Managed Project Solutions©

Crisis Management and Value Added Projects in Accounting & Finance

KopacConsulting®

Providing Business Solutions to the Energy Industry

CUSTOMER SERVICE VALUES

Kopac Consulting strives to provide the best possible results to our clients. Kopac consultants adhere to the following values in delivering unmatched customer service to their clients:

1. Communication
- Maintain close and adequate communication (at a minimum on a weekly basis) with clients as the engagement develops and return all inquiries within one business day.
- Keep clients informed of project issues and industry developments.

2. Courtesy
- Treat all people with dignity and respect.
- Respond to phone calls, blackberry messages, and e-mails with privacy.
- Arrive at appointments on time and leave on time or when asked.

3. Cooperation
- Work with clients in a team environment having clearly defined roles and responsibilities.
- Ask questions to resolve issues.

4. Cost
- Investigate solutions that will optimize results for minimum fees.
- Provide complete visibility to fees and expenses on the engagement.

5. Commitment
- Commit to a process that provides a solution that works for the client.
- Work with appropriate industry experts and personal contacts for additional research on issues.
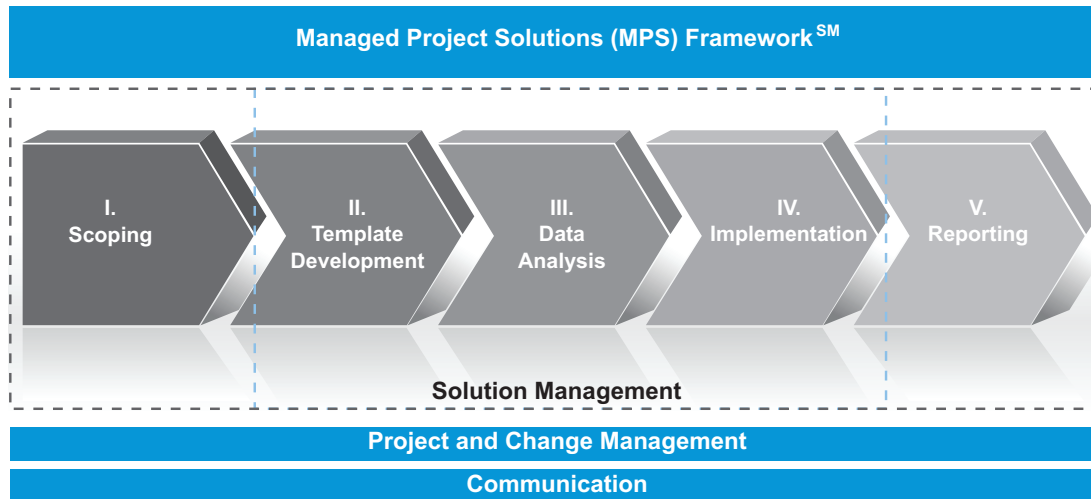- Work until the job is done.

6. Competence
- Maintain professional certifications, designations, and Continuing Professional Education (CPE) training.
- Continually explore new ideas and concepts to apply in the work environment.
- Continually participate in training, conferences, and mentoring in order to master business concepts.

7. Caring
- Adhere to commitment, independence, and honesty while working as a team with the client and Kopac professionals until the issues are resolved.
- Take my clients issues as though they were my own.
- Ask my employees, clients, and suppliers to only do things that I would be willing to do myself.
- Define success as client resolution of issues and maintaining or improving profitability.

MPS SOLUTION FRAMEWORK^{SM}

Managed Project Solutions (MPS) Framework ^{SM}

| I. Scoping | II. Template Development | III. Data Analysis | IV. Implementation | V. Reporting |

Solution Management

Project and Change Management

Communication

The foundation for project management is Kopac's MPS framework. The MPS framework can be adapted to nearly any type of project.

I. Scoping Includes identifying the customer, assessing needs, determining project drivers, outlining scope and objectives, developing the plan/proposal, and planning the project (structure, budget and timing)

II. Template Development Involves standardizing the project approach, training the team, and development of a proposal

III. Data Analysis Involves extracting, validating, and gathering data to support the approach

IV. Implementation Includes application development, installation, reconciliation, implementation, and inspection

V. Reporting   Includes post project review and management reporting, ongoing monitoring, and termination of the project.
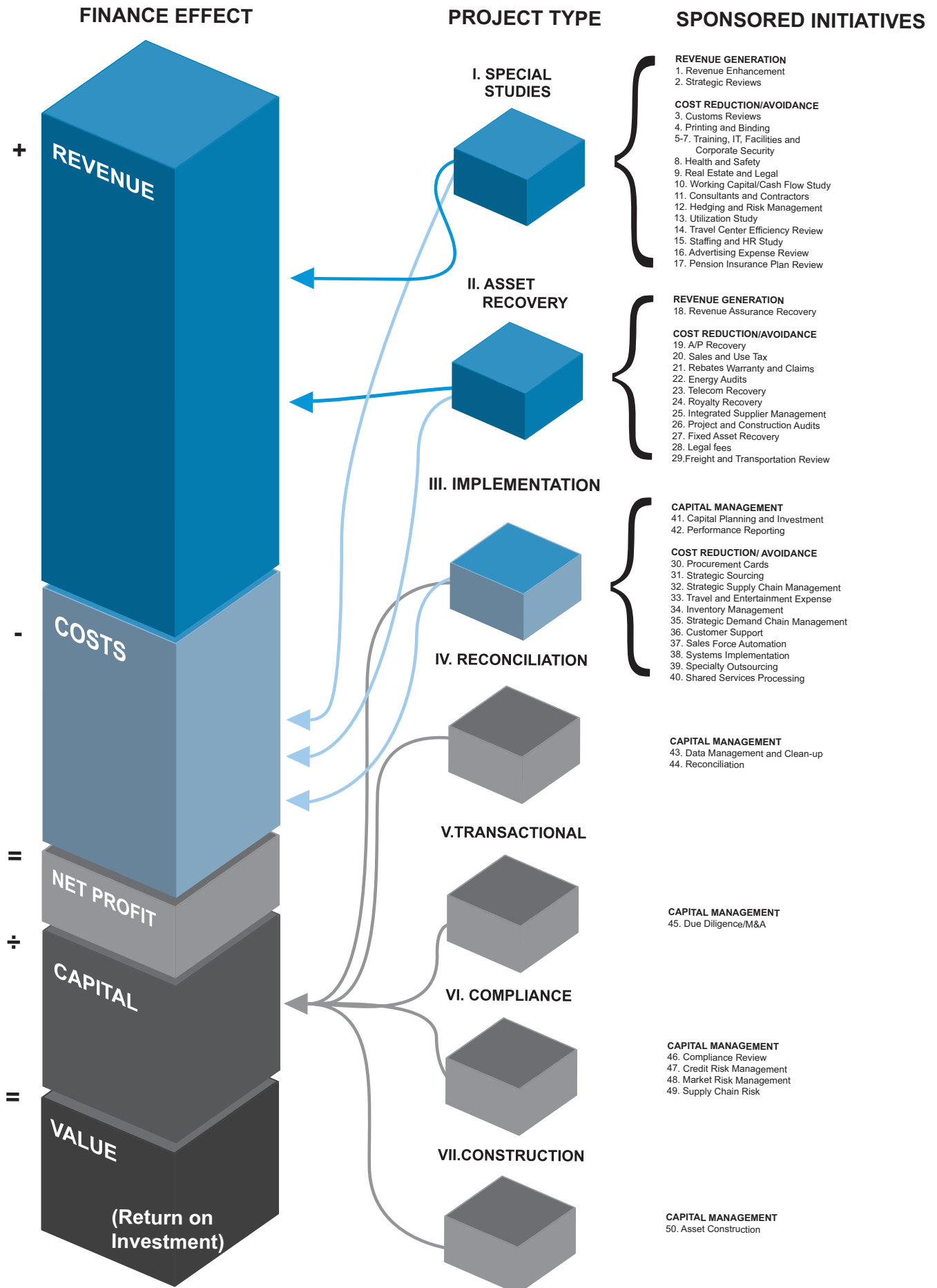
Kopac Assessment Matrix© (Right)

Your organization can use the Kopac Assessment Matrix© as a tool to provide visibility to key value-added possibilities throughout the organization. A central point of contact—usually the controller or Project Management Office is charged with collating opportunities from individual user groups. The assessment grid includes a place for input of savings, applicability to the organization, expected completion date and final benefit achieved. A typical sponsor is suggested for each opportunity. The format can be sorted as necessary based on the unique needs of the organization to support planning and budgeting or assignment of objectives.

Sponsored Initiative	Driver	Term	Savings Range % Low	% High		Company Self Assessment[1] Suggested Sponsor	Applicable to Company	Expected Completion Date	Actual Recovery ($/%)
I. Special Studies- Strategic SG&A Program (Indirect Spend)/Internal Sourcing			2%	10%					
1 Revenue Enhancement	Strategic	Long				BD			
2 Strategy Review	Strategic	Long				CFO/BD			
3 Customs Review	Process	Long				A&F			
4 Printing and Binding	Process	Long				SCM			
5 Training	Process	Long				HR			
6 Information Technology	Process	Long				IT			
7 Facilities & Corporate Security	Process	Long				CFO			
8 Health & Safety	Process	Long				Legal			
9 Real Estate & Legal	Process	Long				SCM			
10 Working Capital Cash Flow Study	Process	Long				Treasury			
11 Consultants & Contractors	Porcess	Long				SCM			
12 Hedging and Risk Management Review	Process	Long				Risk			
13 Utilization Study	Process	Long				IA/Ops			
14 Travel Center Efficiency Review	Process	Long				IA			
15 Staffing and HR Study	Org.	Long				HR			
16 Advertising Expense Review	Process	Long				SCM			
17 Pension/ Insurance Plan Review	Process	Long				CFO/Legal/RM			
II. Asset Recovery			2%	5%					
18 Revenue Assurance Recovery	Data	Short				OPS			
19 A/P Recovery	Data	Short				Controller			
20 Sales & Use Tax Recovery	Data	Short				Tax			
21 Rebate, Warranty & Claims Recovery	Data	Short				A&F			
22 Energy Audits	Data	Short				A&F			
23 Telecomm Recovery	Data	Short				A&F			
24 Royalty Recovery	Data	Short				A&F			
25 Integrated Supplier Management	Data	Short				SCM			
26 Project and Construction Audits	Data	Short				SCM			
27 Fixed Asset Recovery	Data	Short				Controller			
28 Legal Fees Recovery	Data	Short				Controller			
29 Freight and Transportation Review	Data	Short				SCM			
III. Implementation- Supply			2%	10%					
30 Procurement Cards	Process	Long				SCM			
31 Strategic Sourcing	Process	Long				SCM			
32 Strategic Supply Chain Management	Process	Long				SCM			
33 Travel and Entertainment Expense	Process	Long				SCM			
34 Inventory Management	Process	Long				OPS			
III Implementation- Demand									
35 Strategic Demand Chain Management	Process	Long				S&M			
36 Customer Support	Process	Long				S&M			
37 Sales force Automation	Process	Long				IT			
III Implementation- Support									
38 Systems Implementation	Process	Long				IT			
39 Specialty Outsourcing	Org.	Long				CFO			
40 Shared Services Processing	Org.	Long				CFO			
41 Capital Planning & Investment	Strategic	Long				CFO			
42 Performance Reporting	Data	Long				CFO			
IV. Reconciliation									
43 Data Management and Clean-up	Data	Long				IT/CFO			
44 Reconciliation	Data	Long				A&F			
V. Transactional									
45 Due Diligence, M&A	Strategic	Long				CFO			
VI. Compliance/Risk Management									
46 Compliance Review	Strategic	Long				RM/IA			
47 Credit Risk Management	Strategic	Long				RM			
48 Market Risk Management	Strategic	Long				RM			
49 Supply Risk Management	Strategic	Long				RM			
VII. Construction									
50 Asset Construction	Process	Long				CFO			

[1] The guide can be used as a self assessment tool by the company to determine the current status of these value adding projects

KOPAC VALUE ADDED MODEL©

FINANCE EFFECT

PROJECT TYPE

SPONSORED INITIATIVES

+

REVENUE

-

COSTS

=

NET PROFIT

÷

CAPITAL

=

VALUE

(Return on Investment)

I. SPECIAL STUDIES

REVENUE GENERATION
1. Revenue Enhancement
2. Strategic Reviews

COST REDUCTION/AVOIDANCE
3. Customs Reviews
4. Printing and Binding
5-7. Training, IT, Facilities and Corporate Security
8. Health and Safety
9. Real Estate and Legal
10. Working Capital/Cash Flow Study
11. Consultants and Contractors
12. Hedging and Risk Management
13. Utilization Study
14. Travel Center Efficiency Review
15. Staffing and HR Study
16. Advertising Expense Review
17. Pension Insurance Plan Review

II. ASSET RECOVERY

REVENUE GENERATION
18. Revenue Assurance Recovery

COST REDUCTION/AVOIDANCE
19. A/P Recovery
20. Sales and Use Tax
21. Rebates Warranty and Claims
22. Energy Audits
23. Telecom Recovery
24. Royalty Recovery
25. Integrated Supplier Management
26. Project and Construction Audits
27. Fixed Asset Recovery
28. Legal fees
29. Freight and Transportation Review

III. IMPLEMENTATION

CAPITAL MANAGEMENT
41. Capital Planning and Investment
42. Performance Reporting

COST REDUCTION/ AVOIDANCE
30. Procurement Cards
31. Strategic Sourcing
32. Strategic Supply Chain Management
33. Travel and Entertainment Expense
34. Inventory Management
35. Strategic Demand Chain Management
36. Customer Support
37. Sales Force Automation
38. Systems Implementation
39. Specialty Outsourcing
40. Shared Services Processing

IV. RECONCILIATION

CAPITAL MANAGEMENT
43. Data Management and Clean-up
44. Reconciliation

V. TRANSACTIONAL

CAPITAL MANAGEMENT
45. Due Diligence/M&A

VI. COMPLIANCE

CAPITAL MANAGEMENT
46. Compliance Review
47. Credit Risk Management
48. Market Risk Management
49. Supply Chain Risk

VII. CONSTRUCTION

CAPITAL MANAGEMENT
50. Asset Construction

I. INTRODUCTION

Leadership is about making decisions. These decisions, made every day, require resources for a period of time—in short—projects. It is common today for organizations to have multiple projects ongoing throughout the company, hence the advent of the Project Management Office or PMO. More has been written about project management over the years with the emphasis on managing resource constraints than the importance of integrating solution management into the fundamentals of project management. Kopac defines two categories of projects—crisis or urgent projects and normal value added projects that include: corporate transactions, compliance, implementations, reconciliations, asset construction, recoveries, and special projects.

Urgent projects are becoming more common today. Unreconciled accounts, aged work orders, or the odd request that requires significant resources to correct a system or process can present a challenge to the organization's resources. Vital success factors such as confidentiality, creating a sense of urgency, teaming, and creative problem solving are critical elements for an effective solution.

Value-added projects not only require the same elements as those for urgent projects but also a daily view of the potential opportunity/value or exposures that exist. Today's projects are often complex and require cross-functional expertise in information systems and data management, and technical skills in Accounting, Finance or Operations. Additionally, with the emphasis on managing and providing visibility to enterprise risks, today's project managers need to ensure that results don't create unforeseen risks for the organization. 'Managed Project Solutions' provides such an approach.

Managed Project Solutions (MPS) is an end-to-end framework that organizations adopt to manage projects, whether urgent or not. The MPS framework was developed by Kopac based on years of experience in managing or observing literally hundreds of projects, particularly in the Accounting, Finance and Operations areas. MPS applies to all industries.

The primary MPS premise is that projects involve two key elements--solutions management and project management. Solutions management is the technical element, while the project management element involves managing resource constraints such as time, budget, staffing, and milestone deliverables. The two, if managed carefully, provide the best solution for attaining project objectives.

The benefits are not only effective project management--projects done on time and within budget, but also projects completed with the best solution given the organization's processes, culture risks, and expectations for payback. This document discusses the fundamentals of project management, project manager traits, and critical success factors that are unique to MPS. Practical examples, based on experience have been provided.

We invite you to review these practices and the supporting framework in what could be recognized as a best in class approach to managing projects in the future.

Sincerely,

John Kopalchick
President
Kopac Consulting LLC

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MANAGED PROJECT SOLUTIONS

Part 1: Crisis Projects in Accounting, Finance, and Operations

1. Crisis management definition

Crisis management from a project management perspective is the process by which organizations manage major events that require an immediate response. For purposes of this paper the emphasis is managing urgent projects in accounting and finance; operations, and information technology. These events are considered out of the normal course of business and occur as a result of human error, system failure, or natural causes etc. There is an element of surprise attached to these situations. The organization may not have the required expertise to deal with the situation and may need assistance from an outside party.

2. Vital success factors in managing urgent projects

- *Confidentiality*   Crisis situations have the ability to tarnish the long-term reputation of the company. Hence, confidentiality is critical before involvement of multiple parties into the project.
- *Competence*   The project team should have a cross functional approach to the problem. Generally, urgent projects require expertise and involvement from Accounting, Information Technology, Operations and Risk Management functions of the organization.
- *Urgency*   The nature of these projects demands a sense of urgency. The organization needs to get "boots on the ground" as soon as possible. Projects that support regulatory compliance, the annual audit, or inventory control are examples of situations where the company needs to remedy the situation as soon as possible.
- *Creative*   The project team needs to be creative in their approach to the problem. The project team needs to create a proactive project management structure and design custom solution templates.
- *Teaming*   The project team should determine the level of third party (e.g. consultants and suppliers) involvement needed to complete the project.
- *Responsive*   The project team should be responsive to change. Often, during these types of projects, new situations arise that warrant a fresh look at the approach. The team should be responsive to these developments and should make any necessary adjustments to their approach with minimal costs and lag time.
- *Risk Taking*   Risk taking is an important aspect of crisis management projects. The team should be willing to explore different opportunities to solve the problem.

3. Case studies in managing urgent projects

Exhibit 1: Examples of Urgent Projects outlines several accounting and operational cases based on actual situations and solutions that Kopac's consultants have been engaged to solve.

Exhibit 1
Examples of Urgent Projects

Ref	Type	Situation	Solution
1	Operational	Crisis resulted in multi-billion dollar manufacturer needing to consolidate 4 major warehouses into 2 and record a restructuring charge within the fiscal year end	Led initiative to do the following: • Led 20 person count teams • Counted over 6,000 parts • Consolidated 4 sites into 2 • Led shipping efforts across state lines to consolidate inventory • Removed damaged and obsolete goods • Adjusted systems • Completed work in 2 months • Recommended and implemented process and control improvements
2	Operational	As part of a due diligence, multi-million dollar distributor needed to count inventory and fixed assets at multiple sites	Led initiative to do the following: • Counted inventory across 20 sites • Proposed adjustments for write-down of inventory • Provided client better strategy in managing inventory
3	Operational	Based on rapidly increasing market demand for drilling, large multinational driller needed to quickly reconcile open purchase orders that had not been closed in months	Led initiative to do the following: • Set-up vendor contact teams to expedite delivery of open orders • Aged open purchase orders and work orders • Worked with requesters to close those orders that were no longer required • Recommended process and control improvements
4	Operational	Multi-billion dollar retail fast food chain needed to reconcile purchase rebates from corporate franchisor suppliers to support franchisee requests for pass through rebates	Led initiative to do the following: • Set-up vendor reconciliation team • Reconciled open rebate claims • Reviewed rebates for allocation to franchisee • Reported results weekly
5	Accounting	Multi-billion dollar services company needed to conduct a due-diligence/fraud review of purchaser to establish support for correct purchase price	Led initiative to do the following: • Set-up 10 person specialty team of Accounting, IT, and Operations • Reconstructed AR and Cash accounts for a one year period • Reviewed key contracts and support • Reconciled AR and Cash through equity accounts to provide support for significant overstatement of purchase price
6	Accounting	Multi-billion dollar bank needed to reconcile key accounts in response to customer errors	Led initiative to do the following: • Set-up 40 person reconciliation team • Reviewed accounts • Provided weekly reconciliation status • Developed templates for long-term use for efficient reconciliation of accounts
7	Accounting	Major utility/retail provider needed to establish correct values for accounts receivable	Led initiative to do the following: • Set-up a cross-functional IT, Risk, Accounting, and Operations team • Wrote a software program to recreate the AR balance for comparison to ledger • Recommended process and control improvements
8	Accounting	In response to significant accounting close problems, multi-billion dollar drilling company needed to quickly reconcile major intercompany accounts as part of a clean-up project	Led initiative to do the following: • Set-up process, reconciliation, and control improvement teams • Reconciled major intercompany accounts • Recommended process and control improvements
9	Accounting	In response to significant accounting close problems, large construction company needed to quickly reconcile major intercompany accounts as part of a clean-up project	Led initiative to do the following: • Set-up process, reconciliation, and control improvement teams • Reconciled major intercompany accounts • Recommended adjusting entries • Generated templates
10	Accounting	In response to potential fraud, an international freight company needed to do an internal due diligence within operations to uncover fraud in procurement and operations	Led team to do the following: • Interviewed key client personnel • Investigated and analyzed transactions for trends • Reported results to management • Recommended process and control improvements

Part 2: Value Added Projects

4. Key factors for value added projects

Today's competitition and economy motivate organizations to constantly explore new options that add value to the business and strengthen the bottom line. Opportunities can range from cost containment and benchmarking to compliance and revenue enhancement. Organizations should consider creating a company wide view of value added opportunities. Key questions to address when deciding which projects to undertake include the following:

- *Confidentiality* Are projects visible in aggregate throughout the organization? The organization should establish a project office in order to create a view of all major initiatives throughout the organization.
- *Priority* Which projects are a necessity based on cost reduction goals, compliance with laws and regulation or sales objectives? Timing and meeting multiple objectives are important in achieving priority goals.
- *Balance* Are projects balanced between those that provide top line growth versus merely cost containment or compliance? Because of limited resources, there should be proper balance among revenue enhancing, cost containment, and compliance initiatives.
- *Sponsorship* Will the project require executive sponsorship? Will the project require support from multiple functions throughout the organization—e.g. Procurement and Sales & Marketing? A proper chain of involvement and approval should be created before starting any major project. All relevant departments should be involved in planning.

5. Value propositions

A project can be supported by one of four value propositions:

- *Revenue Generation or Upside Risk Identification* These include new revenue or profit enhancement possibilities or options.
- *Cost Savings and Efficiency Management* Cost savings include identification of potential savings or realization of actual cost savings. Efficiencies can occur in human capital, tangible assets, or financial assets.
- *Risk Avoidance/Risk Management* Risk management includes identification of risks to avoid potential pitfalls and associated management of risks. Risk management can be applied to financial, operational, or strategic risks.
- *Visibility of Data or Information* Critical to decision making today is visibility of data and information needed for making key decisions. Providing timely and accurate data creates visibility and transparency, which promotes accountability and better decision-making.

6. Project categories

Company sponsored projects fall into one of seven categories:

Reconciliation Although reconciliation projects seem obvious since companies reconcile their major accounts on a periodic basis, oftentimes certain accounts or operational processes (e.g. work orders, customer orders) may go unreconciled because of limited visibility and no ageing activity.

Kopac's experience shows that the company relies mostly on inside information and sources to reconcile their financial accounts. This creates a fundamental problem that could make the reconciliation ineffective and provide incorrect financial information.

Implementation A company, during its life, can make significant changes to its processes in order to stay competitive. Changes can occur in systems, programs, and processes or may occur organizationally. Proper implementation and ongoing change management is vital for the success and continued improvement in the company.

Asset Recovery How often does it happen that the accounts payable department is unsure whether a bill has been paid or not? In what detail are the invoices from contractors compared to their contracts? Is all of the revenue being captured? How often are outgoing bills checked for accuracy and completeness? Based on our experience with past clients, cash is at risk. Organizations need to assess these exposures and opportunities for recovery and create initiatives for potential asset recovery.

Compliance Companies operate in a constantly changing external and internal environment. In the last several years, we have seen many changes in the regulatory environment. Complying with all these new standards can become an expensive and time-consuming process for the company. The company has to assign resources to these projects, which often do not provide any direct shareholder value. The biggest challenge is the limited expertise and agreement of a standard.

Construction/Improvements Growing companies often make decisions related to expansion. These decisions may result in construction or acquisition of a plant, machinery, new systems etc. Timing of the investment and the source of the funds are important criteria that should be considered when making these decisions. Input from related departments is also important in order to understand their requirements.

Transactional This project type has the broadest scope and includes transactions such as mergers and acquisitions, joint ventures, divestitures, due diligence, etc. These types of transactions shape the future of the company and test the skills and knowledge of the most senior executives. The right decisions can give the company a unique position in the market and the wrong decisions can sometimes cast doubt on its existence.

Expert knowledge and unbiased analyses are critical in transactional projects. If the company does not have the required expertise in these areas, they should seek consultation.

Special Studies Special studies include best practice reviews, complex analytical modeling, and development of reporting tools. An example might be an analysis that supports a conclusion to enter a new market. Typical benefits include visibility to unexploited opportunities for revenue generation, identification of cost savings, avoidance of risk, and competitive positioning.

Because of rapid globalization of trade, many companies are planning to tap into markets that were considered out of reach not very long ago. However, they may not be fully aware of the political and economic climate of these markets. Before a company expands into another country/market, they need to perform a thorough study of all the relevant factors and align them with their long-term strategic objectives.
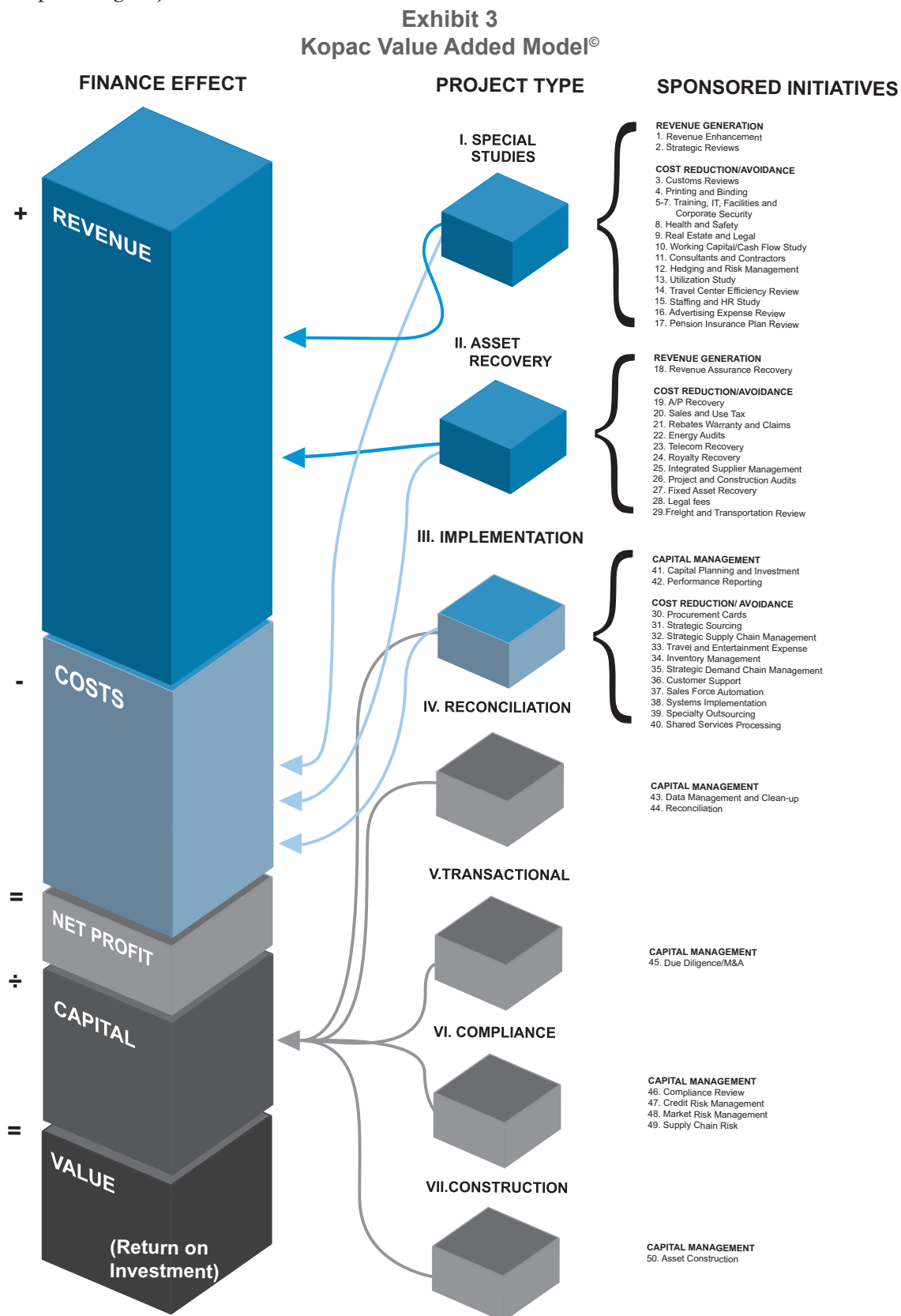
7. *Value proposition matrix*

Exhibit 2: Value Proposition by Project Types reconciles the types of projects to the benefits expected from the project.

Exhibit 2
Value Proposition by Project Types

BENEFIT	PROJECT TYPE						
	Reconciliation	Implementation	Recovery	Compliance	Construction	Transactional	Special Studies
Revenue Generation			●	●	●	●	
Cost Savings		●	●	●	●	●	
Risk Avoidance		●		●	●		
Data Visibility	●			●			

Exhibit 3: The Kopac Value Added Model© outlines the linkage of various organizational sponsored initiatives to revenue enhancement, cost reduction or recovery, or capital planning objectives.

Exhibit 3
Kopac Value Added Model©

FINANCE EFFECT

+ REVENUE

- COSTS

= NET PROFIT

÷ CAPITAL

= VALUE

(Return on Investment)

PROJECT TYPE

I. SPECIAL STUDIES

II. ASSET RECOVERY

III. IMPLEMENTATION

IV. RECONCILIATION

V. TRANSACTIONAL

VI. COMPLIANCE

VII. CONSTRUCTION

SPONSORED INITIATIVES

REVENUE GENERATION
1. Revenue Enhancement
2. Strategic Reviews

COST REDUCTION/AVOIDANCE
3. Customs Reviews
4. Printing and Binding
5-7. Training, IT, Facilities and
    Corporate Security
8. Health and Safety
9. Real Estate and Legal
10. Working Capital/Cash Flow Study
11. Consultants and Contractors
12. Hedging and Risk Management
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15. Staffing and HR Study
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17. Pension Insurance Plan Review

REVENUE GENERATION
18. Revenue Assurance Recovery

COST REDUCTION/AVOIDANCE
19. A/P Recovery
20. Sales and Use Tax
21. Rebates Warranty and Claims
22. Energy Audits
23. Telecom Recovery
24. Royalty Recovery
25. Integrated Supplier Management
26. Project and Construction Audits
27. Fixed Asset Recovery
28. Legal fees
29. Freight and Transportation Review

CAPITAL MANAGEMENT
41. Capital Planning and Investment
42. Performance Reporting

COST REDUCTION/ AVOIDANCE
30. Procurement Cards
31. Strategic Sourcing
32. Strategic Supply Chain Management
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35. Strategic Demand Chain Management
36. Customer Support
37. Sales Force Automation
38. Systems Implementation
39. Specialty Outsourcing
40. Shared Services Processing

CAPITAL MANAGEMENT
43. Data Management and Clean-up
44. Reconciliation

CAPITAL MANAGEMENT
45. Due Diligence/M&A

CAPITAL MANAGEMENT
46. Compliance Review
47. Credit Risk Management
48. Market Risk Management
49. Supply Chain Risk

CAPITAL MANAGEMENT
50. Asset Construction

9. Kopac Assessment Matrix©

Exhibit 4: The Kopac Assessment Matrix outlines the domain of possibilities for adding long-term and short-term value to the organization. The assessment should be used as a template to inventory possibilities and ownership of projects throughout the organization.

Exhibit 4
Kopac Assesment Matrix©

	Sponsored Initiative	Driver	Term	Savings Range			Company Self Assessment[1]			
				% Low	% High		Suggested Sponsor	Applicable to Company	Expected Completion Date	Actual Recovery ($/%)
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	VI. Compliance/Risk Management									
46	Compliance Review	Strategic	Long				RM/IA			
47	Credit Risk Management	Strategic	Long				RM			
48	Market Risk Management	Strategic	Long				RM			
49	Supply Risk Management	Strategic	Long				RM			
	VII. Construction									
50	Asset Construction	Process	Long				CFO			

[1] The guide can be used as a self assessment tool by the company to determine the current status of these value adding projects

I.   MANAGED PROJECT SOLUTIONS

Part 3: MPS Basics

10. Managed Project Solutions (MPS), solution management, and project management

MPS is a project management framework that uses project management in addition to solution management for the purpose of delivering high quality results on projects.

MPS is a systematic approach of project management primarily benefiting accounting, finance, and operational initiatives within an organization. MPS includes traditional elements of effective project management and also incorporates appropriate solution management techniques to attain organizational strategic objectives. The primary challenge of a successful MPS initiative is to achieve all project goals while considering constraints like timing and budgeting. Key attributes of managing a project under MPS principles are as follows:

- *Frameworks* MPS projects provide a framework or system of thinking to a project that offers a consistent, standardized, and quality approach to executing a project (Examples include capability models, enterprise frameworks, benchmarks and assessments, and risk models). Traditional project management does not achieve this level of detail.
- *Flexible, Unstructured, and Creative Thought Processes* The MPS approach involves staffing the project with people who can think flexibly and provide creative solutions as the project evolves. Some projects demand 'thinking outside the box' and cannot be performed by following predetermined steps. Successful managers evaluate the project periodically and make necessary changes to their approach.
- *Effective Solution and Project Management* A MPS approach ensures greater concern for the solution than pure project management. The MPS approach not only identifies the issue, but also provides effective and permanent solutions while taking into account traditional project constraints and limitations. A MPS methodology develops repeatable processes that can be performed to lower costs or add value.
- *Provide a cross-functional view of the organization* Effective project teams understand that projects affect individuals from multiple functions across the organization. Solutions should be developed which take into account the requirements and limitations of each department. Moreover, effective teams review issues that surface at the interface of functions.
- *Define the Project's Start and End Date* The project should have a definite start and end date. The project manager who adopts a MPS focus understands the law of diminishing returns. The project manager should perform periodic budget to actual analysis on both the timing and the cost parameters and inform management of the progress. Effective and timely communication of unforeseen circumstances is vital in avoiding surprises.
- *Works with Uncertainty* An effective project manager should embrace and accept certain realities about a project:
  - *People Turnover* Turnover may require additional training, cross-training, or re-training for new and existing team members.
  - *Project Administration* A project will require a certain amount of project administration and paperwork. This will need to get done and will often be left to the project manager to complete.
  - *Approach* Often the project will require development of a methodology as the project evolves or after a small pilot is done in order to consider constraints and issues of the project. Uncertainty in approach and results is often a given.

- *Information Systems* Both daily transaction processing and project management require significant information systems support. Daily transaction processing will require significant data or transaction validation, processing against master file data and archival. Projects involve significant data management in the form of data extraction, validation, analysis, and reporting. Project solution teams need to be adept at data management because of the evolution of systems (e.g. RFID and wireless) and data management.
- *Risk Management* The project team should have an understanding of the business environment and business risks in which the company operates. Risks may reside in the organization's supply chain, complex financial transactions, or in the regulatory environment.

11. *Factors driving need for MPS*

The primary driver of a MPS approach to projects is change. Change occurs across multiple dimensions in the current business climate.

Accounting Control There has been significant emphasis and resources placed on providing more control and visibility to accounting and reporting. Nearly all project types have an accounting impact in terms of financial or disclosures. This carries over into the regulatory environment as well for those organizations operating within a regulatory environment. The project team should understand the impact project results may have on accounting reporting and controls. This is especially true for implementation, compliance, and transaction based projects.

Enterprise Risk Management Projects will continue to have a lasting impact on the company's risk profile and competitiveness. The MPS team needs to be able to prioritize risks in order to affect the solution and minimize risks to the company.

Technology The rapid pace of changes in system standards, data management and operational technologies creates challenges both for those who implement new technologies and for those operating in an environment in which they are used. Examples of technological developments are smart grids, RFID, internet marketing, and tracking and reporting.

Management and Staffing of Projects There has been emphasis in recent years for organizations to capitalize on the variable nature of labor costs through outsourcing, off shoring, and temporary staffing. These strategies need to be executed with care. Supplementing with contract labor does not always provide the necessary skill level and solution management needed for effective project management.

Part 4: Project Lifecycle

12. Project lifecycle

The primary phases of the project lifecycle are outlined in Exhibit 5: Project Lifecycle. Note that the lifecycle applies to both urgent and daily (value-added) projects.

Exhibit 5
Project Lifecycle

I. Identify & Assess Need	II. Develop Proposal or Solution	III. Execute Project	IV. Monitor Results	V. Terminate Project

I. Idenify & Assess Need

Setting the context for effective project management involves three stages: identifying the customer, determining project drivers, and deciding project scope and objectives.

1. Identifying the Customer

The customer is often the person who pays the bill and obtains the final results—a completed project on time and on budget having met all objectives. It is important to define who the customer is in order to manage expectations.

2. Determining Project Drivers

Accounting, Finance, Operations, and Information Technology projects are exception events that are often triggered by an immediate need such as a failure in a control, the need for a transaction, or to recover assets. Determining drivers helps provide context (or pain points as commonly referred) for communicating to the organization and the project team a sense of urgency, required resources, and the reason for the project.

If management is not sure about an exposure or opportunity, several tools can be used to determine potential project drivers. These include the following:

Assessments and Surveys Assessments involve taking a snapshot of a current process, human dynamic, organizational structure, or situation, in the form of a metric or attribute and comparing it against a standard for the purpose of highlighting gaps or best practices. A professional can assess almost anything—a process, function, person or industry. Typical assessments involve gathering and comparing both quantitative metrics and qualitative attributes of a sample of data or condition against a standard. Primary benefits of an assessment include identification of risks, opportunities, cost containment, and best practices.

There are industry professionals and consultants who consider assessments a solution. This is debatable. An assessment is similar to a doctor ordering tests to diagnose an illness. Assessment is only the first step in the prognosis or delivery of a solution and is therefore not a solution.

Data Analysis Data analysis is primarily used in IT systems projects, financial analysis projects such as financial statement analytics, or data summarization services. Analytics are used in presentation of facts and circumstances to support a position or throughout a project as a starting point for gathering data in support of a project.

Baselining Baselining involves generating standard or non-standard reports (e.g. benchmarking) that provide end-to-end visibility to key processes and a standard for comparison. Base line operations can be compared to internal results or external standards. Results of baseline operations can be a cause for corrective action.

3. Deciding Project Scope and Objectives

Once the drivers for the project are determined, the scope and objectives can be determined.

Goal or Opportunity Statement The goal statement is the overall objective of the project. The goal statement identifies the quantifiable benefits of the project. Examples of goal statements include: reconcile accounts, execute the transaction, count inventory, or redesign or implement a shared services center.

Benefits
- *Revenue Generation or Upside Risks Identification* This includes new revenue/profit or revenue enhancement possibilities or opportunities.
- *Cost Savings and Efficiency Management* Cost savings includes identification of potential savings or realization of actual cost savings. Efficiencies can occur in human capital, tangible assets, or financial assets. The analysis should be supported with payback assumptions.
- *Risk Avoidance/Risk Management* Risk management includes identification of risks to avoid potential pitfalls and associated management of risks. Risk management can be applied to financial, operational, or strategic risks.
- *Visibility of Data or Information* Critical to decision making today is visibility of data and information needed for making key decisions. Providing timely and accurate data creates visibility and transparency, which promotes accountability and better decisions.

Feasibility (Costs)

- Feasibility practices include determining if the project can be done along with other concurrent initiatives given the time and budget constraints of the company. Examples of common practices are using multiple internal and external sources, baselining the current process, and preparation of cost estimates and budgets.

Creating the proposal or solution is the first step in determining what the end result will look like. Key steps include the following:

1. Determine the best approach

2. Refine resource estimates such as costs, timing and staffing

3. Create a schedule with milestone deliverables

4. Select approach based on best value

1. Determine the best approach

The first step in developing a solution is to determine the best approach to achieve goals. The team should brainstorm about the possible ways to achieve the target taking into account constraints such as budget, personnel, and time. Determining the best approach is critical in protecting company resources. The project manager should solicit input from the team before making a decision on the final approach.

2. Refine resource estimates: costs, timing and staffing

During the course of the project, the team often learns about unknown developments that warrant revising the estimates for resources such as cost, time and personnel etc. The project manager must constantly review the project status to determine if additional resources are needed. If so, this should be immediately communicated to the project sponsor to limit project risk and misunderstanding. The project sponsor should perform a cost benefit analysis to determine whether to extend the project deadline or to add more resources.

3. Create a schedule with milestone deliverables

The project manager should create a schedule that identifies all the milestones that should be achieved during the course of the project. Milestones are major breakthroughs in the project that are critical to the project's success. Deadlines should be attached to each milestone.

4. Select approach based on best value

The project sponsor has to make decisions about certain aspects of the project that come into light during the process and may seem optional. If the sponsor has a short-term view, he or she may not want to incur the extra resources on that particular segment of the project. This can lead to longer-term value loss and potential higher costs in the future. Hence, the project sponsor should consult the project manager before making a final decision. The employees who use the system or reports as part of their daily duties can also provide valuable input.

Key processes in executing a project are outlined below:

1. Set-up Organization
   A. Select the Steering Committee
   B. Select a Project Manager
   C. Determine Project Team and Supporting Roles and Responsibilities
   D. Determine the Project Organizational Structure
   E. Develop a RACI or Responsibility, Accountability, Consultation, Inform (RACI) Matrix
2. Create Master Plan
3. Complete Risk and Constraint Assessment
4. Create Plan for Quality
5. Agree on Reporting Format
6. Project Execution

1. Set-up Organization

A. Select the Steering Committee

Steering Committee The Steering Committee should be cross-functional with executive leadership from Operations, Finance, and Information Technology who will provide guidance and strategic direction. The Steering Committee is responsible for the following:

- Scoping requirements and change requests
- Finding resources, funding, and timing
- Identifying major expectations, formats, and reporting
- Championing the solution concept and communicating the program's benefits to the organization and external parties as needed (e.g. operations, board of directors, internal and financial auditors)
- Identifying and commissioning key contacts and Subject Matter Experts (SME)
- Providing insight into systems, processes, and organizational issues
- Preemptively contacting people throughout the organization to clear the way for the pilot team
- Communicating the importance of a pilot with direct reports
- Preempting and resolving potential roadblocks
- Providing input on project management, change management, and solution development

B. Select a Project Manager

The project manager is an internal or external professional that manages all field aspects of the project to completion. Their primary duties are as follows:

- Planning project timing and resources
- Planning and designing the approach for completing work
- Assigning authority and responsibility to team leads and staff
- Addressing project quality, risks, communication, and change management concerns
- Designing and presenting project status reports to project sponsors and management

- Providing active daily project leadership
- Leading major technical or business workshops
- Staffing the project as needed
- Completing and reviewing daily and weekly project status

C. Determine Project Team and Supporting Roles and Responsibilities

Project Advisors

Project advisors contribute insight on industry, technical issues, and offer alternative perspectives. Advisors can be internal or external to the company and include internal auditors, the company's financial auditor, consultants, customers, and suppliers. Primary responsibilities are as follows:
- Providing technical guidance on accounting and information systems issues
- Providing analysis, reports, and policies for understanding the process
- Providing recommendations for solutions
- Participating in facilitated sessions as needed
- Providing industry leadership and insight

Project Sponsor

The Project Sponsor is the executive leader who will have ultimate authority and responsibility for the project results (e.g. Director, VP Finance, VP Controller, or CFO). The project sponsor is the key day-to-day contact for the project leader and is usually a middle-to-upper-level manager responsible for the following:
- Providing a single point of contact for the MPS project leadership
- Resolving project or solution issues
- Reviewing steering decisions for action
- Identifying key contacts and Subject Matter Experts (SMEs)
- Identifying internal resources to work as part of the team on a full time or as-needed basis
- Providing insights into systems, processes, and organizational concerns
- Responding to project timing, budget, and milestones issues on a daily or weekly basis
- Providing direction on scoping and approach
- Communicating and providing updates to the steering committee as necessary

Analysts

Analysts are experts in usually one or more areas: 1) accounting and auditing, 2) information systems and data analysis, 3) operations, and 4) change management. Analysts meet day-to-day requirements of the project by:
- Documenting processes and key issues
- Interviewing process and control owners
- Analyzing data and trends
- Participating in meetings
- Preparing reports and offering data analysis for management

For larger projects, analysts can also function as team leads. Team Lead responsibilities are as follows:
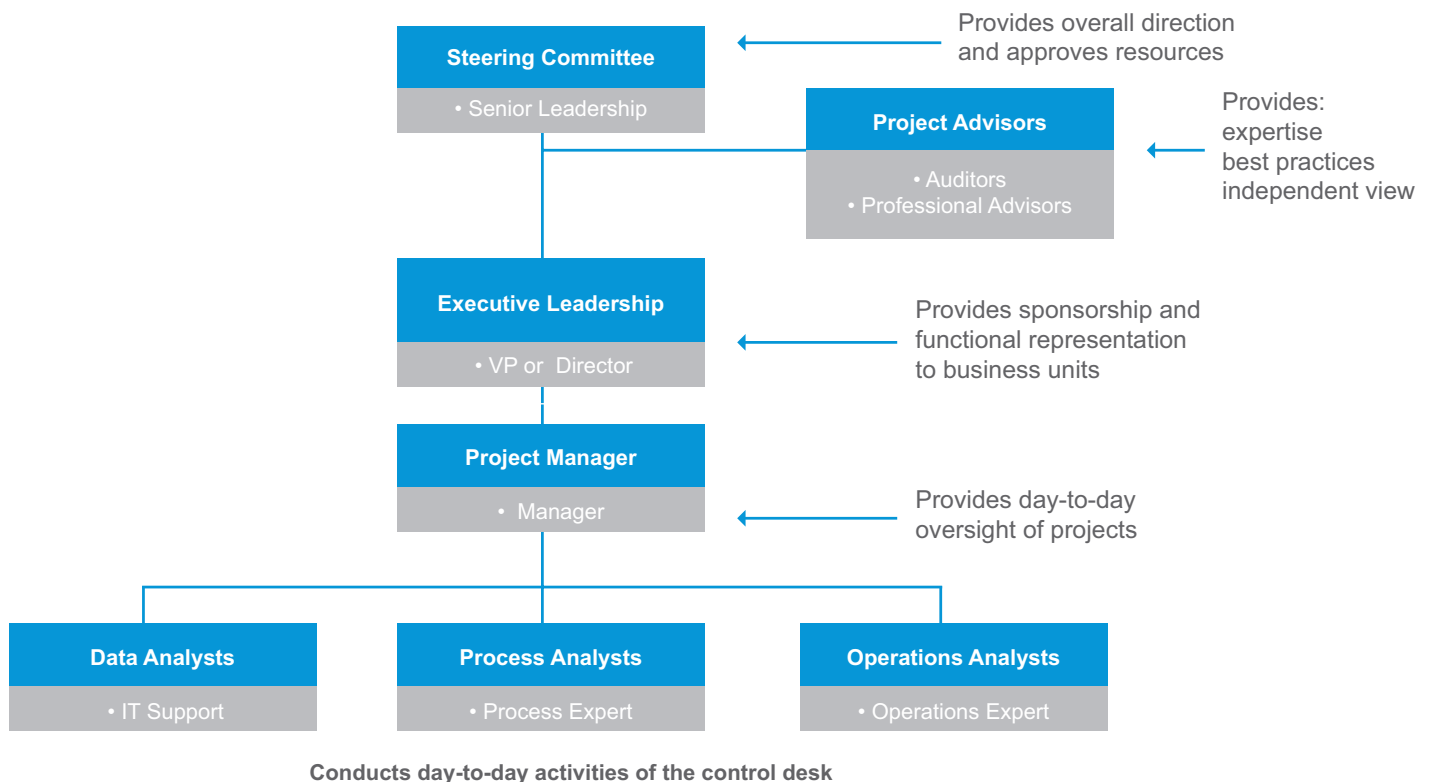
Team Leads
- Scoping segments of the project based on size, geography, or functional discipline
- Assigning workload to analysts
- Leading facilitated sessions, interviews, or documentation sessions
- Designing templates, tools and solutions to deliver project results
- Providing input to solutions and communicating concerns to the project director

D. Determine the Project Organizational Structure

A typical project structure is noted in Exhibit 6: Project Organizational Structure

Exhibit 6
Project Organizational Structure

Box	Detail
Steering Committee	• Senior Leadership
Project Advisors	• Auditors / • Professional Advisors
Executive Leadership	• VP or Director
Project Manager	• Manager
Data Analysts	• IT Support
Process Analysts	• Process Expert
Operations Analysts	• Operations Expert

Provides overall direction and approves resources

Provides: expertise best practices independent view

Provides sponsorship and functional representation to business units

Provides day-to-day oversight of projects

Conducts day-to-day activities of the control desk

E. Develop a RACI or Responsibility, Accountability, Consultation, Inform (RACI) Matrix

For a given task, multiple people can be responsible for its execution; however, only one person can be accountable for the result. Shared leadership or accountability is a recipe for disaster. RACI can be explained as follows:

- *Responsible "R" (The doer)* The "doer" is the individual(s) who actually completes the task. The "doer" is responsible for action/implementation. Responsibility can be shared. The degree of responsibility is determined by the individual with the "A".
- *Accountable "A" (The buck stops here)* The accountable person is the individual who is ultimately answerable for the activity or decision. This includes "yes" or "no" authority and veto power. Only one "A" can be assigned to a task.
- *Consult "C" (In the loop)* The consult role is individual(s) to be consulted prior to a final decision or action. There is a predetermined need for a two way communication. Input from the designated position is required.
- *Inform "I" (Keep in the picture)* This is the individual(s) who needs to be informed after a decision or action is taken. They may be required to take action as a result of the outcome. It is a one way communication.

A matrix can be completed that assigns roles to all team members.

2. Create Master Plan

- Define and refine the project objectives. List in the Project Charter.
- Brainstorm all activities and requirements prior to starting the project
- Create a Work Breakdown Structure (WBS) that is simple to understand
- Include administrative items in the plan (they can determine project efficiency)
- Assign project team members to specific tasks
- Assign time to complete specific tasks
- Assign budget for hardware, software and other costs to specific tasks
- Determine key milestones for deliverables or review

3. Complete a Risk and Constraint Assessment

Solid project execution should include a basic qualitative risk assessment with identification of possible alternatives. The purpose of the risk assessment is to be pre-emptive in identifying issues that may occur and developing possible ways to mitigate them.

4. Create a Plan for Quality

The best plan for quality involves outlining and approving a plan. Additional quality control elements include training, supervision, and client or customer review of the deliverables.

5. Agree on Reporting Format and Criteria

The project manager and team should determine the denominator or baseline for earned value (EV) or earned recovery (ER). Efficiency can be measured in terms of the effectiveness of goals. For example, for a process implementation project, the measure of effectiveness is the number of processes implemented; however, the efficiency measure is the number implemented given the hours incurred on the project. Some examples of reporting measures are reconciled accounts, inventory counted, and number of processes and systems implemented etc.

6. Project Execution

The execution stage of the project may be preceded by a project pilot to determine how realistic the approach is and if there are any unseen issues that could change the project approach. The key for project execution is to have adequate resources available to complete the project.

IV. Monitor Results

The project team has to monitor the process and the results of the project to determine if the desired goal has been met. It is important to monitor the process to make sure that it is implemented as was intended when the goals were set. Changes made during the project should be monitored to determine they are working. It is important to monitor the results to see if the new process has the desired outcome and to see if it has any unintentional consequences.

1. Deliver results in a concise and simple format
   Both periodical and final results should be presented in a concise and simple format.

2. Compare results to expectations
   The project team and the management should develop educated expectations of what they think will be the outcome of the project. For example, if the team expects to uncover $1.1 million of unrecorded revenue at the end of the project, the actual results of the project should be periodically compared to this expectation. If the actual results differ from expectations, the variance should be explained.

3. Conduct frequent meetings with the project sponsor and key subject matter experts
   The project manager should have frequent meetings with the project sponsor and the subject matter experts to review the findings during the project. Findings may require use of additional resources and involvement of other departments, which can be arranged by the project sponsor.

4. Create formats and templates for future use
   The findings on the project should be presented in formats and templates that can be used in the future for similar projects (example is standard template for a reconciliation project). The project manager should properly train company employees on the use of such templates for future application and knowledge retention.

5. Document processes
   The process used to reach the objective should be thoroughly documented for management review. Process documentation includes the current process, deficiencies, and the optimal process.

1. Deliver Results

At the end of the project, the final results of the analyses are delivered to the project sponsor and senior management.

2. Evaluate Project Performance (Post Mortem)

The project manager should evaluate the performance of project objectives. It includes not only the results of the project, but the processes used.

3. Accumulation, assignment, and allocation of total project costs

The project manager should accumulate and assign/allocate the costs of the project to all the appropriate business units or cost/profit centers. Variances should be explained in a memo for review and approval by management.

4. Team member evaluations

Each team member should be evaluated at the end of the project. Constructive criticism is healthy and necessary for better performance in the future.

5. Celebrations

When the project is successfully finished, each team member should have a sense of achievement.

6. Transition of electronic documents and hard copies to the sponsor

After review procedures are finished and the project sponsor and the senior management are satisfied with the project, the team should hand over all the documents to the project sponsor.

13. Primary supporting documents of well-managed projects

Documents and supporting templates should be developed for each stage of a project for sound communication, project control, visibility, and project effectiveness.

Administrative Documents and Tasks Administrative support and set-up provides a central point of contact—both physical and electronic and provides for a foundation for ongoing communication. Examples of key elements are workspace, building and parking access, system access and internet, organization listing, and team member contact lists.

Planning Documents Planning documents provide the foundation for the project and include the project charter, the organizational structure, the RACI (Responsibilities, Accountabilities, Consult, and Inform) documents, the project announcement, the time and expense reporting, the detailed project plan with resources, timelines, and milestones, the weekly reporting and the issues log.

Company Background Documents Obtaining and reviewing company background and supporting documents provide the necessary overview in understanding the company's internal structure and processes; industry model, and key issues. Key documents include the company background information such as the financial statements.

Project Execution Templates The project team should develop templates and tools as necessary for completing the project. Examples include Business Models, Processes, Systems, and Structures, Meeting Minutes Templates, Project Administrative Calendar (PAC), Time and Expense Reporting, Weekly Project Reports, Company, and Project Contact Listings.

Termination Documents As the project comes to a close, key documents should be used to track lessons learned (e.g. survey) for future knowledge management, audit trail purposes, training, and development of policies and procedures. Key documents developed at the conclusion of a project include lessons learned, survey results, and memos and files on results.

Part 5. Management of Projects

14. MPS best practices

- **Integrated Teams** The project management team should be cross-functional and include representation from IT, Operations, and Accounting and Finance. This permits a broad range of skill sets, functional representation, and a perspective considering errors often occur at the interface of processes across functions.

- **Experts** Management may need the use of professionals who have expertise in both project management and solution design. Use of experts outside the company provides for greater independence, a unique viewpoint, and industry best practices. The blend of both internal and external experts provides the best opportunity to maximize expertise while retaining knowledge within the organization.

- **Appoint a Project Management Office (PMO)** The PMO provides for central control and communication of projects. A PMO is critical for larger projects. The PMO can also be used as a central hub for managing multiple ongoing projects throughout the organization.

- **Appoint a Change Management Team or Office (CMO)** Change management is a critical component to any effective implementation project.

- **Budget for Administrative Support** A MPS project includes a budget for administrative support. Administrative support provides for division of responsibility and provides the project manager time to focus on solution management.

- **Template Development** Templates provide a way to put work streams in defined modules, create a defined standard for completing work, and provide a way to measure quality and progress.

- **Team Training** The best project teams have been trained on critical templates and the solution approach shortly after completion of the pilot.

15. Points of interest and errors

Project managers who contribute project and solutions perspective understand that errors and exceptions occur in the following areas:

- **Interface Points** Errors, control issues, and system design problems often occur at the interface of processes or systems.

- **Exception Processes** Errors or design flaws surface many times in exception processes. Processes and systems are designed and created for core processes, but errors usually emerge in exception and outlier areas.

- **Non-core Business Units, Processes, and Products** Obscure business units, functions and allocations create errors.

- **Administrative Processes and Costs** Managers often want the recognition and support for managing core processes. However, oftentimes the savings for recovery projects and opportunity for improvements are in administrative or back office processes, administrative suppliers, or obscure steps in the manufacturing or engineering process.

- **Processes and Transactions** Processes and transactions should be supported by a golden thread. If a transaction stream is not auditable or linked end-to-end, the likelihood of errors will be high and the risk of an audit trail low.

- **Disaggregation of Data** Data processing streams that cross systems need to be linked with a data key. If the data disaggregate or aggregate further as they are processed, the visibility for tracing a transaction will be lost.

- **Batch Processing** Data processing initiated at a detailed level but processed at interfaces in batch cause data visibility problems and lack of an audit trail.

- **Organizational** The newer the manager to a function or business unit the more likely cooperation will be obtained in project efforts.

16. Critical success factors of project management

Critical success factors are the must haves for world-class project management.

1. **Executive Sponsorship and Project Oversight** It becomes critical to have full support and sponsorship of the project. This includes organizational acceptance of the vision and financial support necessary to make the project a success.

2. **Give Responsibility and Authority to Experienced Project Management**
   Senior leadership should be comfortable with assigning or hiring an experienced project manager. The project manager should have both the project and technical (solution) skills necessary to drive the project. Additional traits include creativity, initiative, and communication skills.

3. **Create and Communicate the Vision** All project team members and the customer should understand and agree on the project goal. There may be more than one goal, but there should be one overarching goal or deliverable that clearly summarizes all objectives.

4. **Provide Disciplined Project Management, Solution Management, and Change Management** The intersection of the three is critical. Missing any one of the three will most likely cause a project to fail. MPS's foundation is grounded in supporting projects with leadership and team members with technical (methodology/approach) skills, project management skills, and change management/sponsorship skills.

5. **Understand that Visibility Drives Accountability** The adage "what gets measured gets done" is true. Visibility to metrics, measures, and behavior results in accountability. The project manager understands this concept and that it can be applied to project team dynamics as well as any solution delivered to the customer.

6. **Provide for IT Representation** Nearly all projects involve the use of IT resources for either the analysis, execution, or solution development stages. With the use of automation, most reconciliation, implementation, recovery, and compliance projects will certainly involve an element of IS.

7. **Be Realistic** This is especially true on reconciliation and implementation projects. The project team has to have the ability to highlight areas of weakness and opportunity for the good of improving the process. Criticisms may arise, but if the process, system, or function were healthy, the project would likely not be occurring in the first place.

17. Data management and ownership

Data ownership is the concept of possession and responsibility for information. Since most companies have division of tasks, data flows from one department to the other for processing. For example, data from an outside vendor may go to the IT department so they can break it down for use by the finance and accounting departments.

As each department does their part, sometimes there is no sense of data ownership and therefore, responsibility for the quality of the data. This calls into question the integrity and the reliability of the data. Without a clear assignment of accountability, it is impossible to measure the quality of data. If the data that is used to generate reports and analyses is incorrect or of marginal quality, it may lead to less than optimal decision making, loss of revenue, and even fraud. Hence, there should be a system of data ownership in the company where each department is responsible for the information they provide to the next department for processing.

The company should establish a clear data ownership policy which should be documented and shared with the employees. The data ownership policy should establish the roles and responsibilities associated with data ownership and accountability. Senior management should support the enforcement of these policies. Personnel ultimately responsible for the data should be involved in the policy generation process.

18. Services and tools used in effective project management

Typical services used for projects include the following:

1. **Business Research** Research can be used in marketing or acquisition studies and is typically done throughout the project. Examples include research for new products, technologies, or a new market. Research is used to support other phases of a project such as in the analysis phase.

2. **Facilitation** Facilitation is used to gather information from a group of people through face-to-face meetings or surveys. Results are then summarized to support a position or solution. Facilitation is typically done at the beginning of a project.

3. **Analytical Service** Data analysis is primarily used in IT systems projects, financial analysis projects such as financial statement analytics, or data summarization services. Analytics are used in presentation of facts and circumstances to support a position. Analysis is done throughout a project.

4. **Documentation** Documentation includes documentation of process flows, organizational structures, systems diagrams, and dynamic interactions of key parties or transactions. Documentation can be in the form of flowcharts, policies and procedures, diagrams, memos, reports, and surveys results. Documentation is done throughout a project.

5. **Presentation** Presentation includes summarization of facts or results. Presentation occurs at the beginning of a project to outline and communicate the scope and foundation of a project, during the project to provide updates, or at the end of a project to present key conclusions.

6. **Project Management** Project management includes both tools and techniques used to meet key reporting milestones and deadlines, budget to actual variance reporting, and the overall success of project objectives. Project management may include an element of change management that supports acceptance of project objectives and conclusions.

7. **Compliance or Validation** Compliance or validation services include most compliance audits or validating company activities against an external or company derived standard. Examples include completing a special agency audit, regulatory audit, or internal audit. Validation is done during a project and is followed by reporting activities.

8. **Assessments** Assessments involve taking a snapshot of a current state process, human dynamic, organizational structure, or situation, in the form of a metric or attribute and comparing it against a standard for the purpose of highlighting gaps or best practices. A professional can assess almost anything—a process, function, person or industry. Typical assessments involve gathering and comparing both quantitative metrics and qualitative attributes of a sample of data or condition against a standard. Primary benefits of an assessment include identification of risks, opportunities for efficiency and cost improvements, and identification of practices not used at a company.

9. *Tools used for projects include the following:*

- *Project Software* Project software is used to track project time and expenses, milestones, and unresolved issues during the project.
- *Best Practices* Best Practices are typically qualitative practices used by other companies or within the industry that are regarded as highly accepted for business use because of the benefits.
- *Methodologies* Methodologies are the frameworks or guidelines used to complete a project from start to finish. A methodology is not a solution. A methodology or framework is an industry term for recipe or process used by the consultant to arrive at a solution. Examples are The GE Model©, DuPont Method©, Porter's Five Forces Model©, or the Capability Maturity Model©. Consultants generally use frameworks or models that are proprietary to their firms.
- *Metrics* These are quantitative values or measures that provide a starting point for setting standards to measure success. Examples include inventory turnover or number of FTEs per invoice processed.
- *Analytical Software* Analytical software is a class of software that includes various modeling software. Discounted cash flow models, factory throughput models, valuation software or advanced databases are examples.

ABOUT KOPAC CONSULTING, LLC

How is Kopac different?
Kopac Consulting is a Houston based company providing solutions to energy related companies in North America. Our leadership has more than 55 combined years of consulting, professional accounting, and industry experience. We are measurably improving companies with disciplined thought and impeccable execution. Our integrated teams of experts in business, accounting, information technology, and operations will deliver permanent answers to your company's challenges. Kopac will work expeditiously and efficiently to strengthen your company, then leave.

Innovative Services
Kopac Consulting provides four groundbreaking tools for lowering costs and increasing revenues:

1. ***Revenue Assurance*** - Our proprietary Revenue Assurance Control Desk (RACD®) solution

2. ***Capital Planning & Investment*** SM - Our method to provide maximum visibility of investment decisions and deal flow

3. ***Managed Project Solutions*** SM - Special project management and technical support for your accounting reconciliations, implementations, recoveries, and due diligence support

4. ***Supply Chain Management*** - Our SCM solutions support key systems such as:

- Supply Chain Risk Management
- Strategic Sourcing
- Process Improvement
- Inventory Control and RFID

Commitment to Success
Kopac consultants will exercise individual initiative in solving your company's problems. Our consultants are trained to make value judgments. They will separate the essential from the non-essential and prioritize their time and attention in tackling the biggest problems first.

Kopac only hires experienced proven problem-solvers. All full time employees have masters or professional degree, a CPA or another professional designation; and extensive energy industry and professional service firm experience.

Energy Industry Expertise
Kopac offers specialized energy expertise across multiple segments including geological and geophysical; oilfield services, exploration and production; transmission and distribution; refining and marketing; power generation, regulated utility and deregulated retail energy providers; and trading and marketing.

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Successful business improvement must integrate throughout your entire organization. Any new project must work harmoniously with your organization's current Operations, Accounting and Finance, and Engineering departments.

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