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The Capacity Model.

An instrument: how many hours a team can sell this month, who has them, and where the deficit is hiding — five rows, one sheet per team, one tab per month. With the template.

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CONTROL

An instrument, and a spreadsheet.

A services business sells hours it has not worked yet. The capacity model is the instrument that says how many it has, by person and by month, and how many are already spoken for — and it is the only instrument on this shelf that ships as a workbook, because the instrument *is* the workbook. This document is the manual; the template is the tool.

VERSION	DATE	AUTHORITY	NOTES
1.2	November 2026	Juan Carlos González II	Sizing the team: the productive hours in a year, and a Customer Success team sized as event × duration × volume, from the method my team built in 2017 at a hospitality-software company in the Vista Equity portfolio; two new tabs in the template; American spelling throughout
1.1	October 2026	Juan Carlos González II	First public edition, rebuilt from the 2021–22 workbook as a Juan.co instrument; the template carries a sample team and a blank month; the traffic meeting written down
1.0	2021	Juan Carlos González II	The working model, one sheet per team, as SVP of Customer Success at a managed services provider — the method first built and perfected at EchoDitto, 2010–2015

HOW TO USE THIS INSTRUMENT

Read pages 4–5 once, for why the model exists and the three numbers it protects. Page 6 is the grid, page 7 is how to read it, page 8 is how it scales. Pages 9–10 are how to run it — the weekly meeting and the first ninety days. Page 11 is the template, tab by tab, and the checklist. Pages 12–13 size a team before there is a grid to fill: the productive hours in a year, and the events a Success team must cover. Open the workbook beside page 6. It pairs with The Project Budget; each stands alone.

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I · WHY

A hundred projects on a spreadsheet.

In 2010 I inherited the client services function of a small digital agency: fourteen people, under a million dollars in annual billings, barely breaking even, and having real trouble scaling. The trouble was not the work and it was not the people. It was that the firm's picture of its own capacity could not grow as fast as the firm wanted to.

The director before me had seen the answer. She had envisioned a capacity model and a project-planning system integrated exactly this way — the hours a project needs meeting the hours the team has, in one place. She did not have it wrong. What she had not done was build it for scale: it ran on attention and feel, and a system like that holds together to about twenty or thirty concurrent projects and then comes apart — not with a bang, but with a project nobody can staff and a month nobody saw coming.

So I rebuilt it for scale. The total hours available across the team, by person; paid time off subtracted; a utilization rate applied, because nobody delivers eight billable hours in an eight-hour day; and every billable project cross-mapped against those hours, by month, by discipline — strategy, consulting, development, design. The result was a forecast that let a project manager staff a project before it was sold, budget it so that it stayed profitable, and see a change order coming as a capacity problem before it became a margin problem.

At its peak the model supported more than sixty people across more than a hundred concurrent projects — on what was, mechanically, a shared spreadsheet. It held not because of the software but because of the rigor around it: a weekly traffic meeting that read it aloud, a rule that nothing was accepted without a row, change orders approved against hours and not just against margin. The agency grew from one million in annual billings to ten before it was sold in 2015, and the capacity work is, personally, what made me its managing partner: not the selling, not the strategy, but knowing, every Monday, how many hours we had left. I ran the same five rows a decade later for a delivery organization at a managed services provider. They had not needed to change.

> **WHAT IT IS NOT**
>
> It is not a timesheet, a project plan, or a resourcing tool. Timesheets record the past; this forecasts the future. Project plans say what will happen on a project; this says whether the people exist to make it happen. Resourcing tools do this with permissions and charts — and when you buy one, the model is the specification you hand the vendor. Until then, five rows in a workbook are enough. They were enough for a hundred projects.

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I · WHY

Three numbers.

A professional services business is run on three numbers. The capacity model protects the first two, and the project budget protects the third. Everything else is a dashboard.

PROTECTED HERE

Billable utilization

The share of a person's available hours that is planned against billable work. In the model it is the **RATE** — and it is a *target you set*, not a result you suffer. A maker runs at 0.8; a manager at 0.5; nobody at 1.0, because meetings, learning and the next proposal are real.

PROTECTED HERE

Billable actualization

Hours actually worked against hours planned — the gap between the budget and the timesheet. The model does not compute it; it makes it *visible*, because a project whose row keeps growing after it was sold is eating actualization in public.

PROTECTED BY THE BUDGET

Project margin

Sale minus cost, over sale, for every project, before it is accepted and while it runs. The hours in a project's budget are the hours in its row here: the two instruments share a number, and that is the point of running both.

Why the rate is a target and not a measurement: if you set it to 1.0, the model will tell you that you have far more hours than you do, you will sell them, and the people will work the difference at night. Setting it honestly — 0.8 for someone whose job is to produce, 0.5 for someone whose job is to run people, 0.7 for the player-coach — is the single act that turns the spreadsheet from an inventory into a forecast. Utilization is where you choose how hard the firm runs; the model only holds you to it.

UTILIZATION	planned billable hours ÷ available hours — the RATE, set per person
ACTUALIZATION	hours actually worked ÷ hours planned — read from the project budget's Performance sheet
MARGIN	(sale − cost) ÷ sale — the project budget's first line

My agency's floor for margin was seventy-three percent for non-profit and institutional clients and higher for corporate; my rates ran 0.5 to 0.8. They were the right numbers for that firm and that price list. Set yours; the model does not care what they are, only that they are written down.

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II · THE INSTRUMENT

Five rows.

People across the top, projects down the side, one sheet per team, one tab per month. Five rows above the projects do all of the work, and only two of them are typed.

JUNE · 22 WORKING DAYS	AVERY	BLAKE	CASEY	DEVIN	EMERSON	FINLEY	HARPER	JORDAN	TEAM
RATE	0.5	0.8	0.8	0.8	0.8	0.5	0.8	0.7	
HOURS	88	140.8	140.8	140.8	140.8	88	140.8	123.2	
PTO	–	16	–	8	–	–	24	–	
ALLOC	88	124.8	140.8	132.8	140.8	88	116.8	123.2	955.2
USED	68	148	148	148	138	62	78	108	898
AVAIL	**20**	**-23.2**	**-7.2**	**-15.2**	**2.8**	**26**	**38.8**	**15.2**	**57.2**
Harbor Logistics — platform migration	20	40	40	–	–	–	–	–	100
Meridian Health — onboarding	–	30	–	60	–	–	–	–	90
Atlas Retail — integration	–	–	40	20	60	–	–	–	120
Summit Energy — renewal workshop	16	–	–	–	–	24	–	–	40
... six more rows									

RATE	target utilization per person. `0.5-0.8` · typed
HOURS	what the month holds at that rate. `= working days × 8 × rate`
PTO	paid time off this month, in hours · typed
ALLOC	what there is to assign. `= hours - PTO`
USED	what has been assigned. `= sum of the project rows`
AVAIL	what is left. `= alloc - used` — the row the model exists for

The project rows are where the plan lives: for every live or sold project, the hours each person is expected to give it this month. Teal is typed; everything else is arithmetic. Column A totals the team. The whole thing is six formulas, and the sample above is the template's own example tab.

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II · THE INSTRUMENT

Reading it.

Look at the sample again. The team has fifty-seven hours to spare this month. Three of its eight people are over-allocated. Both statements are true, and the second one is the one that matters.

The total lies. A team-level surplus is the average of people who are drowning and people who are idle, and work does not flow between them by itself — Harper's thirty-nine free hours do not fix Blake's twenty-three-hour deficit unless Harper can do Blake's work and someone moves it. Read the model by person first, then by team. A negative number in the AVAIL row is not an error; it is the deficit you had anyway, now with a name on it.

A DEFICIT — THREE MOVES, IN ORDER

Move, then add, then decline

- **Move** hours to the person with a surplus who has the skill. Cheapest; the model shows you who.
- **Add** a contractor or a hire for the hours no one has — priced into the project's budget, not absorbed.
- **Decline or delay** the newest work. A project nobody can staff is a promise, not a sale.

A SURPLUS — ONE MOVE

Sell it

Free hours in a forecast month are the clearest pipeline conversation a services firm can have: *we have one hundred and twenty hours of development in August; what is in the pipeline that needs development in August?* A surplus that reaches the month unsold becomes utilization you cannot recover.

THE DIAL

The rate is the lever

When every month runs negative, the firm is under-staffed or over-sold, and the model says which by how far. When every month runs positive, either the rates are too low or the pipeline is. Change the rate only on evidence — a quarter of timesheets — never to make a month fit.

Two readings that look alike and are not. A person over-allocated on *one* project is a project problem: the estimate was wrong, and the budget needs a change order. A person over-allocated across *several* is a capacity problem: they are the only one who can do that work, and the firm needs a second one. The model will not tell you which. The project rows will.

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II · THE INSTRUMENT

By team, by month, by skill.

The sheet is one team in one month. Three ways of multiplying it turn an inventory into a forecast.

BY TEAM

One sheet each

Implementation, account management, support, design — every team that sells hours gets its own sheet with its own people and its own rates. Do not merge them; a surplus in support does not staff a migration. The totals roll up by hand or by a summary tab, and the roll-up is for leadership; the sheets are for the people who assign work.

BY MONTH

One tab each, three ahead

Copy the month tab forward: this month, next, and the one after, with PTO entered as soon as it is approved and project rows extended from the budgets. Three tabs ahead is a forecast; one is a status report. The far tabs are mostly empty, and the emptiness is the sales target.

BY SKILL

Columns can be disciplines

For a firm whose people are interchangeable within a discipline — four developers, three designers — the columns can be the disciplines, with the rate and hours summed across the people in each. It forecasts further and staffs less precisely. Use it for the quarter view; use names for the month.

The link to the budget is the only integration the model needs. Every project row here is a project with a budget — hours by role by month, priced at cost and at rate — and the hours in the row are the hours in that budget for this month. When a change order adds forty hours to a project, forty hours arrive in its row, and someone's AVAIL goes down. That is the moment the model earns its keep: the change order is approved against capacity, not just against margin, and a project manager finds out on Monday rather than at the end of the month.

WHEN TO LEAVE THE SPREADSHEET

Later than the vendors say. A shared spreadsheet carried sixty people and a hundred concurrent projects for me, held up by the traffic meeting and the one rule rather than by software. The signs that it is time: the meeting can no longer read every negative in thirty minutes, or the tabs have more than one editor who changes rows without saying so. Then buy a scheduling tool that can be configured to these five rows — rate per person, PTO, hours by project by month, a visible AVAIL — and migrate the sheets, not the method. The vendors I used are gone or renamed; the rows are the same.

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III · RUNNING IT

The traffic meeting.

The model is read once a week, in one meeting, with everyone who assigns work in the room. I called it the traffic meeting, because that is what it manages: what is coming, what is moving, what is stuck.

WHO

Every assigner

The project managers, the delivery lead, whoever sells. Thirty minutes, the same slot every week. The person who maintains the model runs it; the person who owns the number — the delivery lead — decides.

BEFORE

The model is current

PTO entered. Every project row extended from its budget. Last week's decisions reflected. The meeting reads the model; it does not build it. A meeting that starts by updating the spreadsheet is an hour long and decides nothing.

AFTER

Decisions, written

Who moved where; what was declined or delayed; which change orders were approved against whose hours; which surplus went to sales. Five lines in a shared document. Next week opens by checking them.

The agenda, in order

1. **AVAIL, by person, this month and next.** Read the negatives aloud. Each one gets a move, an add, or a decline before the meeting moves on.
2. **New work against capacity.** Every proposal in flight, with its budget's hours: who would do it, which month, what it does to their AVAIL. A proposal nobody can staff gets a later start date in the proposal, not a later surprise.
3. **Change orders.** Hours added to live projects since last week — approved only when a name and a month go with them.
4. **Surplus to sales.** The free hours in the forecast months, by discipline, handed to whoever sells as a target.
5. **Rates and PTO.** Only when something changed: a new hire, a leaver, a quarter's timesheets that say a rate is wrong.

> THE ONE RULE
>
> Nothing is accepted without a row. Not a proof of concept, not a favor, not a two-day "quick thing" for a good client. If it takes hours, it has a row, and the row has a name. The reason a shared spreadsheet held a hundred concurrent projects is that this rule held first.

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III · RUNNING IT

Standing it up.

Ninety days from an empty workbook to a forecast the firm trusts. The sequence matters more than the speed.

WEEKS ONE AND TWO

Inventory

Every person who sells hours, on a sheet, with a rate you believe. Working days for the month. PTO already approved. Then every live and sold project as a row, with this month's hours by person — from the budget where one exists, from the project manager's estimate where it does not. The first AVAIL row will be wrong. Publish it anyway.

WEEKS THREE TO SIX

Traffic

The first traffic meeting, then every week. Fix the rows the meeting proves wrong. Copy the month tab forward twice. Start approving change orders against hours. By week six the model is right for this month and roughly right for next, and project managers have stopped asking who is free, because they can see.

WEEKS SEVEN TO THIRTEEN

Forecast

Three months of tabs. Every new proposal staffed in the model before it is priced. The first rate review against a quarter of timesheets — the rates move by a tenth, not by half. The surplus report goes to sales monthly. By the end of the quarter the model is the firm's answer to the only question that matters: *can we take this?*

Two failure modes, both of which I have watched kill the model in other firms. **Rates set to one.** It feels honest — eight hours is eight hours — and it over-states capacity by a fifth, so the firm over-sells by a fifth, and the model gets blamed for the overtime it predicted. **One owner.** A model maintained by one person is current when they are at their desk and fiction when they are not; the assigners must enter their own rows, and the traffic meeting must read them aloud, or the sheet becomes a report about last month.

> WHAT GOOD LOOKS LIKE AT DAY NINETY
>
> Every person's AVAIL within ten percent of their timesheet. No project without a row. Three months of tabs, the third mostly empty. A surplus number sales can repeat. A traffic meeting that ends early.

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III · RUNNING IT

The template, and the checklist.

The workbook beside this document has three tabs. Blue is typed; black is arithmetic; the yellow cell is the month's working days.

Read me	The five rows explained, the color rule, and how the template pairs with the Project Budget.
Example — June	A sample team of eight and ten projects, filled in — the grid on page 6. It lands over-allocated on purpose: three people negative, the team positive. Read it before you build yours.
Month	Blank. Copy it once per month, name the copy, enter people and rates across the top and projects down the side. Column A totals the team; a negative AVAIL turns coral.
Productive hours	One person's year, line by line, down to the hours they can give the work — page 12.
Team sizing	Every event the team covers, with its minutes and monthly volume; it adds them up and divides — page 13.

BUILD

- [ ] One sheet per team that sells hours
- [ ] Every person across the top, with a rate you believe
- [ ] Working days for the month in the yellow cell
- [ ] PTO entered for everyone, in hours
- [ ] Every live and sold project as a row
- [ ] Hours by person by project, from the budget where one exists
- [ ] Next month's tab copied and started

EVERY WEEK — BEFORE TRAFFIC

- [ ] PTO approved since last week entered
- [ ] Project rows extended from their budgets
- [ ] Last week's decisions reflected
- [ ] Change orders since last week added to their rows

EVERY WEEK — IN TRAFFIC

- [ ] Every negative AVAIL read aloud and resolved: move, add, or decline
- [ ] Every proposal in flight staffed against a month
- [ ] Surplus by discipline handed to sales
- [ ] Decisions written, five lines

EVERY MONTH

- [ ] A new tab three months out
- [ ] Last month's AVAIL compared to timesheets, by person
- [ ] Rows for finished projects closed

EVERY QUARTER

- [ ] Rates reviewed against a quarter of timesheets
- [ ] Teams reviewed: a sheet for every team that sells hours, and no sheet for one that does not
- [ ] The question asked: has the firm outgrown the spreadsheet?

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IV · SIZING THE TEAM

Productive hours.

Before you can fill a grid you have to know how many people to put across the top. That starts with one honest number: the hours a person can actually give the work in a year. My team built this one in 2017, and it is the denominator for everything on the next page.

CATEGORY	EVENT	DURATION	HOW OFTEN	HOURS A YEAR
Available	Working hours	7.5 hours	Daily, 260 days	1,950
Meetings	Team meeting	1 hour	Weekly	− 50
	Cross-functional meeting	1 hour	Every two weeks	− 24
	All-hands meeting	1 hour	Monthly	− 12
	Continuing education	2 hours	Monthly	− 24
Time off	Vacation	7.5 hours	10 days	− 75
	Holidays	7.5 hours	10 days	− 75
	What is left			**1,690**
Utilization	Planned at 85 percent of what is left			**1,437**

WHY 85, AND NOT 100

Nobody delivers every remaining hour. Handoffs, context switches, the call that runs long and the day that goes sideways are real; planning to 100 percent plans to be late. The monthly grid on page 6 does the same thing in one number — the rate — and this page shows where a number like that comes from. Change any line to match your company; keep the shape.

1,437 hours is about 74 percent of the working year. It is the number to divide by whenever someone asks how many people a piece of work needs.

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IV · SIZING THE TEAM

Event × duration × volume.

Ratios — one Success Manager to so many accounts — are where a sizing conversation ends, not where it starts. Start with the work: every event the team must cover, how long each takes, and how many happen in a month. Multiply, add, and divide by the productive hours.

> *People needed = Σ (minutes × monthly volume) × 12 ÷ 60 ÷ 1,437*

KIND	EVENT	DURATION	A MONTH	HOURS A YEAR
Proactive	Welcome call after the sale	30 min	200	1,200
Proactive	Thirty-day value overview	45 min	200	1,800
Proactive	Business review, dedicated tier	60 min	100	1,200
Proactive	Business review, shared tier	60 min	175	2,100
Proactive	Survey follow-up	15 min	150	450
Reactive	Email reply	5 min	5,000	5,000
Reactive	Phone call	5 min	4,000	4,000
Reactive	Partner request	15 min	300	900

PROACTIVE

4.7 people

The work we choose to do: the welcome, the value overview, the reviews, the follow-up. It is what the customer remembers.

REACTIVE

6.9 people

The work that arrives: a five-minute reply, thousands of times. It is what the day fills up with if nobody counts it.

THE TEAM

11.6 people

Round up, and check the answer against the Operating Model's ratios by tier. Where they disagree, the events are usually right.

The volumes are illustrative, for a book of a few thousand accounts. The lesson is not: when my team first ran this, the reactive work needed more people than the proactive — the five-minute replies outweighed every business review we planned. The template's Team sizing tab does this arithmetic for your own events.

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