Effective Bench management in an ERP organization

How To Manage bench effectively in a ERP company.

Bench workforce is essential for a growing company. It helps company to staff a new project quickly without waiting for recruitment. Earlier most of the Service providers used to maintain almost 30% of the SAP workforce on the bench to provide people for upcoming projects. The “bench” had been a business necessity in the IT industry to keep a skilled workforce ready for any immediate project requirement.

But this has come down drastically over the last few quarters with fluctuations in the International Market. During slowdowns, A large number of bench staff have been retrenched in various big and small organizations if they are not able to place the bench resource into next project for long time (around 3 months). Since bench resource are not get any billing, They are considered a cost to the company. Hence bench becomes one of the most uncomfortable places to be in.

The SAP resources are highly priced resources. It is a high cost to the company if a SAP resource on the bench for longer durations.

Service providers are devising new ways of retaining good performers and niche skills on the bench. However, low performers or those who show no inclination to get themselves a billable role are not considered assets to the company and will be asked to leave. Even retaining high performance ERP resources (both functional and technical) on bench is a challenge to most of the service providers.

Alternate Solutions

Just-in-time hiring: In order avoid resources on bench for new projects/ opportunities, today most organizations are focusing on just-in-time hiring/quality hiring policy only after getting the project to eliminate the bench cost. However to recruit a good quality resource takes 2-3 months time since the resource would require to give one or two months notice to his previous company to join in the organization. Hence Company would require recruiting people who are freely available in the market (Jobless)

One more option for just-in-time hiring is go for sub-contract resources. Resource contracting companies would provide their resource on sub contract basis with one/two weeks’ notice. Also these resources will go back to their original company once the project is over (no bench cost for you).

The Contracting Companies are charging double the price for a resource compared to the industry rates. However by taking bench costs in to consideration, these costs may be reasonable for short term projects.

Virtual bench: In order to reduce the bench cost, some of the Service providers provide bench employees with an option to work part-time (few days a month) or work from home. The will reduce the infrastructure cost and salary costs. However how many people are interested in part time employment is a big question to the industry.

Sub contracting to another company: Some of the Service providers’ sub contracts their bench employees to the different company where they need more manpower. As a result, it provided an opportunity to their employees to get onto the project rather than sit idle. This will improve the bench rotation and revenues.

Practice model: Most of the companies have practices on areas on ERP like SAP, Oracle ERP etc. The practice will identify future potential areas in ERP where business growth expected.

On these potential ERP areas, they will identify prototypes /modules / new trainings to be developed. They would make a planned investment on these areas by creating internal projects on these areas. Most of the bench resources will be used on these internal projects.

With Practice model, ERP service providers can effectively utilize bench resources and at the same time they can plan to grab the future opportunities. This is one of the best ways to utilize the bench resources. However building practice requires reasonable planned investment.