

What Do We Do Now? Options for Allocating Scarce Resources When You Haven't Planned Ahead

By Pat Lynch



Although advance planning for resource allocation is the ideal scenario, many organizations found themselves caught short by the severe constraints imposed by the economic downturn. What are the alternatives when organizations are operating in crisis mode and there is no “Plan A?”

Given the need to make decisions about how to curtail their operations immediately, leaders have two options that can help them in the short-run: (1) increase inputs or (2) decrease outputs. Within each of these options, there are several alternatives, some of which will be more viable than others depending on the given situation. Let's look at each set of options in turn, and examine their feasibility.

Increase Inputs

Here are four ways to increase inputs:

1. Delegate
2. Outsource
3. Work more hours
4. Increase efficiency

Alternatives #1-3 presume the availability of resources such as people (i.e., those to whom you can delegate things) and money (e.g., paying others to do the work, paying overtime). Organizations that are short of those resources are unlikely to be in a position to select those choices. Although some employers may argue that they could avoid paying overtime simply by having salaried staff work more

hours, such a view is short-sighted: people will burn out quickly, and they will be very likely to leave the organization at the first opportunity. Thus for most organizations in crisis mode, increasing efficiency seems to be the most sustainable way to increase inputs in the face of scarce resources.

Decrease Outputs

Here are four ways to decrease outputs:

1. Delay the promised goods or services
2. Provide partial delivery of products or services
3. Reduce service or performance standards
4. Decrease the number of products or services

Although none of these alternatives may seem very palatable, in a crisis situation they may be preferable to not being able to achieve the organization's mission at all. For example, some customers may be open to a delay or partial delivery due to their own financial situations. Others may be unhappy with a delay but will accept it as an alternative to non-delivery.

Reducing service or performance standards may be a viable option for some organizations. For example, one organization I worked with recently is justifiably proud of its tradition of providing "excellent" service across the board. Given severe budget constraints, however, its leaders now are considering the possibility that customers will find "very good" or "good" service levels acceptable, at least in the short-term. This will allow the organization to re-allocate some resources or to continue to operate in the absence of others. However, for an organization whose mission focuses on providing exceptional service, this option is not feasible – unless it revises its mission statement.

Decreasing the number of products or services actually may serve the organization well in the long-term as well as in the short-term. Most likely some customers will be disappointed to find fewer choices. Considering the alternative is the inability to achieve the organization's mission at all, however, the decrease may seem like a reasonable "price" to pay. And over time, if those products and services in fact are very important to the organization's mission, they may be reinstated.

Recommendations for Successful Implementation

Here are four recommendations to help ensure that decisions about how to operate most effectively within existing constraints have the greatest positive impact:

1. Ensure the above decisions are the result of conscious, strategic choices based on the mission.
2. Once set, communicate the decisions clearly and in a variety of ways to employees, customers, and other stakeholders.
3. In most cases, radical changes will require the adjustment of stakeholders' mindsets. For example, people who have worked for years under the notion that providing anything other than excellent service are likely to find it difficult to provide anything less. Leaders must address this issue in order to ensure successful change.
4. Recognize that the organization's mission may have to change to reflect existing circumstances. This change may be short-term or long-term.

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