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INSIGHT
2014

GCS Premier – It's Not Just A History Lesson

Using GCS to Drive Decision Making

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OPTIMIZE
YOUR POTENTIAL



GCS Premier – It's Not Just A History Lesson

Objective:

To understand how GCS Premier can be used as a budgeting and forecasting tool:

- Manage the delta between provisional, target and actual rates
- Monitor the cost of resources (people)
- Mentor project managers and manage project performance with the JSR
- Use historical performance to inform forward pricing



GCS Premier – It's Not Just A History Lesson

Why GCS Premier?

- Designed for small to mid sized government contractors
- Cost effective, trusted and proven solution for accounting and project accounting
- Visible audit trails
- DCAA compliant
- Fully integrated to ensure data consistency
- Automates key processes (calculating indirect rates, computing revenue, billing)

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Budgets in GCS

Organization and Project Budgeting

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Budgets in GCS

Getting Started – No business process will be successful without thoughtful planning. The first step is to decide:

- When will you enter the budget?
- Who will be responsible for entering and providing quality assurance?
- Who will monitor the budget vs. actual performance?
- Who will update the forecast (EAC)?
- What are you going to do with all this information?
 - Is it just good to have?
 - Is someone accountable for performance?
 - What decisions will the information support?
 - Who decides when it is time to take corrective action?



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Statement of Indirect Expenses – Used to analyze budget vs. actual performance. A high level measure may be aligned. A “line by line” measure could uncover potential issues.

- Bid and Proposal labor vs. G&A labor
- Variances in base
- Missing accruals



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Statement of Indirect Expenses

COMPANY-WIDE STATEMENT OF INDIRECT EXPENSES			
PERIOD END: 02/28/10		FRINGE BENEFITS	
ACCOUNT	DESCRIPTION	CURRENT PERIOD	CUMULATIVE Y-T-D
		-----	-----
0510-000	VACATION EXPENSE	13,705.66	27,397.85
0511-000	HOLIDAY EXPENSE	9,569.02	10,809.93
0512-000	SICK LEAVE EXPENSE	237.39	237.39
0520-000	401K CONTRIBUTION - ER	17,476.16	34,724.12
0521-000	GROUP INSURANCE-HEALTH	1,021.69	2,043.38
0522-000	GROUP INSURANCE-DENTAL	312.76	625.52
0524-000	GROUP INSURANCE-VISION	99.89	199.78
0532-000	WORKMANS COMP INSURANCE	781.25	1,562.50
0542-000	FICA TAX EXPENSE - ER	12,566.07	25,292.89
0543-000	FUTA EXPENSE - ER	463.80	1,694.67
0545-000	SUTA EXPENSE - ER	923.32	2,956.28
	SUBTOTAL: OTHER FRINGE BENEFITS	57,157.01	107,544.31
	TOTAL FOR FRINGE BENEFITS POOL	57,157.01	107,544.31
	FRINGE BENEFITS BASE	162,592.86	336,086.19
	RATE: FRINGE BENEFITS	35.15%	32.00%
		=====	=====

Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Statement of Indirect Expenses with Budget

COMPANY-WIDE STATEMENT OF INDIRECT EXPENSES							
PERIOD END: 02/28/10		FRINGE BENEFITS					
FISCAL YEAR: 2010		FY2010 ORIGINAL BUDGET					
OPTION: OR		ORIGINAL					
		CURRENT PERIOD			CUMULATIVE YEAR TO DATE		
ACCOUNT	DESCRIPTION	ACTUAL	BUDGET	ACTUAL AS A % OF BASE	ACTUAL	BUDGET	ACTUAL AS A % OF BASE
0510-000	VACATION EXPENSE	13,705.66	13,642.15	8.43%	27,397.85	27,284.30	8.15%
0511-000	HOLIDAY EXPENSE	9,569.02	8,248.00	5.89%	10,809.93	9,448.00	3.22%
0512-000	SICK LEAVE EXPENSE	237.39	1,374.68	0.15%	237.39	2,749.36	0.07%
0520-000	401K CONTRIBUTION - ER	17,476.16	16,500.00	10.75%	34,724.12	33,500.00	10.33%
0521-000	GROUP INSURANCE-HEALTH	1,021.69	5,800.00	0.63%	2,043.38	11,600.00	0.61%
0522-000	GROUP INSURANCE-DENTAL	312.76	1,800.00	0.19%	625.52	3,600.00	0.19%
0524-000	GROUP INSURANCE-VISION	99.89	570.00	0.06%	199.78	1,140.00	0.06%
0532-000	WORKMANS COMP INSURANCE	781.25	781.25	0.48%	1,562.50	1,562.50	0.46%
0542-000	FICA TAX EXPENSE - ER	12,566.07	12,515.00	7.73%	25,292.89	25,030.00	7.53%
0543-000	FUTA EXPENSE - ER	463.80	1,309.00	0.29%	1,694.67	2,618.00	0.50%
0545-000	SUTA EXPENSE - ER	923.32	2,088.00	0.57%	2,956.28	4,176.00	0.88%
SUBTOTAL: OTHER FRINGE BENEFITS		57,157.01	64,628.08	35.15%	107,544.31	122,708.16	32.00%
TOTAL FOR FRINGE BENEFITS POOL		57,157.01	64,628.08	35.15%	107,544.31	122,708.16	32.00%
FRINGE BENEFITS BASE		162,592.86	283,333.88	100.00%	336,086.19	424,590.11	100.00%
RATE: FRINGE BENEFITS		35.15%	22.81%		32.00%	28.90%	



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Trend Reports – Used to measure high level accuracy.

- Highlights potential issues in reporting
 - Direct vs. Indirect labor
 - Other Direct Costs (ODC) vs. Overhead expenses
- Predicts where spending is veering from plan



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Trend Indirect Expense Reports

DIVISION: ALL															TREND INDIRECT COST REPORT		
FOR DEPARTMENT: 40 SOFTWARE DEVELOPMENT																	
ACCOUNT #	ACCOUNT NAME	PERIOD ENDING:		3/31/2010	4/30/2010	5/31/2010	6/30/2010	7/31/2010	8/31/2010	9/30/2010	10/31/2010	11/30/2010	12/31/2010	PD 2 YTD	(OVER)	(OVER)	
		1/31/2010	2/28/2010												UNDER	UNDER	
														VARIANCE	% VAR		
0600-200-00	COMP OVERHEAD LABOR	1,170	1,105											2,275			
	BUDGET:	562	562	562	562	562	562	562	562	562	562	562	565	1,124	(1,151)	-102%	
0600-300-00	CUST OVERHEAD LABOR	10,008	(9,661)											347			
	BUDGET:	506	506	506	506	506	506	506	506	506	506	506	506	1,012	665	66%	
	INDIRECT LABOR EXPENSE	11,178	(8,556)											2,622			
	BUDGET:	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,071	2,138	(484)	-23%	
0511-000-00	HOLIDAY EXPENSE	-	4,644											4,644			
	BUDGET:	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,644)	#DIV/0!	
0512-000-00	SICK LEAVE EXPENSE	-	120											120			
	BUDGET:	-	-	-	-	-	-	-	-	-	-	-	-	-	(120)	#DIV/0!	
0610-200-00	BONUS	2,833	2,833											5,666			
	BUDGET:	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	5,666	-	0%	
0612-200-00	RENT	9,422	9,422											18,845			
	BUDGET:	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	2,408	(16,437)	-683%	
0620-200-00	TELEPHONE	647	710											1,358			
	BUDGET:	700	700	700	700	700	700	700	700	700	700	700	700	1,400	42	3%	
0622-200-00	OFFICE SUPPLIES	-	698											698			
	BUDGET:	208	208	208	208	208	208	208	208	208	208	208	208	416	(282)	-68%	
	OTHER INDIRECT EXPENSES	12,902	18,427											31,329			
	BUDGET:	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	9,890	(21,439)	-217%	
	TOTAL INDIRECTS	24,080	9,871											33,951			
	BUDGET:	6,013	6,013	6,013	6,013	6,013	6,013	6,013	6,013	6,013	6,013	6,013	6,016	12,026	(21,925)	-182%	
	TOTAL DEPARTMENT DIRECT LABOR	65,019	78,325											143,345			
	BUDGET:	62,847	202,694	62,847	62,847	62,847	62,847	62,847	62,847	62,828	43,582	43,582	43,581	265,541	122,196	46%	
RATIO IND.	EXP. TO DIR LABOR	37%	13%											24%			
	BUDGET:	10%	3%	10%	10%	10%	10%	10%	10%	10%	14%	14%	14%	5%			



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Trend Direct Expense Reports

DIVISION: ALL		TREND DIRECT COST REPORT														(OVER)	(OVER)
FOR DEPARTMENT: 40																UNDER	UNDER
		PERIOD ENDING:															
ACCOUNT #	ACCOUNT NAME	1/28/2011	2/25/2011	3/25/2011	4/29/2011	5/27/2011	6/24/2011	7/29/2011	8/26/2011	9/30/2011	10/28/2011	11/25/2011	12/30/2011	PD 2 YTD	VARIANCE	% VAR	
1012-ALL-39	CONTRACT A	7,326	8,626	-	-	-	-	-	-	-	-	-	-	15,952			
	BUDGET:	8,000	8,000	6,000	6,000	6,000	6,000	4,000	-	-	-	-	-	16,000	48	0%	
1013-ALL-39	CONTRACT B	-	-	-	-	-	-	-	-	-	-	-	-	-			
	BUDGET:	-	-	-	-	-	-	-	-	-	-	-	150,000	-	-	#DIV/0!	
1014-ALL-39	CONTRACT C	40,196	47,223	-	-	-	-	-	-	-	-	-	-	87,419			
	BUDGET:	40,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	60,000	60,000	60,000	60,000	90,000	2,581	3%	
1015-ALL-39	CONTRACT D	74,783	82,838	-	-	-	-	-	-	-	-	-	-	157,621			
	BUDGET:	80,000	80,000	90,000	100,000	100,000	100,000	100,000	120,000	120,000	-	-	-	160,000	2,379	1%	
TOTAL SUFFIX 39		122,305	138,687	-	-	-	-	-	-	-	-	-	-	260,992			
	BUDGET:	128,000	138,000	146,000	156,000	156,000	161,000	159,000	175,000	180,000	60,000	60,000	210,000	266,000	5,008	2%	
1014-ALL-43	CONTRACT C	-	53,920	-	-	-	-	-	-	-	-	-	-	53,920			
	BUDGET:	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	40,000	(13,920)	-35%	
1015-ALL-43	CONTRACT D	124,800	376	-	-	-	-	-	-	-	-	-	-	125,176			
	BUDGET:	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	100,000	(25,176)	-25%	
2002-ALL-43	CONTRACT E	27,750	-	-	-	-	-	-	-	-	-	-	-	27,750			
	BUDGET:	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	30,000	2,250	8%	
TOTAL SUFFIX 43		152,550	54,296	-	-	-	-	-	-	-	-	-	-	206,846			
	BUDGET:	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	170,000	(36,846)	-22%	



Organization Budgets in GCS

Managing Indirect Rates - TARGET doesn't always equal ACTUAL

Corrective Action – Whether it is a Trend Report or Statement of Indirects, when you are monitoring the delta between target and actual rates regularly, you are in a better position to make changes and influence the final outcome.

- Improvements and upgrades
- Insourcing/outsourcing
- Policies and procedures
- Services
- Space
- Staffing

Project Budgets in GCS

The Job Status Report (JSR) – It's not just a torture tactic!

The JSR – The JSR is the number one tool for Project Managers (PM) for measuring financial success. It is a big commitment to fully utilize the project budgets in GCS. While, there is an administrative cost, the ROI can be a compelling force.

- If projects are on target, the organization should be on target.
- The JSR is a conversation starter between Finance and PMs.
- Project budgets drive staffing for direct and indirect labor.
- Reliable budgets and backlog inform organization budgeting and forecasting.
- Project financial performance is an important metric of success for PMs.
 - Promotion
 - Compensation

Project Budgets in GCS

The Job Status Report (JSR) – It's not just a torture tactic!

JOB SUMMARY REPORT										
CLIENT: DEPARTMENT OF NAVY PRIME CONTRACT ID: N00039-94-C-0050 CONTRACT NUMBER: 1000 CONTRACT NAME: ADI (SMART CARD) PERIOD OF PERFORMANCE: 01/01/09 TO 12/31/12 FISCAL YEAR: 2007 FY2007 ORIGINAL BUDGET OPTION: OR ORIGINAL						DIVISION #: #				
						EST TOT VAL: 1,973,200.00				
						FUNDED VALUE: 1,406,250.00				
						JOB TYPE: CPFF				
						RATE TYPE: TARGET				
						STATUS: VARIOUS				
	INCURRED PRIOR YEARS	CURRENT PERIOD		YEAR-TO-DATE			TOTAL CONTRACT			COMMITMENTS
		BUDGETED	INCURRED	BUDGETED	INCURRED	VARIANCE	BUDGETED	INCURRED	BACKLOG	
DIRECT LABOR ONSITE	46,837	30,000	32,069	70,000	66,620	3,380	604,537	113,457	491,079	
DIRECT LABOR GOV SIT	14,726	10,000	9,296	25,000	19,456	5,544	129,926	34,182	95,744	
TOTAL LABOR COST	61,563	40,000	41,364	95,000	86,076	8,924	734,463	147,639	586,824	
DIRECT TRAVEL	7,917	1,000	2,255	2,000	2,255	(255)	39,917	10,172	29,745	-
DIRECT CONSULTANTS	15,650	1,000	5,125	2,000	5,125	(3,125)	45,650	20,775	24,875	24,875.00
SUBCONTRACTORS	36,500	3,000	4,900	6,000	9,900	(3,900)	121,500	46,400	75,100	50,100.00
DIRECT MATERIALS	1,450	2,000	4,019	4,000	4,019	(19)	11,450	5,469	5,981	-
OTHER DIRECT COSTS	9,668	350	236	700	236	464	18,663	9,904	8,760	-
TOTAL OTHER DIR.COST	71,185	7,350	16,535	14,700	21,535	(6,835)	237,180	92,720	144,461	74,975.00
FRINGE BENEFIT 30.00	18,469	12,000	12,409	28,500	25,823	2,677	220,339	44,292	176,047	-
COMPANY SITE O 75.00	35,128	22,500	24,051	52,500	49,965	2,535	453,403	85,093	368,310	-
CUSTOMER SITE 35.00	5,154	3,500	3,253	8,750	6,809	1,941	45,474	11,964	33,511	-
MATERIAL HANDL 2.50	36	50	100	100	100	-	5,015	137	4,878	-
SUBC HANDLING 3.00	1,565	90	301	180	451	(271)	286	2,015	(1,729)	2,249.00
G&A 12.00	16,722	9,659	10,040	22,768	20,552	2,216	182,845	37,274	145,571	-
TOTAL INDIRECT EXP.	77,074	47,799	50,156	112,798	103,701	9,097	907,362	180,774	726,588	2,249.00
TOTAL CONTRACT COSTS	209,822	95,149	108,054	222,498	211,311	11,187	1,879,005	421,133	1,457,872	77,224.00
FEE COMPUTED 0.00	10,489	4,757	5,403	11,125	10,566	559	93,844	21,055	72,789	
CONTRACT REVENUE	220,312	99,906	113,457	233,622	221,876	11,746	1,972,849	442,188	1,530,661	
DIRECT LABOR HOURS	2,226.0	1,400.0	1,328.0	3,200.0	2,801.1	398.9	25,376.0	5,027.1	20,348.9	
CONSLT'S/SUB'S HRS.	490.2	40.0	90.0	80.0	140.0	(60.0)	1,500.0	630.2	869.8	
TOTAL LABOR HOURS	2,716.2	1,440.0	1,418.0	-	2,941.1	(2,941.1)	26,876.0	5,657.3	21,218.7	

Project Budgets in GCS

The Job Status Report (JSR) – It's not just a torture tactic!

Estimate At Completion (EAC) – Not every project goes as planned, but it is important to keep the end in sight. By updating EACs each month, PMs can adjust, plan and communicate. Leaders use these updates for evaluation and planning.

- Exchange resources to increase efficiency.
 - Do you need a less expensive resource for the remaining work?
 - Do you need a more skilled resource that will be more independent?
- Request assistance from leaders and peers.
 - Are there problems with the project?
 - Is there a skill gap on the team?
- Inform clients of potential overruns or scope changes well in advance.
 - Give your contracting officer's representative (COR) time to react, make adjustments and communicate within their offices.
 - Give your contracting officer (CO) time to react and take action.



Project Budgets in GCS

The Job Status Report (JSR) – It’s not just a torture tactic!

Estimate To Completion (ETC)

CLIENT: DEPARTMENT OF NAVY		ESTIMATE-TO-COMPLETE REPORT						CONTRACT VALUE: 1,973,200	
CONTRACT NUMBER : 1000								ETC LAST REVISED: 02/26/10	
								INC LAST REVISED: 02/26/10	
	INCURRED CURRENT PD	TOTAL CONTRACT						% COMP INCUR & COMMIT	
		INCURRED	EST TO COMP	LREAC	BASE BUDGET	VARIANCE	% COMP		COMMITMENTS
DIRECT LABOR ONSITE	32,069	113,457	491,079	604,537	550,000	(54,537)	18.77		
DIRECT LABOR GOV SIT	9,296	34,182	95,744	129,926	100,000	(29,926)	26.31		
TOTAL LABOR COST	41,364	147,639	586,824	734,463	650,000	(84,463)	20.1		
DIRECT TRAVEL	2,255	10,172	29,768	39,941	30,000	(9,941)	25.47	0	
DIRECT CONSULTANTS	5,125	20,775	24,875	45,650	80,000	34,350	45.51	24,875	
SUBCONTRACTORS	4,900	46,400	75,100	121,500	250,000	128,500	38.19	50,100	
DIRECT MATERIALS	4,019	5,469	5,981	11,450	12,000	550	47.76	0	
OTHER DIRECT COSTS	236	9,904	8,760	18,663	34,000	15,337	53.06	0	
TOTAL OTHER DIR COST	16,534	92,720	144,484	237,204	406,000	168,796	39.09	74,975	
FRINGE 32.00	13,237	46,013	174,326	220,339	195,000	(25,339)	20.88	0	
COMP OH 35.10	11,256	58,511	394,891	453,403	412,500	(40,903)	12.9	0	
CUST OH 27.13	2,522	10,433	35,042	45,474	35,000	(10,474)	22.94	0	
Mat HdI 5.32	214	250	4,764	5,015	300	(4,715)	4.99	0	
SUB H 4.97	498	2,311	-	2,311	7,500	5,189	100	3,726	
G&A 16.73	11,892	40,978	141,867	182,845	173,316	(9,529)	22.41	0	
TOTAL INDIRECT COST	39,619	158,497	750,890	909,387	823,616	(85,771)	17.43	3,726	
TOTAL CONTRACT COSTS	97,517	398,856	1,482,198	1,881,054	1,879,616	(1,438)	21.2	78,701	
FEE	(7,452)	19,941	73,903	93,844	93,981	137	21.25		
CONTRACT REVENUE	90,066	418,797	1,556,101	1,974,898	1,973,597	(1,301)	21.21		

Organization & Project Budgets in GCS

Bid and Proposal – What are your rates and how long will it take?

Indirect Rates – Accurate indirect rates are essential to a sound price proposal. This is particularly important for Cost Plus Fixed Fee (CPFF) and Time and Materials (T&M) bids.

- Are your target rates aligning with your actuals?
- Do you need to adjust forward pricing/provisional rates?
- Do you have a reliable forecast for future years?
- Can you meet your fee goal and still be competitive?
- Would winning this work have a significant effect on your business?
- Would winning this work create the need for a new cost pool?

Organization & Project Budgets in GCS

Bid and Proposal – What are your rates and how long will it take?

Level of Effort – Are you just guessing? A bad guess can ruin profitability on a fixed price (FFP) bid.

- Have you done work similar in scope?
 - How did your budget vary from actual on that work?
 - What was the labor mix and should you make changes?
 - What were your lessons learned from the execution of similar work?
- How can you gain efficiencies in this work?
- What is a reasonable risk adjustment?

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Review

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Best Practices for Using GCS to Drive Decision Making

- Organization Budgets
 - Indirect Expenses: Budgets, Variance Analysis
 - Direct Costs: Budgets, Variance Analysis
 - Pool Rates
- Contract Budgets
 - Direct Costs and Applied Indirect Costs
 - Job Profitability
 - Variance Analysis
- Budget to Latest Revised Estimate at Completion
- Impact of above on Bids & Proposals
- Don't Spend Too Much Time Looking Out the Rear Window!!

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Questions?

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Contact Us

For more information feel free to call or email us or visit us at **Booth 16:**

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