



# 12 reasons you should stop using spreadsheets for utilization reporting

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Success starts with  
timely, accurate,  
and powerful  
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# In this ebook, we'll share 12 reasons why you should stop using spreadsheets for utilization reporting.

In the professional services world, utilization is the magic metric for maximizing profitability and business growth. Regardless of the size of your organization, a single percent uptick in utilization rate makes a big difference. Whether you're the VP of services, a project manager, resource manager, or consultant, you likely already know that utilization is critical to your bottom line, and are always looking for better ways to track and improve it.

Success starts with timely, accurate, and powerful utilization reporting. Resource managers can attest that nothing throws off utilization quite like the chaos of managing resources, conflicting schedules, and a wide range of billable services. With all these moving pieces to track, one thing is clear: If you are still using a spreadsheet application like Microsoft Excel or Google Sheets to calculate utilization, it's time to stop. Spreadsheets are extremely time-consuming and rife with potential errors. And when your margin tracking and profitability rely on their calculations, you don't want to worry about errors.

Thankfully, powerful, modern professional service automation (PSA) solutions make it easy to quickly and accurately automate utilization tracking without the burden of spreadsheets. In this ebook, we'll share 12 reasons why you should stop using spreadsheets for your utilization reporting.

# 1

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## Spreadsheets are great for tactical reporting, not the big picture.

As the world's most popular analytics tool, Excel shines when it comes to personal productivity, empowering a single user to manipulate clean data and resolve a specific tactical question, such as "What was my bill rate on project X last year?" But reporting with Excel becomes problematic as you add more users, data sources, formulas, and questions.

Spreadsheet applications are too rigid to perform complex calculations and too primitive to help you spot utilization trends and red flags, such as "Why did utilization drop in September but only in the US market?"

# 2

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## Excel is not built for human visual perception.

A spreadsheet's core function is to present raw data in rows and columns all at once. When utilization data is presented this way, it's nearly impossible to determine outliers, exceptions, or focus areas.

Visualisation tools may be used to highlight the important aspects of a data set or results, but with spreadsheets it's hard to see the forest for the trees. And when it comes to viewing spreadsheets on a mobile device: open up a utilization spreadsheet on your phone right now and try to find a specific cell. Enough said.

# 3

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## Utilization spreadsheets done right are too expensive.

How much time, effort, and skill does it take you to generate a proper utilization spreadsheet? If it feels “too expensive” in the time it takes to gather the information you need, the effort to rationalise the various data inputs, and the skill required from your top people to massage and interpret the data daily, then it probably is too expensive.

Also, any utilization spreadsheet that has an intimidating or impressive name (Skynet, Sauron, or Godzilla are popular) or one that requires specific skills or a dedicated person to deliver is probably too expensive for the benefits derived.



# Before and after spreadsheets

Over the years, Red Hat Consulting became encumbered by multiple homegrown systems and spreadsheets for managing projects. It could take two weeks to get a report from a specific region as the local team aggregated data from multiple systems and then manipulated and analysed it in spreadsheets. With different regions using different systems to manage project data, it was impossible to be certain that the numbers rolling up represented a common set of data.

Now using FinancialForce PSA for consulting services project management, Red Hat's project managers can ensure proper resource allocation while managing assignments, products, planners, and contacts. Moreover, all stakeholders can access the right information at every stage of a project.

[SEE RED HAT'S STORY](#)

# 4

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## Utilization spreadsheets are prone to error.

Perhaps you feel that the accuracy and integrity of your own company's spreadsheets are just fine. That's assuming that you and the last three people that modified your utilization spreadsheet have always used "AverageA" instead of "Average" from the formula drop-down list, have always selected the precise amount of cells from the order quoting spreadsheet, and have never accidentally put data into a formula cell.

If you believe your spreadsheets are accurate, you could be the exception, as studies have shown that 94% of spreadsheets have significant errors and nearly every spreadsheet has at least a 1% error<sup>1</sup> factor within a formula cell.<sup>2</sup> Don't worry though, errors in your utilization spreadsheet most likely won't end up costing your company \$6B like it did JPMorgan<sup>3</sup> after misreporting its overall Value at Risk (VaR) for years, or push your government into implementing austerity measures after a few rows were hidden, like what happened in the UK in 2010.<sup>4</sup>

1. "What We Don't Know About Spreadsheet Errors Today, European Spreadsheet Risk Interest Group, Raymond R. Panko, 2015
2. Sorry Spreadsheet Errors, Forbes, 2014
3. How A Rookie Excel Error Led JPMorgan To Misreport its VAR For Years, Forbes, 2013
4. The error that could subvert George Osborne's austerity programme, The Guardian, 2013



# 5

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## Spreadsheets can't show real-time data.

Your utilization spreadsheet is only going to provide data as timely as the last time it was updated. Because of the time, effort, computing, and skills required to make these updates, teams are not likely to do this frequently enough in order to act on utilization trends.

Most services organisations using spreadsheets are looking at utilization data from last week's timecards at best, but more likely last month or the quarter prior. This limits your time and ability to course-correct issues and monetise backlog.

# 6

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## Spreadsheets don't provide views of utilization history or trends.

If you are able to quickly compare utilization data for a particular region, group, or practice across months, quarters, or years automatically within your spreadsheet, you are in the vast minority. Most utilization spreadsheets are snapshots of a moment in time (last quarter, June, etc.) because of the expense of storage and data collection constraints of Excel.

Services teams evaluating a single figure, e.g. 73% utilization, can't actively or profitably improve utilization without context or history.

# 7

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## Spreadsheets don't let you drill into project, opportunity, or invoice.

Because it's so challenging to view historical data in a spreadsheet, your ability to drill into key transactional data driving utilization is now limited. Is utilization down because your three largest projects are behind schedule? Is it down because people are on vacation? Are your sales reps selling a service in which you lack the capacity to deliver in a timely fashion?

Without transactional data, these questions either remain unanswered or, worse, fuel new spreadsheets, finger-pointing, and arguments over who has the right data.



# 8

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## Your utilization spreadsheet is the “single source of truth” until it isn’t.

If your organisation maintains all services, roles, skills, regions and practices in spreadsheets, that’s impressive. But what happens when you add a new service practice organically or through acquisition? Do you try to combine multiple spreadsheets? You may hear things like “We define things differently” or “Those numbers are wrong, here’s how we track it.” Suddenly you have a mishmash of utilization data.

And that’s not even to mention the potential formatting inconsistencies of combining European and U.S. date conventions, or commas and decimal points.

# 9

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## Spreadsheets are difficult to share.

Even with cloud solutions like Google Sheets, it's difficult to share a spreadsheet among multiple team members. Because of the possibility that data could accidentally be deleted or changed, many important spreadsheets are still shared as static, not live, documents.

At best, a spreadsheet might get emailed once a week, which makes it easy to get lost in inboxes. As for collaboration, filling your utilization spreadsheet with everyone's individual comments, or using the "just read my email to see what I'm asking" method is rarely efficient either.

# 10

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## Data is not secure in spreadsheets.

Too often the answer to the collaboration issue cited previously is to lock the utilization spreadsheet, so you can share it without worry of people altering it. Unfortunately, most people figure out a workaround, saving a local copy that they can edit themselves. Now instead of being more secure, you are less secure, and everyone has their own copy to alter or take with them if they leave the company.



# 11

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## Spreadsheets lack development rigor.

Because most utilization spreadsheets combine utilization data, calculation logic, and a presentation layer, your spreadsheet is more like a development environment than a simple report. However, most users will use it as a simple report and look only at the data they need at that very moment. This sacrifices traditional development rigor such as proper data modelling, testing of formula logic, documentation, versioning, user types and training, device form factors, auditability, and many of the other elements mentioned earlier, such as collaboration and security.

What happens when the original creator of the VBA code in your utilization spreadsheet leaves, or the multiple version problem becomes so widespread that no two regions, groups, or practices can align? How long could your services organisation thrive without a true picture of utilization?

# 12

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## Utilization spreadsheets aren't built to scale.

For most software, the more people in your organisation that use it, the better it is for the organisation. Excel and the like are the exception. Spreadsheets multiply in ways they shouldn't, and the more versions of your utilization spreadsheet that exist, the less likely it is that you'll ever have an accurate picture of your utilization.

Locking it won't work (see #11). The more versions there are, the greater the chance for errors (see #4). And once propagation has begun, the chance of getting it back in line are minimal at best (see #8) and immensely expensive at worst (see #3).

# What is the best alternative to a utilization spreadsheet?

The answer is simple: Switch from spreadsheets to a powerful PSA solution with built-in utilization reporting. If you don't currently use a PSA solution, now is the time to consider, as improving utilization by just a few percentage points can pay for the entire offering. SPI Research found that professional services organisations using PSA report seven percent higher utilization versus organisations that don't. Depending on the organisation, that could add up to millions of dollars in additional revenue.

Additionally, a PSA solution that connects to your CRM system is a no-brainer when it comes to boosting utilization figures. SPI found that organisations that have integrated their PSA and CRM solutions report five percent higher utilization than organisations that don't have the two systems connected. By moving off spreadsheets and unifying all the data related to your customers, projects, resources, and financials in a single PSA solution, calculating and increasing utilization will be easier than ever. Plus, you get the added bonus of being able to account for every detail in real time, from schedules and resource requirements to revenue forecasts and predictive reports. It's the smartest move a services leader can make.



# Experience Modern PSA?

FinancialForce delivers the #1 professional services automation (PSA) and the only customercentric ERP. We accelerate business value with comprehensive best practices and the most intelligent analytics—all on the leading business cloud platform from Salesforce.

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