



Resourcing & Utilisation: The Master Lever of Agency Profitability

*Your people are both the agency's biggest cost and the product it sells.
Why ten points of utilisation can decide the year, and how to hit the
healthy zone without burning anyone out.*

Key Takeaways

- **The benchmark has slipped.** Billable utilisation across professional-services firms fell to 68.9% in 2024, the lowest reading in five years and below the roughly 75% level generally considered healthy. [1]
- **The healthy zone is a band.** Creative and advertising agencies typically target around 70%; consulting firms run at 74–84%. Below roughly 74%, revenue per head tends to fall under break-even for many firms; above roughly 85%, burnout and quality loss set in. [2][3]
- **Ten points can be the whole year's profit.** In an illustrative 20-person agency (our arithmetic, worked through below), the gap between 65% and 75% utilisation is £360,000 of revenue on identical payroll. Average agency net margins sit around 13%. [6]
- **Busy and billable are different things.** Over three-quarters of creative agencies routinely over-service [5] and 57% lose \$1,000–\$5,000 a month to unbilled work [4]. Exhausted teams and weak utilisation coexist all the time.
- **Visibility is the fix.** Firms using dedicated resource-management or PSA tooling report roughly 10% higher billable utilisation on average. [3] Plan against real capacity, capture time at the source, and watch the band in both directions.

The Lever Everything Hangs Off

An agency has an unusual balance sheet. Its biggest cost walks out of the door every evening, and those same people are also the only product it sells. Almost every pound of revenue is, one way or another, an hour of someone's time with a rate attached.

That makes utilisation, the share of paid time that ends up sold to clients, the master lever of agency profitability. Pricing matters. Scope discipline matters. But utilisation sets the ceiling on everything else, because capacity the agency pays for and fails to sell is gone forever, and no rate card wins it back. The costs underneath a point of utilisation are already committed, which is exactly why each point is pure leverage.

Most agency leaders would agree with all of that in principle. Far fewer can say what their utilisation was last week.

The Benchmark Has Slipped

SPI Research's annual Professional Services Maturity Benchmark, covering 403 firms, found billable utilisation fell to 68.9% in 2024. That is the lowest reading in five years, and it sits below the roughly 75% level the industry generally considers healthy. [1]

68.9%

Billable utilisation across professional-services firms in 2024: **the lowest in five years**, and below the ~75% level generally considered healthy. [1]

A word on definitions, because they cause more arguments than the numbers do. Utilisation here means billable hours as a share of available hours. Agencies quietly disagree about the denominator: some divide by contracted hours, some deduct leave and training first, some exclude directors. Any of these can work. What matters is picking one definition, applying it to everyone, and tracking it weekly, because a number defined differently every quarter cannot be managed at all.

Benchmarks vary by discipline. Creative and advertising agencies typically target around 70%, reflecting the non-billable weight of pitching, admin and internal work; consulting firms tend to run at 74–84%. [2][3] The floor matters as much as the target. Mosaic's analysis of professional-services data suggests that below roughly 74% utilisation, revenue per employee tends to fall beneath break-even for many firms. [3] An agency drifting along in the high 60s can feel busy and still be underwater on its own payroll.

The Twin Failure

Utilisation fails in two directions, and most agencies manage neither well.

Under-utilisation is the visible failure, at least in arrears. Every point below target is salary spent with nothing invoiced against it. The insidious part is that it rarely looks like idleness. People are occupied: internal projects, proposals, meetings, rework, admin. The studio hums. The billable share quietly sinks.

Over-utilisation is the failure agencies inflict on their best people. Above roughly 85%, resource-management research warns, burnout risk climbs and quality drops [2][3]. There is no slack left for

thinking, mentoring, or the unglamorous internal work that keeps an agency functioning. Sustained peaks are followed by resignations, and the cost of replacing and re-training the people who leave lands straight back on the P&L.

Here is the trap: the two failures coexist. More than three-quarters of creative agencies report routinely working beyond agreed scope without billing for it [5], and 57% lose between \$1,000 and \$5,000 every month to unbilled or out-of-scope work [4]. That over-serviced effort is real work by real people. It exhausts the team without ever registering as billable time. The result is an agency that is simultaneously overworked and under-utilised: staff at their limit, and a utilisation number sitting below break-even.

Busy is not the same as billable. Plenty of exhausted teams work inside under-utilised agencies.

What Ten Points Is Worth

Resource-management analysts regularly make the point that a modest utilisation gap produces an outsized gap in gross profit. [3][7] The arithmetic is worth doing explicitly, so here is a worked example. The figures are illustrative, ours, and deliberately simple:

- An agency with **20 billable staff**, each with 1,800 available hours a year, has **36,000 hours of capacity**.
- Assume a blended charge-out rate of **£100 per hour**.
- At **65% utilisation**: 23,400 billable hours, or **£2.34 million** of revenue.
- At **75% utilisation**: 27,000 billable hours, or **£2.70 million** of revenue.

£360,000

The revenue gap between 65% and 75% utilisation in an illustrative 20-person agency at a £100 blended rate. **Same payroll, same rent, same team.** (Lumo illustrative arithmetic.)

The payroll, the rent and the software bill are identical in both scenarios, so nearly all of that £360,000 lands as gross profit. Now set it against what agencies actually keep: average after-tax net margins of roughly 13% [6]. For an agency of this size, the entire year's net profit can be smaller than

the gap between 65% and 75%. Ten points of utilisation is the difference between a comfortable year and a conversation with the bank.

There is encouraging evidence that the lever moves. Firms using dedicated resource-management or PSA tooling report roughly 10% higher billable utilisation on average than those without. [3] The mechanism is unglamorous: visibility, applied weekly.

Why Agencies Fly Blind

If the lever is this powerful, why is it so poorly controlled? Two operational habits do most of the damage.

Capacity is planned in spreadsheets

The resourcing spreadsheet is a snapshot of who is on what, and it is stale by Tuesday. It rarely accounts for leave, part-time patterns or standing non-billable commitments, so the “capacity” it shows never actually existed. Bookings live in the planner, actuals live in the timesheet system, and nobody systematically compares the two. The traffic manager knows who is assigned; nobody knows who is genuinely free next week.

Time is captured late and wrong

When people reconstruct their week on a Friday afternoon, or at month-end, short tasks vanish, over-serviced hours go unrecorded or get dumped into whichever code is easiest, and hours migrate towards the jobs that are easiest to remember. Utilisation reporting built on that data is fiction, reported to one decimal place. And every planning decision downstream inherits the fiction.

The blindness extends to hiring, the most expensive decision an agency makes. Without a live view of capacity, headcount decisions run on felt pain rather than data. The agency hires when everyone is drowning, which is typically two months after the work actually arrived and, often enough, shortly before it ebbs. The new hire lands as utilisation dips, the number sinks further, and the cycle repeats in the other direction with a freeze.

The combination is deadly in a quiet way: agencies plan against capacity that is not real and measure with time that is not true. Flying blind is the natural result.

Plan to Real Capacity, Capture at the Source

The fix comes down to two disciplines, run continuously rather than quarterly.

Plan to real capacity. Deduct leave, training, part-time patterns and standing non-billable duties before promising hours to jobs. Track hours through their lifecycle, from planned to booked to confirmed to actual, and watch where the drift happens: if booked hours routinely exceed actuals, either estimates are inflated or time is going missing, and both answers are worth money. Manage the band in both directions, flagging people below 70% and above 85% with equal urgency. [2][3]

Capture time at the source. The closer capture sits to where people already plan their day, which for most is the calendar, the more complete and accurate the data becomes. Same-day capture with minimal friction turns time from a resented chore into a reliable feed for utilisation, estimate-versus-actual tracking and billing all at once. A timesheet chased at month-end will always lose to a diary that fills itself in.

Neither discipline is conceptually hard. What defeats agencies is running them by hand across a planning spreadsheet, a timesheet tool and a finance system that do not talk to each other. The disciplines have to live where the work lives.

Where Lumo Fits

Lumo, the agency-management platform from Chase Software, treats resourcing and time as one connected system rather than two disconnected chores. Chase has built agency software for more than 25 years and serves over 300 agencies, including WPP Media and Miroma.

Lumo's Week Planner and Resource Planning views show real capacity across the team, with leave, part-time patterns and existing bookings already accounted for, so planning happens against hours that actually exist. Hours are tracked through their full lifecycle, from planned to booked to confirmed to actual, which makes the drift between intention and reality visible week by week instead of at the post-mortem. Time capture is calendar-native, so recording the day takes minutes and happens while memory is fresh. And the Job Overview connects the hours to the money, showing what utilisation is doing to each job's margin, live.

Find Your Ten Points

Three questions for your next leadership meeting. What was our utilisation last week, not last quarter? Who on the team is above 85% right now? What did over-servicing cost us last month? If those questions take days to answer, capacity is being managed on instinct, and the ten points are hiding in the gap between what was planned and what actually happened.

Your people are the product. Utilisation is simply the measure of how much of the product ever reaches a client.

Book a Lumo demo and see your team's real capacity, and what ten points of utilisation would do to your year.

References

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