Dayshape

Resource manager

internal review kit



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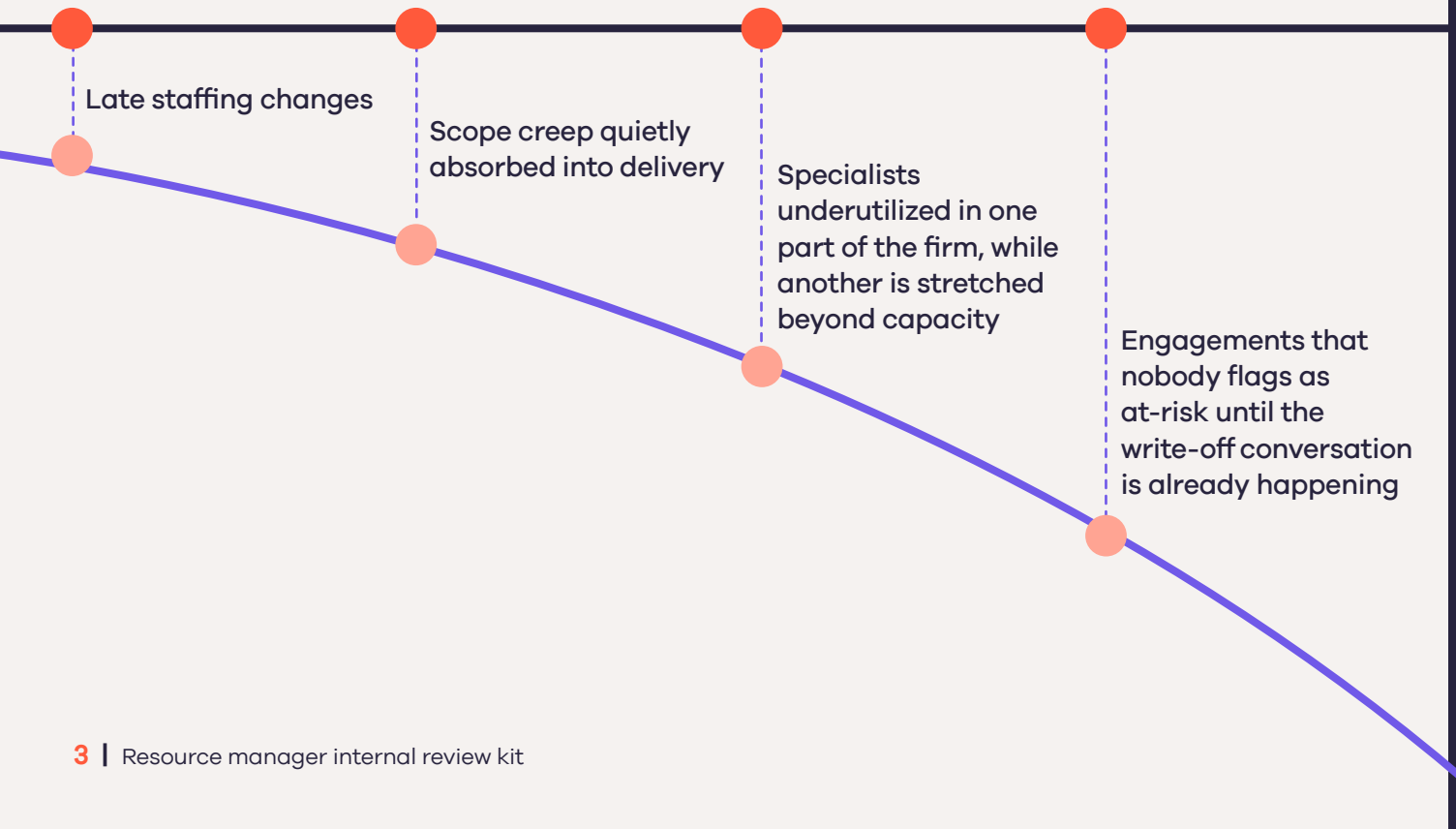
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The project margin leakage business case toolkit

A practical toolkit to help resource managers and delivery leads quantify margin leakage, build a leadership-ready case, and position resource management as a strategic function.

Why this exists

Project margin pressure rarely comes from pricing. More often, it comes from decisions made too late to change the outcome:



Most firms have plenty of data on revenue, utilization and recovery. What they often lack is operational visibility to spot issues early enough to course correct before they impact performance.



This document is designed to:

- **Quantify the cost of the gap between planning and performance**
- **Surface where it's happening in your firm**
- **Build a clear, commercial business case for change**

Most resource managers will complete this in under 60 minutes, using:

- **Their own experience**
- **Input from delivery leads**
- **A small number of delivery estimates and financial estimates**

How to use it

You don't need perfect data to make this business case. Directional estimates from people close to delivery will tell you more than waiting for a perfect data set.

This framework is broken into four sections designed to help you:

Assess where your firm stands today



Build a clear, evidence-based narrative for leadership

Give you the confidence to lead the conversation, not just contribute to it

Important note on assumptions

This toolkit is designed to help estimate the potential scale of operational inefficiencies, not to produce a precise financial model.

The calculations and examples throughout are intended to support discussion and identify areas for further investigation. Where estimates are required, firms should apply their own assumptions, based on their operating model, delivery profile, and financial reporting.

The objective is not to determine an exact leakage figure. It is to understand whether operational visibility and coordination issues may be materially impacting performance.

Section 1:

Your audit delivery profile

Start with the basics. These anchor everything else. The numbers don't need to be exact and can be estimates and directional assumptions.

Metric	Your Input
Total annual audit revenue	£
Average engagement value	£
Target margin	%
Active audit engagements at any given time	
Specialist resource pools (tax, valuations, IT audit, etc.)	

Section 2:

Where complexity is showing up

For each indicator below, estimate the percentage of engagements affected over the past 12 months. If you're guessing, that itself is useful information. It tells you whether this is being measured.

Indicator	% of engagements affected
Mid-engagement staffing changes	£
Scope expanded after planning was signed off	£
Resource conflicts identified late	%
Specialist availability becoming a bottleneck	
Overruns that weren't forecast	

Section 3:

Three diagnostic questions:

this is what the leadership conversation will hinge on

1 How quickly does leadership find out an engagement is in operational trouble?

The gap between something going wrong and being able to act on it. The shorter the gap, the more options you have. The longer it gets, the more your interventions become recovery work rather than prevention.

In real time: Leadership sees resource conflicts and budget burn as they happen

Within a few days: Issues surface in weekly reviews, before they hit the financials

Several weeks in: Problems become visible through monthly reporting

Usually only once it's hit recovery: The financials tell you what the planning data didn't

2 How much of your delivery planning depends on a small number of people knowing where capacity sits?

This is about key-person risk and how well the model scales. A practice that depends on a few planners holding it together is one departure away from disruption, and harder to grow because the model doesn't replicate.

A lot: If two or three key people left, planning would break

Some: There's process, but key-person knowledge fills the gaps

Very little: It's systematized and would survive any one person leaving

These are the questions worth answering honestly rather than precisely.

3 How confident are you in your utilization forecast three months out?

Confidence in the forecast tells you how well operational and commercial data are talking to each other — and how much of your planning is based on real signals rather than guesswork.

Confident: The forecast and actual outcomes generally align

Reasonably confident near-term, less so beyond: Short-term is solid, longer-term is harder to predict

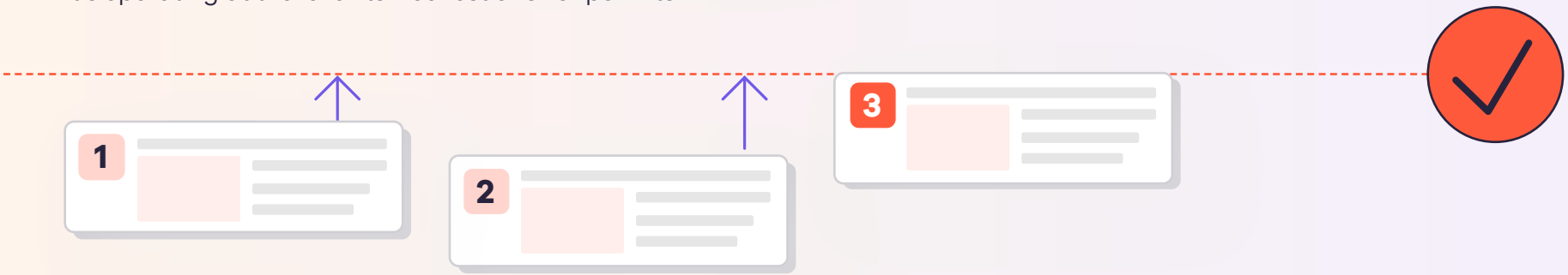
Not really: The forecast and reality usually diverge

Reading your answers together

The weakest of your three answers is usually where the highest-leverage improvement sits.



A practice with one strong answer and two weak ones isn't operating at the maturity its strongest area suggests. It's operating at the level its weakest answer permits.



Section 4:

Sizing the commercial impact

- the number to change the conversation

You don’t need a precise leakage figure to make this case internally. You need a directional one that’s defensible.

A simple way to estimate it.

Take three numbers from Section 1 and Section 2:

1 Your annual audit revenue (**Section 1**)

2 The percentage of engagements affected by overruns or late staffing changes (**Section 2**)

3 An estimate of the margin impact when those things happen, most firms find this lands somewhere between 3% and 8%* of engagement value once you account for write-offs, recovery shortfall and pulled-forward specialist time

*An estimate of the margin impact when those things happen. For illustration purposes, the examples in this document use a range of 3%-8% of engagement value to represent the combined impact of write-offs, recovery shortfalls and unplanned resource costs.

The exact percentage is less important than understanding whether operational issues are creating a material financial impact.

Multiply these numbers together to estimate the avoidable margin leakage in your audit practice today. It will be conservative. It doesn’t capture the harder-to-measure costs like underutilized specialist capacity, or the engagements that quietly come in at half their target margin without anyone calling them at-risk.

4

What that looks like at two scales

A hypothetical mid-tier firm with £80m audit revenue, where roughly a quarter of engagements see late staffing changes or unplanned overruns, and where each of those carries a 5% margin impact, is looking at around £1m a year in operational leakage. A 1% improvement in utilization across the practice typically adds another £400k–£600k.

A larger firm at £400m+ in audit revenue is dealing with the same dynamics at a scale where even a half-percentage-point improvement in delivery efficiency moves real money, usually into the millions annually, before you factor in the recovery and write-off line.

These are illustrative. The point isn't the exact figure, it's that the leakage in most audit practices is large enough to fund the operational change required to fix it several times over.

These examples are not intended to represent any particular firm or benchmark. They are intended to demonstrate how the framework can be applied.

Questions to take into the leadership conversation

This is where the document earns its keep. The metrics above are scaffolding for these conversations.

On operations

- Where are we identifying delivery risk too late, and what would have to change for us to see it earlier?
- Which specialist teams are the consistent bottleneck, and is that a capacity problem or a coordination problem?
- How much of our planning sits in spreadsheets and individual heads versus systems the wider firm can see into?

On commercials

- Of our margin variance year-on-year, how much is operational versus pricing or mix?
- Where are write-offs concentrating, and is the pattern visible early enough to intervene?
- If we could see resource conflicts two weeks earlier, how many of last year's recovery problems would have been preventable?

On the gap between data and visibility

- We track revenue, utilization, recovery and engagement performance. Why are we still surprised by margin outcomes?
- Where in the engagement lifecycle does the data we have stop being actionable?

What the better-run practices do differently

Across the firms we work with, the ones that have closed this gap tend to share a few habits:

They flag at-risk engagements before the numbers do, usually because their planning system is showing them resource conflicts and utilization drift in real time, not at month-end.

They've reduced the firm's dependence on a handful of people knowing where capacity sits. Planning survives someone going on leave.

And they've connected operational planning directly to the P&L, so a staffing decision and a margin decision are visibly the same decision.

The shift is from recovering margin after the fact to protecting it while the engagement is still running.

The result isn't just better planning.

It's more predictable margin, fewer surprises, and the ability to scale delivery without adding complexity at the same rate.

Using this internally

If you're a resource manager, delivery lead or operations partner using this to build an internal case:

The strongest version of this argument doesn't lead with the software. It leads with the leakage figure your own firm is carrying, the questions in this document that your leadership team can't currently answer, and a clear view of what it would take to answer them.

Dayshape exists to provide this operational layer - real-time visibility over capacity, utilization, and engagement risk.

The conversation should start with:

- The margin currently being lost
- The visibility gap causing it
- The operational change required to close it.

Once that's clear, the conversation about **how** to solve it becomes much simpler.

If you'd like to talk through what you've found working through this framework, we're happy to have that conversation without a sales pitch attached.

How audit delivery models are evolving

A view from working with audit and advisory practices on how leading firms are reshaping resource management and what separates the firms getting ahead from the ones still firefighting.

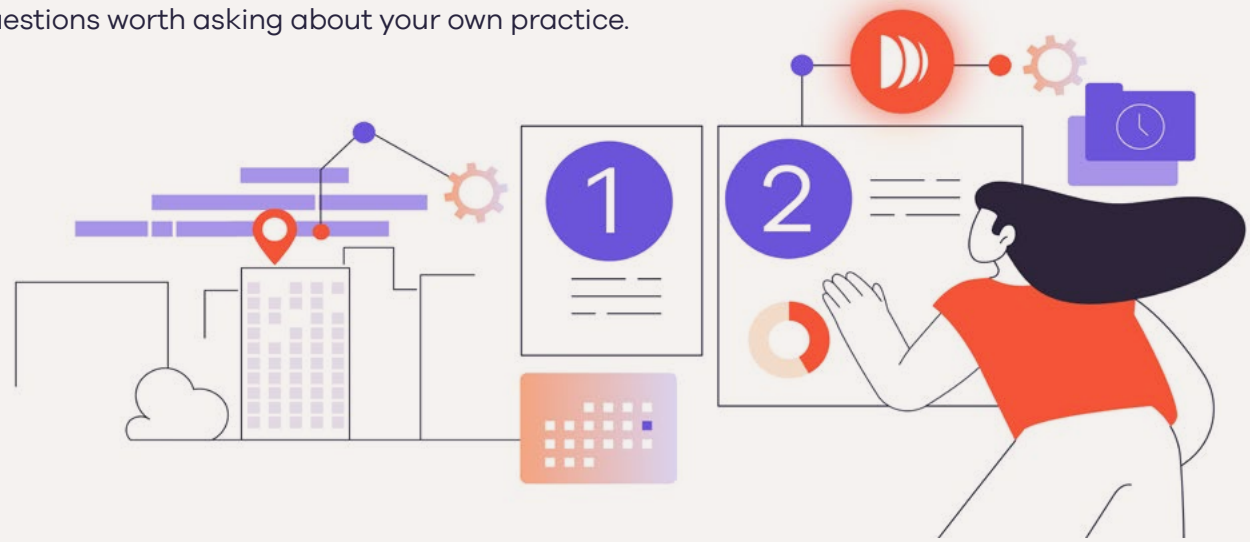
What's actually changing

Across many audit and professional services firms, we're seeing changes in how delivery planning and resource management are being approached. Not because anyone announced a transformation, but because the old model has quietly stopped working at the scale most firms now operate at.

When a practice runs 200 engagements a year out of two offices, spreadsheets and the institutional memory of two or three senior planners is enough. At 2,000 engagements across a dozen offices, with specialists shared across service lines and a rotating bench of secondees and contractors, that model breaks. Not loudly. Just gradually through write-offs nobody saw coming, specialists sitting underutilized in one region while another is overrun, and engagements that get flagged as at-risk in week eight when the early signal was visible in week two.

The firms moving fastest aren't necessarily the largest. They're the ones who've recognized that resource management has shifted from being an administrative function to being a core operating capability, one that materially affects margin, retention and client outcomes.

This briefing sketches what those firms have in common, the three operating models we see most often, and the questions worth asking about your own practice.



The three operating models we see most often

Most firms we work with sit close to one of these three patterns, or are migrating between them. None of them are universally right; the question is which one fits the scale and shape of your practice.

Pattern 1: The centralized planning hub

A small central team owns cross-region capacity allocation, coordinates specialist resources, and provides leadership with a single view of what's running where.

Where it works: firms with strong central operations cultures, or those where specialist capacity (tax, IT audit, valuations) is genuinely shared across the practice rather than locally embedded.

The trade-off: local partners can feel they've lost control of their own bench. Adoption depends heavily on the central team having credibility with delivery leadership. When it does, fragmentation drops sharply. When it doesn't, the model becomes a reporting layer that everyone routes around.

Pattern 2: Federated planning with central visibility

Local offices keep autonomy over their own resourcing decisions, but plug into shared systems that give leadership a consolidated view across regions. Standardized planning inputs and centralized reporting on utilization and demand sit on top of locally owned execution.

Where it works: firms with strong regional identities, or international networks where local autonomy isn't negotiable.

The trade-off: the model is only as good as the data discipline of the weakest region. One office that doesn't keep its planning data current undermines the leadership view. The firms who make this work invest seriously in adoption and treat the planning system as core infrastructure, not optional admin.

Pattern 3: Predictive capacity management

Forward-looking demand modeling, scenario planning for resourcing under different pipeline conditions, and proactive intervention on engagements before delivery issues surface in the financials. Many larger firms are working towards this model, while a smaller number have already embedded these capabilities into day-to-day operations.

Where it works: firms that already have one of the first two patterns operating cleanly. You can't predict capacity you can't see.

The trade-off: it requires both the data infrastructure and the leadership cadence to act on what the data shows. Plenty of firms have dashboards. Fewer have the operating rhythm to use them weekly.

Most firms are somewhere between Pattern 1 or 2, with ambitions on Pattern 3. The firms making real progress have stopped treating these as a maturity ladder to climb in order, and started picking the model that fits how their practice actually runs.

The question isn't what model is best. It's whether your current model:

- Matches your scale
- Reflects how your specialists actually work
- Gives leadership visibility early enough to act.

What the firms ahead of the curve have in common

Across the practices we see operating well, four things tend to be true. None of them are about software. They're about how the firm has decided to work.

Capacity is visible across specialist pools, not just within them. Tax, IT audit, valuations and other shared specialists are planned at the practice level rather than fought over engagement-by-engagement. This sounds basic. In most firms, it isn't happening.

Delivery risk is identified before the financials show it. The signal the better firms watch isn't recovery rate. By the time recovery is moving, the engagement is already lost. It's resource conflict patterns, utilization drift, and engagements where planned hours and actual hours are diverging in week three. Those are early signals. Recovery is a late one.

In our experience, firms with greater visibility into capacity, utilization and specialist demand are often able to identify delivery risk earlier, before it appears in financial reporting.

Operational and financial data sit in the same conversation. A staffing decision and a margin decision are visibly the same decision. The partner reviewing engagement performance is looking at utilization and recovery in the same view, not in two reports a week apart.

The firm doesn't depend on a small number of planners holding it all together. If two or three key people went on leave next month, the practice would still know where its capacity sits. Most firms can't honestly say this.

What typically triggers firms to act

The shift rarely happens because someone in leadership decided it should. It happens because a threshold gets crossed:

- Margin variance year-on-year that can't be explained by pricing or mix
- A specialist team becoming a visible bottleneck for the wider practice
- A run of write-offs concentrated in a particular region or service line
- Forecast accuracy degrading to the point where leadership stops trusting the numbers
- A planned acquisition or scale-up that exposes how brittle the current model is.

The firms that move fastest are usually the ones where two or three of these have stacked up at once. The ones that delay tend to be the ones still absorbing the cost in places where it's hard to attribute quietly, through the recovery line.

Questions worth taking to the leadership conversation

If you're trying to place your own practice on this map, these are the questions that tend to surface the real picture:

Do we have a single view of capacity across the practice, or do we have a set of partial views that each tell a different story?

How aligned are our operational planning cycle and our financial planning cycle? Are they weeks apart, or are they the same conversation?

How early do we typically identify that an engagement is in operational trouble and how does that compare to when the financials show it?

If we doubled in size over the next five years, would the current model scale or would it break in ways we can already predict?

Where does accountability for cross-team allocation decisions actually sit, and is it the same place where the consequences land?

The honest answers to those five questions tend to tell you both where your practice sits today and what the next move should be.

A closing observation

The difference between firms today isn't whether they feel delivery pressure. Every audit practice at scale feels it. The difference is how early they can see it coming and how consistently they can act on it before it shows up in the financials.

That capability, early visibility, and consistent action is becoming one of the clearest dividing lines in the sector. The firms building it are quietly pulling ahead on margin, on delivery stability and on the kinds of engagements they can credibly take on.

The partner-ready leadership conversation deck

Slide 1

1

Audit doesn’t have a demand problem. It has a delivery visibility problem.

- Pipelines are full. Capacity to deliver them consistently is what’s tightening.
- Specialist resource is harder to coordinate across regions and service lines than it was five years ago.
- Manual planning models that worked at one scale are quietly breaking at another.
- The constraint has shifted and most firms haven’t reorganized around it.



The line worth landing:
We’re not short of work. We’re short of the operational visibility to deliver it predictably.

Download the powerpoint

Slide 2

2

Margin leaks before the financials see it

- Staffing changes happen late, when alternatives are already constrained.
- Scope expansions don't make it into the plan in real time.
- Specialist underutilization only surfaces in retrospect.
- Recovery problems get identified after recovery is already lost.



The line worth landing:
By the time margin issues show up in the financials, the engagement is already lost.

Slide 3

3

What the firms ahead of the curve do differently

- They see capacity across the practice not just within each team.
- They flag delivery risk weeks earlier, before recovery moves.
- They've stopped depending on a small number of planners holding it together.



The line worth landing: Resource management has become a core operating capability, not an administrative function.

Slide 4

4

The objections you'll hear and the honest response

What gets said	What's actually true
Our current model works at scale.	It works at scale. It works until it doesn't and the failure mode is gradual margin drift you can't attribute to any single cause.
We already have planning processes	Most firms have planning processes. Few have planning visibility — the difference is whether leadership can see capacity drift before it becomes recovery drift.
Change is disruptive	The status quo is also disruptive. It's just disruption you've stopped noticing because it's spread across hundreds of engagements.

Slide 5

5

Will the model still hold in 2030?

- Can we identify delivery risk early enough to act on it, not just report it?
- Do we have a single view of capacity across the practice, or several partial views?
- Are our operational decisions and our financial outcomes the same conversation, or two reports a week apart?
- If we doubled in size, would the planning model scale or would it break in ways we can already predict?



Closing line:
The firms that answer these questions clearly - and act on them - are the ones that will scale profitably over the next decade.

The audit margin business case toolkit

A practical layer to help you turn insight into action internally

1. Your Executive Summary (1-page snapshot)

Use this page to consolidate your outputs before taking them into a leadership conversation.

Headline insight (one sentence):

We estimate that our audit practice is losing approximately £ _____ per year due to avoidable operational inefficiencies, primarily driven by late visibility into resource and delivery risk.

The number that matters

Estimated annual audit revenue:

£

% of engagements affected by delivery issues:

%

Estimated margin impact per engagement:

%

Estimated annual margin leakage:

£

What's driving it (top 3 factors)

1

2

3

Where visibility breaks down

Risk is typically identified:

- [ ] Early (Week 1–3)
- [ ] Mid-delivery
- [x] Late (recovery stage)

Forecast confidence (3 months out):

- [ ] High
- [ ] Medium
- [x] Low /inconsistent

Dependency on individuals for planning:

- [ ] High
- [ ] Medium
- [x] Low /inconsistent

Implication for leadership

This is not a pricing issue.

This is a visibility and coordination issue, and it is materially impacting margin, predictability, and scalability.

Proposed next step

Align on how we improve early visibility of capacity and delivery risk, and reduce reliance on fragmented planning processes.

2. What to say in the room (talk track)

This is designed to give RMs confidence stepping into a partner or SLT conversation.

Opening (set the frame)

"We've spent some time looking at where margin pressure is actually coming from across audit delivery.

What's clear is — it's not primarily pricing.

It's operational decisions happening too late to change the outcome."

Reframe the problem

"This isn't because we lack data.

It's because we're not seeing the right signals early enough to act on them."

Anchor the key insight

"By the time margin issues show up in recovery or write-offs, the engagement is already lost.

This is fundamentally a visibility timing problem, not a reporting problem."

Move to action

"The opportunity isn't just to track performance better — it's to identify delivery risk earlier and intervene while there's still time to protect margin."

Close

"The question for us is:

how do we move from reacting to margin outcomes → to actively protecting margin during delivery?"



3. Common objections (and how to handle them)

Equip RMs to handle real pushback confidently.

Objection 1: "We already have planning processes"

Response:

"Agreed — most firms do.

The gap isn't planning, it's visibility.

Specifically: can we see capacity conflicts and delivery risk early enough to act on them, not just report on them after the fact?"

Objection 2: "Our model works at our scale"

Response:

"It does — until it doesn't.

What we're seeing is that the failure mode isn't sudden, it's gradual — margin drift, forecast inaccuracy, and increasing reliance on manual coordination."

Objection 3: "This feels disruptive"

Response:

"The current model is already disruptive —

it's just spread across hundreds of engagements, so we don't experience it as a single issue.

What we're proposing is making that visible and manageable."

Objection 4: "We don't have perfect data"

Response:

"We don't need perfect data to act.

In fact, the lack of precise data is often a symptom of the visibility gap we're trying to solve."



4. Signals to watch (what ‘good’ looks like)

Help RMs guide leadership toward the right outcomes.

Early-stage indicators of improvement:

- Resource conflicts identified weeks earlier, not days before delivery
- Specialist utilization becomes visible across the practice, not within silos
- Engagements flagged ‘at risk’ before financial impact shows
- Forecast accuracy improves beyond the next 4–6 weeks.

What maturity looks like:

Leadership can answer, with confidence:

- Where capacity sits across the practice today
- Where it will be constrained in 4–8 weeks
- Which engagements are drifting off plan — before recovery is impacted.



5. Internal alignment checklist

Use this before taking the conversation forward.

- Do we have a **defensible estimate of margin leakage**?
- Can we clearly explain **what's driving it operationally**?
- Can we point to **where visibility breaks down today**?
- Do we have **examples leadership will recognise immediately**?
- Are we framing this as a **firm-level issue**, not a team issue?



6. Reframing the role of Resource Management

This is subtle but powerful — it helps elevate the RM in the room.

"This isn't about improving planning admin. It's about strengthening one of the core levers of firm performance."

Resource management is the point where:

- Demand meets capacity
- Delivery decisions impact margin
- Operational signals become financial outcomes

The shift

From: Scheduling and coordination → **To:** Predictive capacity management and margin protection



7. Final positioning (soft bridge to Dayshape)

"If we agree that the issue is visibility and that it's material, the next question becomes: how do we build that visibility into how we operate day-to-day?"

That's where solutions like Dayshape come in, but the important thing is that the case for change stands independently of any one tool.



Dayshape

Want to pressure-test your business case? Whether you're exploring the challenge, building a business case, or evaluating potential approaches, we're happy to share what we're seeing across the professional services sector.

Speak with an expert

Dayshape's purpose is to improve people's working lives, and the mission is clear: to harness the power of AI and data to elevate resource management in professional services firms to a strategic function. We help drive revenue, deliver insights that improve decision-making, and build strong organizations and fulfilling careers for the long term. With a vision to define the future of AI-powered resource management, helping organizations achieve extraordinary results.

For more information visit dayshape.com

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