# Key Concepts

- Business Pipeline
- Margin
- Daily Rates
- Labor
- Expenses / Direct Costs
- Budgets
- Capacity
- Resourcing Request
- Contract
- Project

# Business Pipeline

A Business Pipeline, or pipeline,  is a visual representation of the stages involved in a sales process. It is a structured approach to managing a business's sales process and helps organizations to track their progress in acquiring new customers and generating revenue.

The pipeline typically consists of several stages, including lead generation, lead qualification, proposal, negotiation, and closing. Each stage represents a milestone in the sales process and helps sales teams to identify where a lead is in the sales cycle.

The pipeline is valued by the sum of the Expected Value (EV) of the opportunities in contains.  Once won, the EV associated to a opportunity disappears from the pipeline so more must be added in order to keep a EV level high enough.

# Margin

Margin is a term used in both business and finance to refer to the difference between the price of a good or service and the amount of money required to produce it. It is the amount of money that remains in your pocket once you have delivered a service.

Margin is usually expressed in percentage. Ex: if you sell a product or service for $1,000 with a 40% margin, you earn $400.

In Conduite, margins apply to many things:

- Labor (though Daily Rates)
- Budgets
- Contracts
- Projects

### Margin Types

| Margin Type | Description |
|---|---|
| Margin at Signature ($/%) | The margin computed at the time a contract is signed (provided by the associated Budget Builder). For a project this is a static value. |
| Margin Objective ($/%) | The margin objective that is set for a project. At the beginning of a project that value equals the Margin at Signature. But it can evolve overtime (up or down).<br>In Conduite, setting a margin objective is the primary way to steer the performance of a project. |
| Expected Margin ($/%) | The margin that we expect to make on a project at any given time based on what was spent and what we think we need to spend to finish the work. |

# Daily Rates

The Daily Rate is the cost of a staff member for one day of work. Each person in your company has a different daily rate. For the sake of simplicity Conduite assigns a daily rate for each role of your company (developer, project manager, designer, domain expert, ...). Daily rates are needed for all the roles that you want to include in your budgets.

The Daily Rate can be expressed in two ways:

- **Unloaded** - This corresponds to the cost of the employee role for the company.
- **Loaded** - This corresponds to the cost of the employee role including the margin you want to make. This is the amount that you charge your clients.

In other words, the difference between the loaded and unloaded rates is your margin. The amount of margin you add to the Unloaded Rates is specific to your organization and to the contracting mechanisms between your clients (ex: government contracts often have specific rules for rates calculation).

The daily rates are combined in a summary table a **Rates Card** that specifies:

- Role
- Unloaded Rate
- Margin
- Loaded Rate

# Labor

In a budget, labor refers to the cost of all the employees needed to execute a contract. In Conduite that cost is computed based on the Daily Rates and the number of days needed.

# Expenses / Direct Costs

In a budget or contract, the expenses (or direct costs) refer to all the non labor costs that are needed to execute the contract. For example:

- Travel and accommodation
- Software licences
- Hosting fees
- Equipment
- 3rd party service

These items are usually charged *at cost* to the client. Therefore you cannot specify a margin for direct costs.

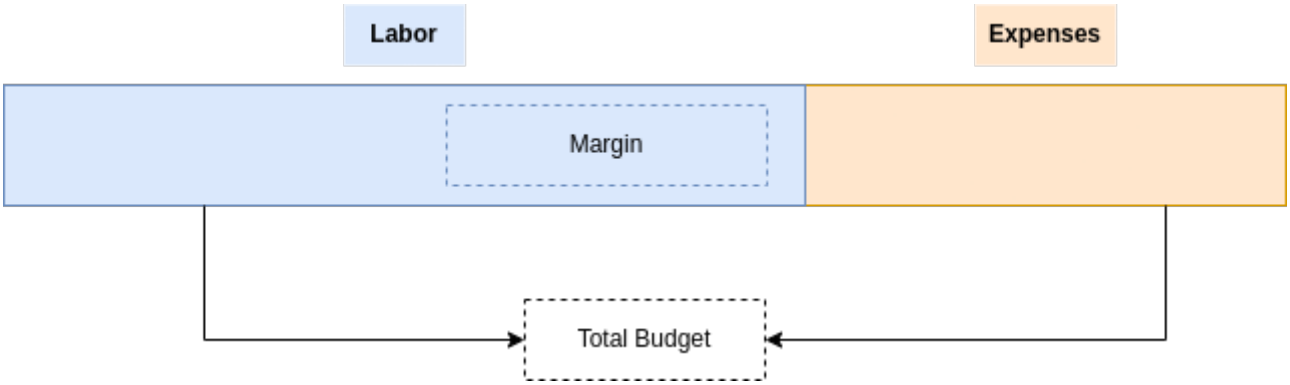
# Budgets

A budget refers to a financial plan that outlines the expected labor costs and expenses associated with the project or service being provided under a contract. The budget is usually an integral part of the contract and serves as a basis for determining the financial obligations of each party involved.

Conduite works with budgets that have the following (simple) structure:

- Labor
- Expenses / Direct Costs

The Budget Builder computes the margin for labor (value and %) automatically. The margin on labor is the margin of your contract.



# Capacity

Capacity refers to the amount of work your team can execute at any given time. It is measured in days. Capacity is planned for each team member individually.

**Availability**

The total amount of days a team member can work in a given month. Someone working full time will have a capacity of ~20 days per month, considering that s/he will not take vacation days and that there are no holidays in that month.

**Allocations**

The fact of allocating a certain number of working days to a staff member to work on something.

**Remaining**

The number days that a staff member can still work based on his/her availability and allocations.

$$Remaining = Availability - Allocation$$

- **Remaining > 0** - The staff member can still be allocated work.
- **Remaining = 0** - The staff member is *at capacity,* i.e. you have allocated work to the level of his/her availability.
- **Remaining < 0** - The staff member is over booked, i.e. you have allocated more days that s/he can actually work.

# Resourcing Request

Sending a Resourcing Request is a way of booking a set of human resources for future work. It is a compilation of allocations for a period of time: someone working on something for a certain number of days over a period of time.

In Conduite, Resourcing Requests are sent in 2 instances:

- **During the Business Development phase** when the Sales Team wants to book resources ahead of the signing of contract. They do this directly from the Budget Builder using the Send Resourcing Request Addon feature.
- **During the project execution phase** when Project Managers send their Project Report Out to update the Capacity Manager on how much capacity they need to finish the project.

# Contract

In Conduite, a contract represents opportunities that has been won and signed. It is defined by:

| Attribute | Description |
| --- | --- |
| Timelines | The start and end date planned at the time of signature |
| Scope of Work | A description of the purpose of the contract and of the main activities. |
| Labor - Amount | The monetary amount representing the labor involved in the execution of the contract. |
| Labor - Margin at signature | The margin that we expect to make on labor based on the planning assumptions at the time of signature. This is the reference value for the execution of the contract. |
| Expenses / direct costs - Amount | The monetary amount representing the expenses / direct costs involved in the execution of the contract. |

All of these attributes are computed in the Budget Builder.

# Project

A project is a temporary organizational artifact that corresponds to the execution of the scope of work defined in a contract by a group of people. Project are always associated to a contract and by extension to a Budget Builder.

Projects are defined similarly to contracts (labor and expenses), but account for all types of margins:

- Margin at Signature
- Margin Objective
- Expected Margin

In a nutshell, the performance of a project is the difference between the margin objective and the expected margin.