



ABC – Project Management Meets GAAP

by Simon Dekker

President and CEO – Dekker, Ltd.

Project Accounting

Project management professionals and technical managers faced with large projects to manage, are realizing that in order to assess project status and make timely business decisions, they must have inputs from the traditional finance system. Even though traditional finance systems possess a wealth of information pertaining to project status, project managers cannot readily utilize accounting data for operations based reporting. By collating, summarizing and reporting accounting data, in a manner consistent with project management, managers profit from greater insight into cost drivers that contribute to the bottom line within the project.

Project Accounting is the discipline whereby Project Management is linked to General Accounting. Until the availability of Dekker TRAKKER®, Project Accounting was deployed only on large project management applications that could justify the cost of linking the two systems. Dekker TRAKKER® addresses the integration issue between those systems that support Generally Accepted Accounting Principles and Project Management by providing a disciplined, state of the art interface between these two management practices. TRAKKER provides a time tested approach to this integration that can be right-sized for any project, large or small. TRAKKER combines a complete project management system and a Generic TRAKKER Accounting Interface that establishes this vital link efficiently, and cost effectively.

The system provides managers with an easy to use tool for scheduling, resourcing, earned value, project costing and provides the link to accounting for on-line monitoring of actual cost, estimated actuals (commitments) and resource consumption. Dekker's software provides a more relevant view of a project, an operation, or an entire enterprise.

Establishing Project Accounting through TRAKKER requires no changes to the accounting system. System integration requires read-only access to job costing information. Data integrity remains under the control of finance. In many instances, Dekker, Ltd. provides a ready to use accounting interface driver for various commercially available accounting software products. TRAKKER's Accounting Interface empowers finance and project control with information that is presented in a manner consistent with operational reporting requirements without disrupting the accounting system.

When should an organization graduate to TRAKKER? If business analysts spend more time compiling project information than analyzing it, then the management team is ready for TRAKKER. Project Managers that spend hours searching through accounting reports to determine proper time charging, estimated actuals, booked actuals, and developing responsible status statements, Estimate-To-Complete and Estimates-At-Complete analysis should take a serious look at Project Accounting through TRAKKER

Project Accounting

Project Accounting takes the traditional Project Management techniques--scheduling, resourcing, costing--and ties this to Accounting.

Project Accounting offers the ability to:

- Report on technical Accomplishments
- Keep on Schedule
- Secure available Resources
- Assure Capacity meets Demand
- Track Costs
- The key advantages to linking to the accounting system are to:
 - Access accounts receivable and accounts payable information. This provides the ability to control expenses by reviewing incoming revenue as well as payment status on invoices.
 - Troubleshoot potential problems via management by exception techniques. By making information more accessible and reasonably adaptable to the Project Manager's needs, potential mischarges can be "drilled down," without searching the whole array of the accounting system for a discrepancy. A Project Manager can simply run a query and make retroactive adjustment if necessary.
 - Track how much money has been spent. This listing includes actual commitments to provide an understanding of the real status of Cash Flow in relation to a specific project.
 - Provide an auditable match to the official book of record. Figures are traceable in terms of schedule, cost, resources consumed, billing milestones portrayed and burden rates.
 - View key ingredients: the status of project, aside from the traditional Project Management perspective of scheduling, resourcing, & costing.

Additionally the Project Accounting system has the ability to be fed information from other programs such as inventory control, Material Resource Planning, bills of material budget build ups base. Even though these sensing systems are used in different ways, the data can still be utilized by the Project Manager.

Dekker TRAKKER® Activity Based Cost Management system provides the ability to create a proposal and then track against the proposal.

Activity Based Cost Management

Activity Based Cost Management elevates Project Accounting to an enterprise-wide, operational perspective. Project Accounting allows a manager to understand activities at the project level. That is, those activities needed to produce a product or service and the resources those activities consume. Activity Based Cost Management (ABC) examines enterprise-wide allocation of costs.

To identify performance trends, ABC examines the Project Accounting information from the life cycle of the entire organization's projects, products and services. ABC analyzes the operation in terms of:

- 1) Costs and resource consumption by event cost drivers.
- 2) Costs and resource consumption by product.
- 3) Performance feedback in terms of business objectives.

Meaningful feedback on business objectives can now be provided to an organization's technical entities. This accumulation of Project Accounting information quantifies an organization's experience base. This data empowers organizations in locating where burden rate consumption transpires, conducting product/service trend analysis, and determining the products/projects that best contribute to the bottom line. Analysis of historical events, enables better planning for the future.

ABC integrates Project Management with Generally Accepted Accounting Principles. The intent of ABC is to augment the GAAP system by providing more relevant reporting to Operations Managers. ABC seamlessly integrates to the GAAP system, permitting Operations Managers read-only access to accounting data.

By adapting to the ABC doctrine, an organization begins to locate cost drivers and pinpoint profitability. By applying statistical analysis to the process of doing work, a company is able to quantify how long it takes to perform a specific task, and how much it will cost.

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