Mastering Overhead Budgeting and Reporting with CPM Software
Agenda

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INTRODUCTION
Company Background

**Skanska USA Building** is a leading provider of world-class construction services.

**Head office:** Parsippany, New Jersey

**Geography:** Offices in 17 states nationwide

**Annual revenue:** $4.6B

**Number of employees:** ~ 3,000

**Accounting system:** JD Edwards
DAN DEROOY
Director of Financial Reporting
Skanska USA Building Inc.

RESPONSIBILITIES:

✓ Overhead budgeting/forecasting
✓ Consolidated financial reporting
✓ Executive package reporting
✓ Business analysis
✓ Audit coordination
CHALLENGES
Concerns for Skanska USA Building

**SYMPTOMS**

- Inefficient overhead budgeting / forecasting
- Slow consolidation
- Version control
- Formula errors
- Security issues

**UNDERLYING PROBLEMS**

- Emailing over 250 Excel files back and forth during overhead planning processes
- Manually consolidating them for the department heads
### Concerns for Skanska USA Building

#### Symptoms

- Overhead reports took a long time to generate each month

- We were very inflexible in changing the report formats as the business's needs changed

#### Underlying Problems

- We exported data from our accounting system and into Excel report files

- We then emailed or posted these report to shared team sites
Concerns for Skanska USA Building

**SYMPTOMS**

Consolidated financial statements generated very slowly and required manual work

**UNDERLYING PROBLEMS**

- Our business had grown in complexity
- We didn’t have the resources needed to modify our existing reports to meet the business’s changing needs
**Concerns for Skanska USA Building**

**SYMPTOMS**

Bringing consolidated financials, detailed overhead data, and project data together for executive reporting packages was extremely time consuming.

**UNDERLYING PROBLEMS**

We would export data into Excel from various data sources and manually manipulate the data into various parts of our executive reporting packages.
Weighing Potential Solutions

Needed a solution that could replace our Excel-based overhead budgeting/forecasting process.

Needed to more efficiently produce various types of financial reporting – overhead, financial statements, executive packages.

Already had a robust in-house solution for construction project forecasting and reporting. So we couldn’t just replace everything with a new system, but we needed to incorporate multiple data sources.

Solution had to be scalable to our business, able to work with multiple ERPs, manageable for the Finance team with minimal IT involvement, and cost-effective.
Evaluation & Selection Process

1. Assessed business processes
2. Worked with IT to build the business case
3. Proposed solution to IT Council for Internal Resources
4. Established project team
5. Issued RFP
6. Conducted vendor demos
7. Evaluated vendors
8. Took reference calls
9. Proposed solution to senior management for approval
10. Negotiated contracts
Deciding Factors

- Robust reporting capabilities
- Thorough security options
- Easy report design tools (Excel-like features)
- Minimal IT support after implementation
- Finance department administration
- Cost
- Input into product development
- Potential to build out our software solution in the future

We determined that Prophix had the perfect balance of functionality and cost to meet our business needs.
Implementation Process

Discovery/Planning Phase

3 DAYS
Discovery phase (needs analysis and product demos)

3 WEEKS
Skanska USA Building ‘homework’: identifying data structure

Execution Phase

3 WEEKS
Phase 1 (financial reporting)

2 WEEKS
Phase 2 (overhead reporting)

2 MONTHS
Phase 3 (overhead planning)

4 WEEKS
Phase 4 (project reporting – actuals)

2 WEEKS
Phase 5 (project reporting – forecast data import)

Typical phase structure – model build, data import, data validation, report design

Ongoing

End user training (both budget owners and report designers)

Advanced report creation
First 100 Days

- Less Excel reporting
- User self-service for monthly reports
- Easy report modification (new accounts, offices, departments, etc.)
- More time to analyze results
- Minimal IT support (no waiting for new report development)
- Very fast forecast setups vs. Excel template creation
- Easy-to-use workflow system for planning
- Instant budget/forecast consolidation
- Biggest challenge – which process to make more efficient first!
Automated and Streamlined Processes

**OVERHEAD PLANNING**
- No longer setting up 250+ templates and using consolidation files to gather results
- Forecast setup went from 6 people over multiple days to a couple hours for one person

**OVERHEAD REPORTING**
- 25+ department reports that took 20-30 minutes/month each to create now instantly update each month via a centralized update process
- Modification of those reports takes just minutes
Automated and Streamlined Processes

FINANCIAL STATEMENTS
• Reports that could take hours to run using our accounting system now run in minutes and can be modified as needed for various filtering options
  ✔ Time, companies, currency, actual vs. forecast, historical trends, etc.

AD HOC ANALYSIS
• Various requests for analysis can be conducted quickly and efficiently
• When a request becomes more frequent, we produce a report or data view to meet these requests even faster in the future
  ✔ “Have much have we spent on travel by office or department in the last 5 years?”
  ✔ “How much has overhead cost grown by office or department in the last 5 years?”
  ✔ “What are our medical costs for the past 5 years?”
Automated and Streamlined Processes

MANAGEMENT REPORTING

• Reports now easily generated, combining data from various sources that have been pulled into Prophix
  ✓ Financial reporting, overhead reporting, project reporting

Each month we focus on further improvements to our processes, creating greater distance from manual report creation
Improved Analysis

- Comparisons of actual to budget / forecast 1 / forecast 2
- Historical trends
- Ratios and efficiencies
- Operations/region evaluations
- Balance sheet evaluations
Data-Driven Decision Making

- We could focus on...
  - Which regions and projects are performing well
  - Which regions have low or high overhead
- Then decide to pursue the projects that perform the best
- Prophix helps our financial reporting group perform better
  - Helps make the business case to investigate and offer recommendations
Symptoms to Watch For

1. Spending too much time creating reports or gathering data and not enough time analyzing information.

2. Exporting data from various sources into Excel and manually manipulating it there to bring it all together into a single report.

3. Accepting manual, time-consuming work because you don’t see a better way to get the job done.

4. Filling email inboxes with monthly reports because that’s the only way to get them to multiple people.
   - And having them see other people’s information in order to save time on report distribution.

5. Not being able to quickly see budget/forecast submission results in various ways.
   - By department, office, expense line, etc.
Preparing for a Software Solution

| Map out all of your current reporting and planning processes |
| Compile examples of all manual reports |
| List all of the types of financial requests you receive |
| List your key participants and stakeholders |
| Check out the vendors in the market and request product demos |
| Identify time spent creating reports, planning templates, and financial requests |

Imagine: what would you do for your company if all of those activities took a fraction of the time they currently do, or even no time at all?
GETTING THE MOST OUT OF THE SOFTWARE

- Think differently about how data is managed/distributed
- Train report consumers on Prophix’s functionality
- Build a team of diverse report designers
- To gather more design ideas
- Ask for constant feedback from customers
- Don’t just replace what you were doing
  - DO MORE, FASTER
QUESTIONS