The Financial Leader's Monthly Action Plan

A summary of month-by-month strategies and activities to optimize financial operations in government contracting.

Unanet

INTRODUCTION

Juggling budgets, collaborating on winning proposals, creating forecasts, reviewing plans, and staying ahead of the technology curve – it's enough to keep any financial leader up at night. But keeping your business viable, revenue consistent, and books in order shouldn't feel like a constant scramble.

Spanning twelve months, this eBook is your roadmap to peace of mind. With step-by-step instructions, we'll help you navigate the specific challenges you face throughout the the year and provide actionable strategies that empower you to:

- Run finances more efficiently: Master the art of strategic budgeting, optimize resource allocation, and unlock the secrets to driving profitability. By planning out your key activities and spreading throughout the year, you should be able to run more efficiently and focus on looking ahead instead of keeping your head above water..

- Develop your bidding skills: Craft compelling proposals that win contracts, leverage data-driven insights to make informed decisions, and secure the resources you need. Transform from bidder to victor and secure resources to fuel your projects.

- Champion collaboration: Foster a culture of teamwork that empowers your team, streamlines workflows, and ensures project execution.

- Lean into technological innovation: Discover how cloud technology can provide order and predictability to your operations, enhance compliance, and boost efficiency. Step into the future of project management, leveraging technology to your advantage.

We've got a lot of ground to cover, and you've probably got emails to get to—so let's jump in.

FORECASTING TO TEE UP A SUCCESSFUL YEAR

For government organizations, accurate forecasting is more than simply a financial exercise; it's the cornerstone of responsible decision-making. Precise financial projections form the bedrock of the Annual Operating Plan (AOP) and Long-Range Plan (LRP), guiding resource allocation, strategic direction, and ultimately, citizen services.

As disruptions caused by the pandemic taught us, unforeseen events ("black swan" occurrences) remain unpredictable yet inevitable, necessitating flexibility and agility in decision-making. Anything can happen, so agencies must continuously refine forecasts throughout the year by comparing actuals to projections to generate a more accurate roadmap for the next year.

Implementing the tips, strategies, and methods in the Financial Leader's Monthly Action Plan will better prepare you for the challenges you'll likely encounter with each turn of the calendar. We encourage you to keep it handy, and refer to it regularly so you can respond to changing business conditions with confidence.

And, if you're looking for a modern tech solution to complement your financial leadership toolkit, try Unanet. We offer ERP and CRM GovCon solutions designed to streamline processes, automate tasks, and empower informed decision-making so that you can achieve peak financial performance, regardless of what the future holds.
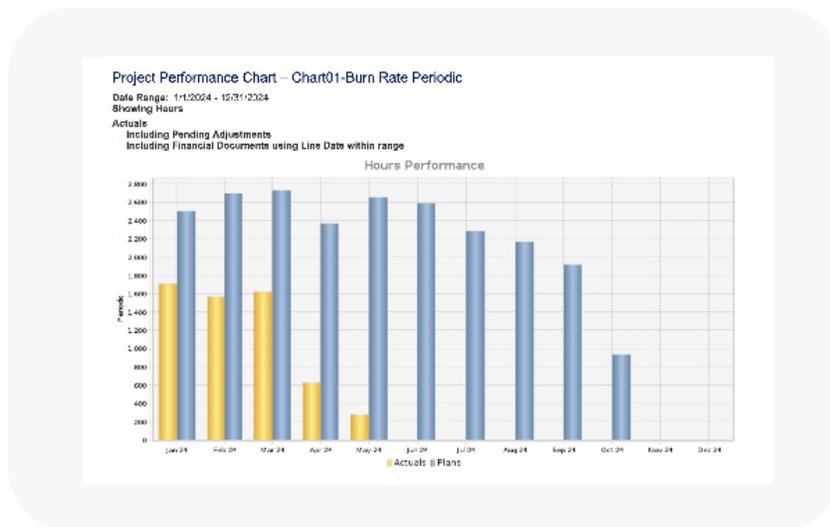
GET EVERYONE ON THE SAME PAGE

A common pitfall organizations encounter is creating forecasts and plans separately. This disconnect creates unrealistic expectations and hampers effective resource allocation. To break down silos, get your project teams aligned by:

- **Creating** a standardized approach for both planning and forecasting, using the same data sources, assumptions, and methodologies.

- **Synchronizing** plans and forecasts regularly, providing project teams and finance departments opportunities to have open dialogue, identify discrepancies, and make timely adjustments.

- **Investing** in software that enables real-time data sharing, collaborative editing, and scenario planning.

- **Promoting** a culture of ownership to foster accountability and motivate teams to create realistic and achievable forecasts.

- **Establishing** clear performance metrics to track the accuracy of forecasts and the alignment between plans and forecasts.

FORECASTING EXCELLENCE

Forecasting is a key component of two kinds of planning: bottom-up (or grassroots planning) and top-down planning.

- **Bottom-up planning (grassroots)**

    Bottom-up planning, or grassroots, is based on open communications with key parties in a project. It entails asking those who are close to the project, including the customer and subcontractors (project managers, functional managers, control account managers, etc.), about their needs from a resource perspective, what they perceive to be the risks and opportunities associated with the project, and what they perceive as constraints (limited skill sets, technical challenges, etc.).

Use bottom-up planning when you want to involve frontline employees or teams in the decision-making process.

- **Top-down planning**

    In the process of top-down planning, the objectives and path to achieve goals are driven from the top. High-level goals are determined and an approach to meeting them is established. These goals are then pushed down through the organization to develop a detailed course of action to achieve the desired outcome.

Use top-down planning when the problem is complex and needs to be broken down into smaller, manageable parts by first setting the big picture and then diving into the details.

SUGGESTED RESOURCES

Check out the following resources designed to help you make better forecasts.

- **3 Benefits of Streamlining Budgeting, Forecasting, and Reporting**

- **How to Produce an Accurate Forecast**

MAKE COLLABORATION YOUR STRENGTH

Projects cannot be properly executed without an effective social component. This is incredibly important to recognize because the diverse perspectives and expertise available across collaborative teams lead to better problem-solving, more innovative solutions, and better decision-making. However, with government workers spread across vast geographies, collaborating isn't as easy as grabbing a conference room or striking up an impromptu discussion in the breakroom.

In addition, teams may inadvertently create their own silos, causing communication issues and barriers to knowledge sharing. This makes it difficult for everyone on a project to stay aligned.

OVERCOMING COLLABORATION CHALLENGES

Projects can still be executed effectively, even if team members don't share a physical workplace. It just requires some intentionality to pull it off. Here are a few tips you can use to enhance collaboration where you work:

- **Establish a business cadence**
  A well-defined collaborative business cadence, including a calendar of events and interactions, ranging from daily to yearly, is an excellent structured framework for communication. Add weekly virtual meetings between subcontractors, functional groups, executive management, project managers, and the customer to ensure that collaboration is not sporadic but embedded in the routine fabric of the project.

- **Leverage mobile applications and web tools**
  Empower your teams with mobile applications and web tools that facilitate seamless time and expense entry while on the move, accelerating the transition from project to profit. Analytics on the go is key, giving project stakeholders what they need to know about project status right from the palm of their hands.

- **Invest in soft skills for project managers**
  Project managers leading both office and remote teams must possess the ability to communicate, empathize, collaborate, and solve problems. They will need to be more intentional about translating existing in-person communication skills to virtual communication. Invest in training initiatives designed to improve how your PM interacts with team members by improving tone and etiquette.

- **Implement unified access systems**
  Overcoming the challenges of siloed spreadsheets and disparate toolsets requires a unified access system. Investing in tools like Unanet can serve as the one source of truth for project-based ERP needs. Such tools provide a centralized platform where all stakeholders can access information, enhancing collaboration and breaking down information silos.

SUGGESTED RESOURCES

Take a look at some of these resources you can use to improve collaboration where you work.

- **Project Dashboard Overview**
- **Benefits of maturing project management**
- **Reservoir International Case Study**
- **How ERP Software Drives Business Forward in the Era of Remote Work**

WRITE PROPOSALS THAT WIN

The ability to craft a personalized and relevant response to an RFP can be the difference between getting a contract or not. The key is to listen to your customer, anticipate their needs, and show you have what it takes to get them across the finish line.

7-STEP GUIDE FOR WRITING WINNING PROPOSALS

Here's a 7 step-by-step guide to creating a winning proposal that stands out in the competitive arena.

1. **Make effective bid/no-bid decisions**

   Before diving into the intricacies of a proposal, establish a robust process for bid/no-bid decisions. Utilize scoring systems, set clear goals, and conduct thorough reviews to channel your efforts toward the most promising opportunities. Embrace the idea of declining bids when the fit isn't optimal, employing a SWOT analysis for a well-informed decision-making approach.

2. **Research and influence the opportunity**

   Research wins proposals. Get out there, talk to government customers, and find out what they need to accomplish their mission. Be efficient by targeting projects that are a good fit for your offerings. And if the probability of winning isn't in your favor, move on.

   At the same time, don't be afraid to push back on RFP requirements during the draft process. Try to amend the language and requirements toward your strengths and downplay areas where you're not the most experienced.

   PRO TIP: It is a great idea to participate in "matchmaking" at industry events to meet directly with government procurement officials outside of normal settings.

3. **Develop a sound win strategy**

   Comprehend how your solution aligns with the customer's needs and why your company is the ideal choice for success. Review the solicitation collaboratively with Green, Red, and Gold teams to cover all RFP areas effectively. A sound win strategy ensures that your proposal not only meets but exceeds the expectations outlined in the RFP.

4. Conduct a competitive analysis

Knowledge is power. Conduct an in-depth competitive analysis to gauge the likelihood of winning and assess the competition's strengths. Use this analysis to pinpoint areas where your company can offer distinctive value. Understanding the competitive landscape allows you to position your proposal uniquely and showcase your strengths.

5. Assemble a winning team

A winning proposal requires a winning team. Familiarize yourself with RFP requirements for selecting subcontractors and teaming partners. Explore collaborations with innovative companies that bring unique perspectives to the project. Avoid choosing partners who don't significantly enhance your proposal as they may become a burden and introduce potential areas of weakness.

6. Perform price to win analysis

Financial prudence is key. Consider your competition, RFP solutions, associated costs, and award criteria. Determine the price at which you anticipate winning the award. A meticulous Price-to-Win Analysis ensures that your proposal is not only competitive but also financially viable.

7. Support the proposal team

The final piece of the puzzle is a well-supported proposal team. Define roles and structure, ensuring everyone understands their responsibilities. If information is required from other departments, such as HR or subject matter experts, ensure they are informed and prepared. Secure management buy-in for the review timeline to streamline the proposal process.
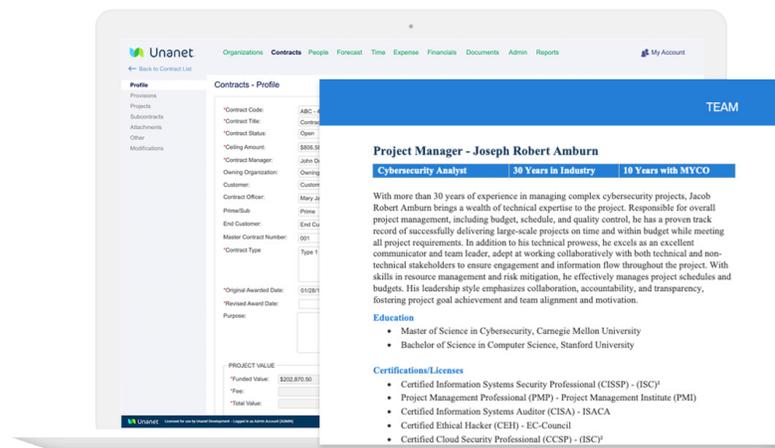
SUGGESTED RESOURCES

Become a master at writing winning proposals by reviewing these resources:

- **Leveraging Good Data for Growth - Blog**
- **Supercharge Proposals**
- **CRM for GovCon Overview**
- **The GAUGE Report**

MAKE ICS MONTH A BREEZE WITH AN ERP

Government contractors are required to prepare and submit a report of all indirect expenses for the prior year within six months of closing their books. These Incurred Costs Submissions (ICS) are a big deal as they are legally a "claim against the government" within the meaning of the False Claims Act. As such, the reports must be both timely and highly accurate.

The report is required if a contractor completed contracts during the year containing the Allowable Cost and Payment clause (FAR 52.216-7). This clause is present in all cost-reimbursable contracts and within time and materials contracts whenever an indirect rate is applied to non-labor costs. Although the content of the claim is meticulously outlined in the clause, the specific form and format may differ among various agencies.

For the vast majority of government contractors that operate on a calendar year, the deadline for submitting this ICS is June 30th. It means June is typically a harried and difficult month as contractors race to turn in their submissions before the clock strikes midnight—in other words, it's akin to April's tax season.

BE BETTER PREPARED FOR ICS AUDITS

There is a high probability you'll need to undergo an ICS audit. Participants in both the 2022 and 2023 GAUGE surveys were asked to identify which Defense Contract Audit Agency (DCAA) audits they underwent in the preceding year. In 2022, the leading response was ICS – **26%** of participants had undergone it. In 2023, ICS maintained its position as the top audit, increasing that metric to **32%**. The survey also found that **46%** of participants see government oversight (audits) as increasing.

The best way for contractors to get their reports in on time while also ensuring high accuracy is to employ digital tools that can make generating the claim a walk in the park. Unanet's ERP offers users the capabilities not just for preparing the claim, but also for reconciling it with the company's official records, ensuring precision and backup in the event of a DCAA audit.

Integrating these tools into the ERP system transforms claim preparation into a natural extension of daily accounting activities, rather than a separate and specialized project.

SUGGESTED RESOURCES

Become a master at writing winning proposals by reviewing these resources:

- **The Basics of Incurred Cost Audits**
- **Information for Contractors**

PROVE BUSINESS VALUE WITH METRICS THAT MATTER

Investors and acquirers are more discerning, informed, and risk-averse than ever. They require a comprehensive understanding of an organization before making investment decisions. To realize the full potential of your company, consider using the following strategies and metrics to present it in the best light:

Use standardize management review controls (MRCs)

- **Objective:** Investors and acquirers value transparency in management's review processes. MRCs demonstrate the depth and value of these reviews.

- **Implementation:** Clearly outline the steps involved in management review, including the examination of supporting documentation, variance analysis, resolution efforts, key calculations, and collaboration with process owners. Emphasize the comprehensive nature of the review to showcase the commitment to accuracy and reliability.

Understand how data informs your organization

- **Objective:** Investors seek assurance that an organization recognizes the importance of data and is actively managing it to prevent intellectual property loss.

- **Implementation:** Highlight the processes in place for creating and managing data flow between systems. Emphasize the role of accurate data in supporting AI initiatives and preventing loss of intellectual property during personnel changes.

Establish corporate KPIs and goals

Objective: Investors look for cohesion and strategic direction within an organization. Establishing corporate KPIs and goals, fanned down throughout the organization demonstrates alignment and enhances business value.

- **Implementation:** Create and distribute simple dashboards showing KPIs and their trends. . Stress the impact of clear goals and centralized analytics on promoting teamwork, providing clear direction, and improving organizational efficiency.

Implement centralized, interactive analytics

- **Objective:** Investors value efficient project management and reporting processes. Interactive analytics prove your business's ability to operate cohesively and make informed decisions.

- **Implementation:** Implement centralized analytics to enhance project manager efficiency, alleviate the reporting strain on finance, and enable easy data exploration. Share your analytics technologies, methods, and findings to prove to investors that you are making data-driven business decisions.

RATE YOUR ORGANIZATION

So where does your organization fall on the analytics maturity scale?

1. We don't really even know what KPIs we should be measuring.

2. We know what we want to measure, but we can't quite get it done.

3. We have standardized KPIs, but measurement takes a lot of manual effort.

4. We have real-time interactive KPIs that are centralized across the organization and databases, plus great adoption.

5. We're using KPIs coupled with qualitative information to drive our business strategy.

Wherever you sit now, your goal should be to get to number 5 on the scale, which will require some effort and intentionality.
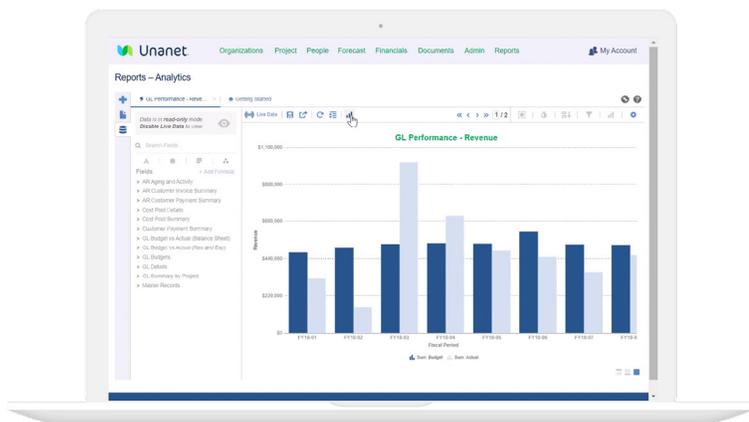
Flexible visualization and data discovery tool in Unanet

MASTER YOUR DATA WITH AN INTEGRATED BUSINESS INTELLIGENCE TOOL

An integrated Business Intelligence (BI) tool is the solution you need to gather, process, analyze, and present data in a meaningful way for informed decision-making within your organization. When choosing a solution, look for these features:

*   Clients gain full access to their ERP data with a seamless experience

*   Data-savvy clients can quickly build needed custom reports

*   Ad-hoc data discovery allows users to easily get role-appropriate information

*   An optimum user experience is provided with best-of-breed report writing and formatting

*   Data analysis results are consistent with other ERP reports

*   Real-time data provides highly accurate and timely information

*   Updated data is immediately reflected in reports

SUGGESTED RESOURCES

Review the following resources to become better informed on using data to enhance the value of your business.

*   **Inc. article from Unanet CEO**

*   **Metrics that Matter podcast**

OPTIMIZE RESOURCES THROUGH BETTER PLANNING

Optimizing human resources can help your organization enhance customer service, raise employee satisfaction, save money, and improve profits. To optimize resource management, consider the following strategies:

- **Invest in automation**

  Using a resource tool that is integrated with your timesheet application automates resource management and aligns it with business goals. Simultaneously comparing timesheet and salary actuals with budgets, plans, and variances will give your project managers deeper insights into any adjustments that need to be made.

- **Empower your team**

  Identify a core group of skilled individuals who will form the backbone of your business. Prioritize their schedules and coordinate them with your project managers to gain the right skills in the right place at the right time.

- **Minimize distractions**

  Help your team focus by minimizing concurrent tasks and reducing unnecessary meetings. Let them channel their energy where it matters most.

- **Set rules of engagement:**

  Establish clear policies and procedures to guide resource allocation and project execution. A documented process and consistent rhythm keep everyone on the same page.

- **Visualize success**

  Ditch the messy whiteboards and complex spreadsheets that require a lot of time to input data. Resource planning tools like Unanet's ERP offer intuitive interfaces for clear visualization of skill sets and capacity. This centralizes planning, bringing stakeholders together around a single source of truth.

- **Proactively communicate**

  Share critical skills needs to stakeholders as soon as possible to allow for schedule adjustments and targeted recruitment.

- **Plan resources across the project lifecycle**

  Track non-project absences (vacations, leave) across the project to avoid scheduling conflicts with key team members. An automated tool like Unanet keeps everyone informed of who is available and when so you don't plan a critical activity when your best research analyst is on PTO.

METRICS THAT DRIVE EFFICIENT RESOURCE MANAGEMENT

Metrics are your efficiency roadmap. Follow them to navigate strategic resource allocation, optimize utilization, manage costs like a pro, and ensure seamless coordination of skills and schedules throughout project lifecycles. Here are a few metrics you can use to enhance resource management:

- **Utilization percentage:** Hours billed divided by total available hours. This metric measures the efficiency of resource utilization.

- **Burdened cost per person:** Base salary, fringe benefits, and other compensation (bonus) plus applicable percentage of corporate overhead and G&A rates. This metric is the total cost of employing an individual.

- **Actual net labor multiple:** Actual revenue derived by direct labor cost. This metric gauges the overall profitability of projects.

- **Wrap rate:** Fully burdened labor rate divided by direct labor rate, expressed as a decimal. The wrap rate determines whether projects are priced competitively while maintaining profitability.

- **Realization rate:** Billable time recorded divided by actual time paid by the customers (more often "billed"). The realization rate measures the efficiency of turning billable hours into revenue.

These metrics will help you make important financial and resource management decisions for your business. For example, a 100-person company with a bill rate of $200/hour might want to find ways to optimize resource allocation enough to increase utilization by 1%. That increased percentage might seem low, but it will result in a notable annual revenue increase.

> **100 resources × 1920 hours × 0.01 (1%) × $200/hour = $384,000 annual revenue increase**

RESOURCE MANAGEMENT MATURITY MODEL

How mature is your firm's resource management practice? Use the assessment below to determine where you stand. By answering truthfully, you can identify areas of improvement and take steps to make it all the way to the highest level.

Resource Management Maturity Model (RMM)

	Level 1: Ad-Hoc or Initial	Level 2: Project-by-Project	Level 3: Org. Wide	Level 4: Data-Driven	Level 5: Continued Improvement
People/Training	Minimal training on process or tools - no focus	Training is project-specific on policies and procedures. Some ad-hoc tool training.	Enterprise role-based training on policies, procedures, and tools.	People are trained regularly and certified on skills and tools.	The enterprise is attracting top talent and providing career paths.
Policies & Procedures	Very basic guidance that is not enforced. The resource management world is the Wild West.	Most policies are for a single project. Resourcing procedures are project-by-project.	Policies and procedures are enterprise-wide and all understand the need for a comprehensive resource planning discipline.	The organization uses metrics to drive business decisions around hiring and resource usage across the enterprise.	KPIs and metrics are rightly coupled with organizational goals to continue to advance the success of the business.
Tools/System	Use of spreadsheets and combo of tools (silos).	Use of project-based ERP with fully integrated time/resource management. Combination of manual and automated operations.	Enterprise use of project-based ERP Resource plans are loaded, and the enterprise can see supply and demand.	Enterprise use of project-based ERP at an expert level. Stakeholders access role-based dashboards and reports in real time.	The ERP provides all necessary resource management info to everyone in the organization as part of the fabric of the business.
Culture/Vision	"We have always done it this way." "Spreadsheets are cheaper."	The need to improve project performance and resource planning is seen as a way to help improve execution.	Resource management is a key part of overall project and org. management. Operating as a matrix organization.	Resource management metrics are reviewed daily and the information is reliable and trusted for decision-making.	Resource management is seen as a discipline with a career path. C-suite has the desire to continue to improve based on results.

SUGGESTED RESOURCES

Click on the following link and learn how to uplevel your resource management skills:

- **Business of Projects eBook**
- **Benefits of Maturing Your Project Management Discipline**
- **5 Steps to Resource Management Maturity**

LEARN THE ART OF PROPOSAL REVISIONS

The Federal Acquisition Regulation (FAR) process, the backbone of competitive procurements, may seem straightforward at first glance. The government outlines its needs, issues a solicitation, and interested parties submit proposals. Yet, the reality of the process often diverges from this seemingly linear path.

Ambiguities in the solicitation can lead to amendments – changes that must be communicated by the government to all offerors. And post-submission, you may have realizations that may prompt you to modify your proposal. It can be a challenging process, so here are some tips for mastering the art of proposal revisions.

- **Adapt swiftly**

  When amendments emerge, your success hinges on more than just acknowledging change; it requires a proactive approach. Swift adaptation involves closely monitoring communications, promptly assessing the implications of amendments, and efficiently integrating these changes into your proposal.

- **Engage in meaningful discussions**

  Different approaches taken by various offerors frequently require face-to-face discussions, a key component of the government contracting process. While these interactions may now occur in virtual spaces, the essence remains unchanged.

  Following discussions, you are typically invited to submit revised proposals–commonly known in the GovCon world as "best and final offers" (BAFO). However, the term 'final' isn't always as absolute as it sounds. Occasionally, some change in

requirements, a discrepancy in the process, or even a need for one more clarification will necessitate yet another BAFO. On rare occasions, several more will be required.

- **Refine technical details with precision**

  Crafting the technical portion of your proposal demands precision. During revisions, focus on addressing customer concerns raised during discussions with clarity and depth. This goes beyond making slight tweaks and involves delving into the intricacies of your solution, ensuring that each modification enhances the overall quality of your proposal.

  Consider conducting internal reviews to pinpoint potential weaknesses or areas that may have been overlooked. Use feedback from subject matter experts and team members to refine technical details and ensure that your proposal not only aligns with the customer's needs but also stands out as an example of technical excellence.

- **Conquer the cost volume task**

  The cost volume of your proposal, though seemingly a task of numbers, is an art in itself. In "Best Value" source selections, the realism and reasonableness of cost estimates can make or break your proposal.. This is where Unanet's budgeting and planning functionality comes into play.

  The platform provides the ability to cost out a project plan using actual labor and indirect rates from the accounting system without the need to transfer them to spreadsheets or other external systems. This eliminates the potential for errors and ensures accuracy, facilitating iterative planning with multiple, variable scenarios. It's a tool that empowers you to decide exactly where to take that second (or third or fourth) bite of the apple.

- **Seize opportunities in the proposal process**

  Each revision is an opportunity for you to refine, adjust, and improve. It's a chance to showcase your agility and responsiveness to customer needs while addressing any shortcomings in the initial proposal. As the procurement journey unfolds, you must master the art of revising proposals, ensuring that each step is deliberate, each adjustment purposeful, and each revision a testament to your commitment to delivering value.

> "
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> **We've been able to provide better data and real metrics in our proposals – and increase sales efforts in that way by using the data that we can pull out of Unanet CRM."**
>
> **— Director of Marketing**
> **Fishbeck, Thompson, Carr & Huber (FTCH)**

Read Success Story Here

SUGGESTED RESOURCE

Click on the following link and learn how to uplevel your resource management skills:

- **Best Practices for Preparing Budgets and Forecasts**

SECURE YOUR DATA IN THE CLOUD

On-premise servers and private clouds are prime targets for malicious actors deploying ransomware. These attacks not only result in hefty ransom payments but also lead to project downtime, invoicing delays, and lost productivity. The financial and operational impact can be devastating.

Additionally, complying with regulations like CMMC and FedRAMP can be complex, especially regarding physical access controls. With on-premises solutions, achieving these standards requires significant investments in infrastructure and security expertise. A public cloud simplifies compliance by offering pre-built controls and audit trails.

UNANET CLOUD: YOUR SECURE AND EFFICIENT SOLUTION

Unanet Cloud offers a comprehensive suite of benefits that go beyond basic data storage to include managed application upgrades, continuous backup, data encryption, high availability, and web & mobile access.

- **Managed application upgrades**

  When you transition to Unanet Cloud, the burden of managing servers, databases, and upgrades is lifted off your shoulders. Unanet Cloud takes care of these technical aspects, allowing you to redirect your time and resources toward your core business operations. This not only eliminates the need for internal IT teams to handle complex upgrades but also ensures that your software is consistently up-to-date with the latest features and security patches.

- **Continuous backup**

  Unanet Cloud goes beyond traditional nightly backups by offering 30 days of continuous backup. This means your data is backed up every minute, providing an extra layer of security. In the event of unforeseen circumstances, this extensive backup system minimizes the risk of data loss, allowing you to work with confidence, knowing that your critical information is safeguarded around the clock.

- **Data encryption**

  The communication of data to and from your Unanet Cloud system is fully secure and encrypted. This ensures

that sensitive information remains confidential during transit, providing a secure channel for your team to access and share data without compromising security.

- **High availability**

  Unanet Cloud ensures high availability by replicating your data across redundant drives, servers, and data centers in different geographic regions. This redundancy minimizes the impact of server or data center outages, guaranteeing that your business operations continue seamlessly. With a commitment to 99.9% uptime, Unanet Cloud provides a reliable and resilient infrastructure for your critical business processes.

- **Web & mobile access**

  Unanet Cloud offers a user-friendly experience with pre-configured dashboards, time & expense entry, and approvals. This means that your team can easily access time and expense sheets and attached receipts from their mobile devices without complex IT involvement. Unanet Cloud also provides simple, global access to web and mobile interfaces with no setup requirements, ensuring that your team can stay connected and productive from anywhere.

SUGGESTED RESOURCES

Discover more about how Unanet can help you transition to a secure cloud-based infrastructure:

- **Unanet Cloud solutions**
- **Transition to the GovCon Cloud Today**

NAVIGATE THE MAZE OF INDIRECT RATES

For government contractors, a healthy cash flow is the lifeblood of their business. While "Days Sales Outstanding" (DSO) tracks the efficiency of collecting receivables, understanding how well indirect rates recover the cost of performance is equally important. This holds true not only for cost-reimbursable contracts but also for fixed-price and time & materials contracts. Accurate and realistic indirect rates paint a true picture of a company's health and profitability.

However, navigating indirect rates can be like traversing a complex maze. Over the year, these rates fluctuate, making it challenging to analyze them accurately in the early months. By mid-year, the general trend becomes clearer, and significant deviations from targets should be investigated.

The turning point arrives in the third quarter. This is when the window for meaningful course corrections narrows. To effectively adjust, the cost bases need to be stable, and the cost pools must have sufficient data to reveal reliable trends. Jumping to conclusions based on outliers early on can lead to misguided decisions. Conversely, waiting too long can make it difficult, if not impossible, to reverse course.

So, how do you master this maze? Here's a roadmap:

- **Embrace the predictive power of six months**

  Six or seven months of actual data provide enough ground to predict year-end rates with reasonable accuracy. By the end of Q3, if significant variances exist without corrective actions, it might be too late to impact the outcome.

- **Keep it simple**

  Your rates should be focused on cost recovery and contract acquisition, rather than striving for flawless cost allocation. Regulations acknowledge that cost allocation is an approximation, and often, the difference in accuracy between complex and simple rate structures is negligible. Overly complex structures require more resources to maintain, introduce error risks, and can hinder clients' understanding of your value proposition.

- **Streamline for efficiency**

  A simple rate structure simplifies both input (e.g., accounts payable) and output (e.g., billing) processes. This reduces administrative burdens and improves transparency for your clients.

- **Be proactive**

  Don't wait for issues to emerge. Regularly monitor your rates, identify trends, and proactively address deviations from targets. This proactive approach ensures you stay on track for a healthy cash flow and profitability.

- **Bottom line**

  By following these guidelines and understanding the nuances of indirect rates, government contractors can ensure their financial well-being and secure future successes. Keep in mind, the process is more than just cost recovery; it's about leveraging data-driven insights to make well-informed decisions and drive long-term profitability.

SUGGESTED RESOURCES

Continue developing your knowledge of indirect rates by checking out these resources:

- **Winning More Business with a Sound Indirect Rate Strategy**

- **RELYANT Global Implements Unanet Financials to Drive Efficiency**

MODERNIZE INTERNAL PROCESSES

Working on complicated projects is definitely challenging, but you can create efficiencies by modernizing your internal processes. This involves understanding where inefficiencies lie, leveraging technology to streamline them, and measuring their impact on your business and client service. Here's how you can achieve this:

- **Enhance business operations with technology**

  Leveraging technology for business operations means automating the timekeeping process, reducing the time each employee spends on entering their work hours, and significantly cutting down the billing time for subcontractors.

  Enhance business operations with technology by offering mobile timekeeping and integrating actual time spent with a resource planning tool. This integration yields valuable insights into both personnel and projects. The approach allows employees to complete timesheets swiftly from any location, ensuring efficiency. Additionally, it promotes compliance, enhances visibility, and improves utilization both upstream and downstream in the workflow.

- **Monitor metrics for continuous improvement**

  Don't wait until the end of a project to gauge its financial viability. Regularly review and track contract profitability, rates, wrap rates, and rate variances to identify potential issues early. Compare your rates to the competition and don't shy away from discontinuing unprofitable services.

- **Embrace modern ERP for seamless integration**

  Traditional siloed systems hinder efficiency. Connect disparate systems with a modern ERP through solutions Unanet Connect—which acts as a central hub, seamlessly integrating your various applications and processes, creating a smooth flow of information across your organization.

- **Streamline project handoffs for faster execution**

  Ensure seamless project handoffs from Business Development to Project Management and Accounting. Integrate your CRM with your ERP or leverage built-in automations to provide key stakeholders with real-time access to essential information for project setup, planning, and financials. This transparency accelerates project execution and reduces bottlenecks.

- **Optimize billing cycles for improved cash flow**

  Automate bill review to eliminate manual, error-prone processes like offline bill reviews in spreadsheets. Modern ERPs offer online bill review for both Project Managers and Accountants, allowing for standardized, collaborative review and faster invoice generation. This translates to quicker revenue recognition and improved cash flow.

- **Use integration and automation for a competitive edge**

  Your ERP shouldn't limit your choice of best-in-class solutions. Look for an open integration platform that seamlessly connects your ERP with essential tools like payroll, HRIS, CRM, and marketing automation software, empowering your teams and optimizing workflows.

- **Manage flowdown clauses strategically**

  Develop a flowdown matrix that maps specific contract requirements based on subcontract value and type. This enables quick risk assessment for incoming contracts and facilitates informed decision-making.

ADDITIONAL BEST PRACTICES

Implement these additional practices into your operations to transform your business into a well-oiled machine of efficiency:

- **Standardize processes**

  Create clear, documented procedures for common tasks to ensure consistency and efficiency.

- **Empower employees**

  Encourage feedback and suggestions for process improvement from those directly involved in the work.

- **Measure and track results**

  Continuously monitor the impact of your modernization efforts and make adjustments as needed.

Modernization is an ongoing journey. Adopt a continuous improvement mindset and leverage technology wisely so you can ensure your organization remains agile, adaptable, and ready for whatever the future has in store.

Read Report Here

SUGGESTED RESOURCES

For more tips on building a modern, efficient business, check out the following reading:

- **Roadmap for Success: 7 Insights For Government Contractors**

- **The GAUGE Report**

BUDGETING MONTH FOR GOVERNMENT CONTRACTORS

November ushers in the crisp air of change, and for government contractors, it brings an immense responsibility: budgeting for the upcoming fiscal year. The Federal Acquisition Regulation (FAR) requires proposed indirect billing rates submitted 60 days before the fiscal year ends (although in practice this target is rarely hit). With little time to spare, you must coordinate a complex dance involving numerous stakeholders including:

Customers

Their needs and expectations shape project scope and resource allocation.

Project managers

They translate customer needs into actionable plans and resource requirements.

Subcontractors

Their costs factor into the overall budget equation.

Financial managers and analysts

They oversee financial health and ensure cost recovery through accurate rates.

Project management office (PMO)

They ensure project alignment with the budget and track resource utilization.

Resource manager

They allocate resources based on project needs and budget constraints.

Business development (BD)

They forecast potential wins and their impact on revenue and resource needs.

Contracts manager

They navigate contract terms and ensure compliance with billing requirements.

Executives

They understand market trends, strategy, and help inform BD and operations about where to spend time.

Human resources

They forecast personnel costs and potential hiring needs.

Aligning this diverse group (especially during the holiday season) requires a Herculean effort. Look to business development to play a key role in the process.

Business development's strategic role

BD provides foundational inputs essential to the budgeting process. In addition to identifying the sources of revenues for the new year, BD also has to assign a probability of win (PWIN) and an expected value to everything in the pipeline.

This gives you an excellent starting point for growth projections. **The 2023 GAUGE Report shows that more than one-third (35%) of firms expect growth of 15% or more in the year ahead.** Understanding (but not over-estimating) your business' potential is key to accurate budgeting.

Once the numbers are collected and analyzed, Finance translates these possibilities into concrete resource needs and costs. The PMO ensures alignment between projects and the budget. And Unanet, your powerful budgeting software, orchestrates all the inputs into a cohesive financial plan.

Unanet: Streamlining planning and scenarios

Unanet brings order to the complexity. The robust platform provides a structured space for planning and scenario building. BD's PWIN and planned costs by accounting period find a home in Unanet's project planning capability. The result? A range of budget scenarios, offering nuanced perspectives on the financial landscape.

Unanet's expertise goes beyond scenario creation – it calculates various iterations of indirect rates for the upcoming year. Though Target, Provisional, and Actual rates may differ, Unanet's functionalities empower organizations to navigate these variations, ensuring a comprehensive understanding of the financial roadmap.
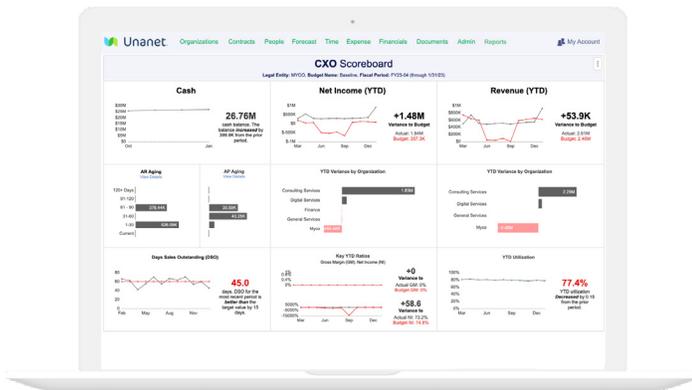
Project performance analytics in Unanet

SUGGESTED RESOURCES

Make budgeting a breeze this year by honing your skills with insights from the following reading:

- **Budgeting for Project-Based Organizations**

FINISH STRONG BY CLOSING YOUR BOOKS FAST

As December descends, the year's end looms, and with it, the task of closing the books. For many organizations, this process can be a stressful, time-consuming burden – but it doesn't have to be. By implementing strategic changes and leveraging technology, you can transform your close into a streamlined operation, unlocking valuable insights and driving informed decision-making.

- **Why a fast close matters**

  Accurate financial data is the lifeblood of informed decision-making. It allows you to track vital metrics, measure progress against goals, and identify areas for improvement. A slow close, however, delays access to this critical information, hindering your ability to make timely adjustments and course-correction strategies. This can have significant consequences, impacting growth, profitability, and even leading to potential crises.

- **Efficiency as a barometer**

  The speed at which a business can close its books serves as a barometer for the efficiency of its financial processes. A quick and efficient close signifies a well-thought-out process, maximizing resources. Conversely, a slow close is indicative of a cumbersome process – perhaps laden with manual steps and spreadsheet reliance – leading to increased labor costs and, consequently, higher General and Administrative (G&A) expenditures.

- **Embrace change for greater efficiency**

  The fear of change can be a major obstacle to progress. But clinging to outdated methods simply because "that's how it's always been done" can stifle your organization's efficiency and growth. When your processes no longer serve your needs, it's time to embrace change. This applies to people, processes, and tools. Remember, "No change, no change" – growth demands continuous improvement.

- **The power of consistent controllership**

  Consistent controllership throughout the year is pivotal for a smooth close. Documented procedures and a single source of truth for financials, coupled with real-time reporting and close procedures, contribute to an efficient and repeatable process. A consistent monthly close not only ensures a smoother year-end but also frees up accounting staff for high-value tasks.
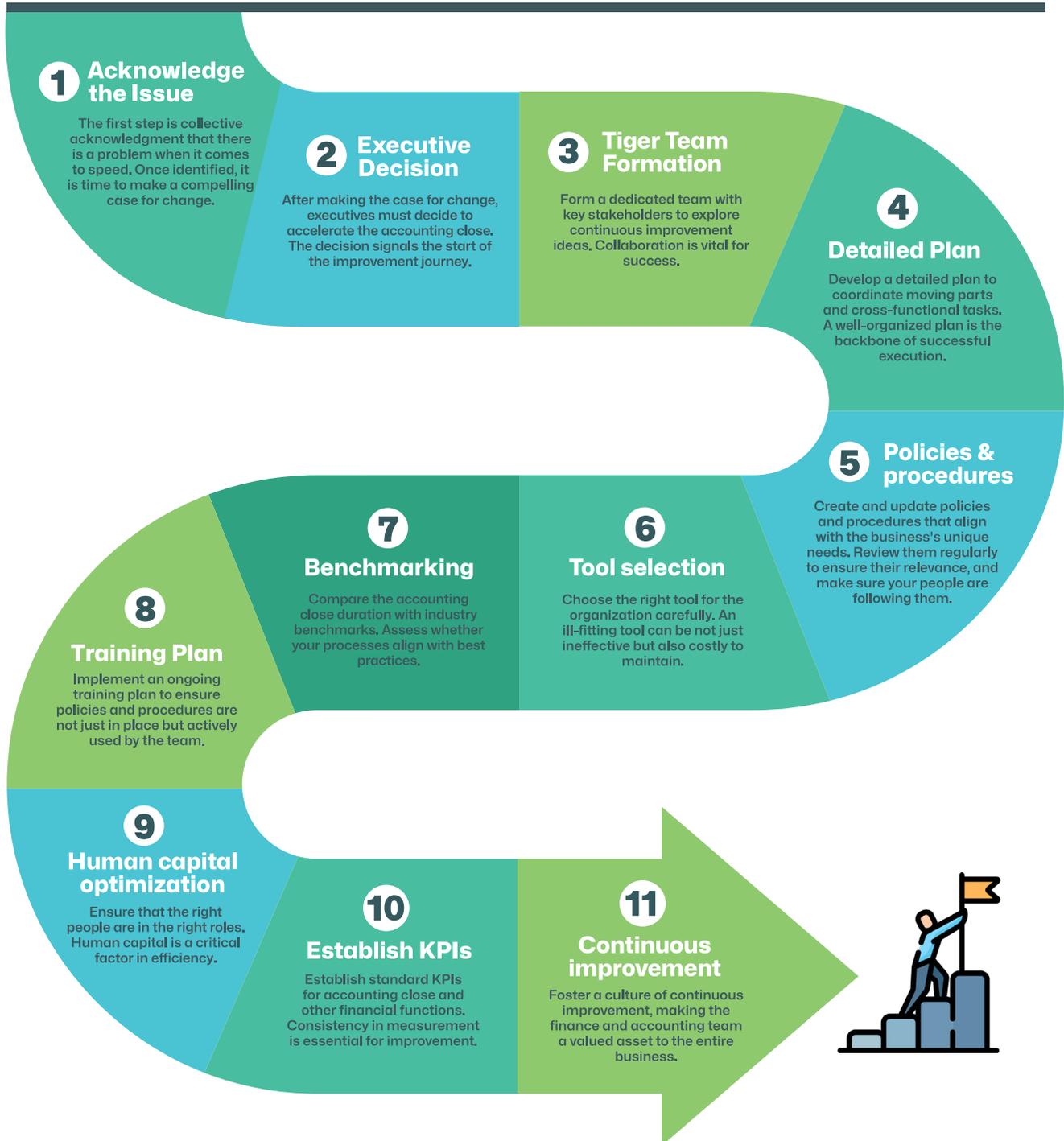
SUGGESTED RESOURCES

Get even better at closing faster by reviewing the following reading:

- **Energy Solutions Gains Greater Transparency Into Their Projects**

- **RELYANT Global Implements Unanet Financials to Drive Efficiency**

11 STEPS
FOR A FASTER CLOSE

Close your books faster by implementing this 11-step guide.

1 Acknowledge the Issue

The first step is collective acknowledgment that there is a problem when it comes to speed. Once identified, it is time to make a compelling case for change.

2 Executive Decision

After making the case for change, executives must decide to accelerate the accounting close. The decision signals the start of the improvement journey.

3 Tiger Team Formation

Form a dedicated team with key stakeholders to explore continuous improvement ideas. Collaboration is vital for success.

4 Detailed Plan

Develop a detailed plan to coordinate moving parts and cross-functional tasks. A well-organized plan is the backbone of successful execution.

5 Policies & procedures

Create and update policies and procedures that align with the business's unique needs. Review them regularly to ensure their relevance, and make sure your people are following them.

6 Tool selection

Choose the right tool for the organization carefully. An ill-fitting tool can be not just ineffective but also costly to maintain.

7 Benchmarking

Compare the accounting close duration with industry benchmarks. Assess whether your processes align with best practices.

8 Training Plan

Implement an ongoing training plan to ensure policies and procedures are not just in place but actively used by the team.

9 Human capital optimization

Ensure that the right people are in the right roles. Human capital is a critical factor in efficiency.

10 Establish KPIs

Establish standard KPIs for accounting close and other financial functions. Consistency in measurement is essential for improvement.

11 Continuous improvement

Foster a culture of continuous improvement, making the finance and accounting team a valued asset to the entire business.

PREP FOR A GOOD YEAR WITH UNANET

Implementing the tips, strategies, and methods in the Financial Leader's Monthly Action Plan will better prepare you for the challenges you'll likely encounter with each turn of the calendar. We encourage you to keep it handy, and refer to it regularly so you can respond to changing business conditions with confidence.

And, if you're looking for a modern tech solution to complement your financial leadership toolkit, try Unanet. We offer ERP and CRM GovCon solutions designed to streamline processes, automate tasks, and empower informed decision-making so that you can achieve peak financial performance, regardless of what the future holds.

Unanet

Where Information Means Insight

Unanet serves more than 4,000 businesses with its ERP software solutions purpose-built for professional service organizations. Unanet's software helps project-driven organizations reliably plan, track and manage projects, people and financials. Unanet's customer-centric culture means we strive to deliver insights with personal service.

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