blog

Support

Tutorials

Developers

API

Teams