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What Is Wrong With 100% Utilization Thinking?

Premise

As a person who has spent way too many years managing many projects, working with a lot of financial people, and who has worked to improve the results of a lot of organizations, one thing I was expected to focus on was "utilization rates" for people. The thinking seems straight-forward - if we are paying a certain amount of money for a person we can increase the return (value produced) associated with that person by making sure, at a minimum, that the person is working all the time and is always busy. As result I'd work to ensure that people were 90%, 100% utilized and be happy when people reported 110% utilization.

Here's the problem with this type of thinking. Its wrong. Its wrong in so many ways. And the problem is that its wrong in ways that are counter-intuitive to what seems like a pretty simple relationship between cause (people busy) and effect (more stuff).

Understanding Real Cause and Effect

I want you to have a look at the following chart:

Want to Know More?

- ["Slack: Getting Past Burnout, Busywork, and the Myth of Total Efficiency"](#) by Tom DeMarco. Discussion about the counterintuitive principle that explains why efficiency efforts can slow a company down. Fights against the concept that, for example, 100% utilization of people is the most efficient way to get something done.
- [Economic Value of Slack Time](#)
- [A Myth of 100% Utilization](#)

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