Budget Builder

What Is It?

The Budget Builder is an application that allows you to create detailed budgets and timelines. It also provides ready to use tables and charts that you can use include in your proposal and offers.

Key Concepts

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 Type	Description
Margin Objective ($/%)	The margin objective that is set for a project. At the beginning of a project that value equals the Margin at Signature. But it can evolve overtime (up or down). In Conduite, setting a margin objective is the primary way to steer the performance of a project.
Expected Margin ($/%)	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.

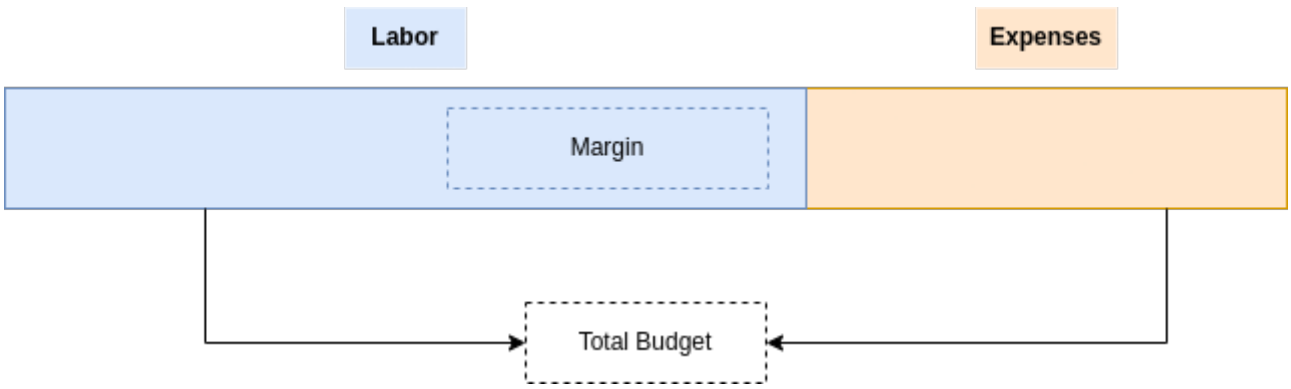
Budgets

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.



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.

Key Performance Indicators

The main purpose of the Budget Builder is to help you compute precisely the **total cost of a contract** and its associated **margin**.

In addition, the Budget Builder will provide:

- The break down between Labor and Expenses (value and margin)
- A detailed timeline of the project
- A Resourcing Request
- Tables and charts for your proposals / offer documents

Using The Application

Typical Workflow

1. You identify the main workstreams / phases of execution of the contract.
2. You outline the main activities for each work stream.
3. You specify which roles will be involved in each activity and the number of days per month you estimate necessary.

4. You specify any expenses / direct costs associated with the activities.
5. You review the budget numbers (labor, expenses, margin) and make sure that everything makes sense according your prospects needs and constraints.
6. You copy/paste some of the tables and charts in your offer.

> Any table you copy from the Budget Builder into a Google Doc can be copied as Linked to spreadsheet. If you update the numbers in the Budget Builder, the tables will automatically update in the Google Doc □□.

Structure & Features

> If any monetary value (totals, rates, unit costs) does not have a Loaded or Unloaded mention next to it, it then refers to **Loaded** value (what you charge to your client).

Setup

This tab allows you to configure the main attributes of your budget.

Attribute	**Description**
Period - Type	You can choose between: • weeks for shorter contract up to 12 weeks • months for longer contracts up to 12 months
Period - Start	The number of week (1-52) or month (1-12) in which you expect the contract execution to start.
Workstream	The main phases / components of the contract. This is a way to group the activities of the contract. You can have up to 13 workstreams.
Role	The list of roles in your company. You can have up to 33 roles.
Unloaded Rate	The unloaded rate for a role.
Loaded Rate	The loaded rate for a role. This is a function of the unloaded rate and the margin. □□*Computed Field*
Margin (%)	The margin you what to make on a role

The columns Role, Unloaded Rate, Loaded Rate and Margin define your Rates Card. A similar one is used in the Project Dashboard.

Labor

Each line of this tab specifies the **amount of days** (Labor) a **role** needs to execute an **activity over time**. That activity being part of a **workstream**. You decide the level of detail you need. Once you are done you will have built your labor budget and project timeline □□. You can actually use this tab as Gantt Chart.

> Make sure that the columns Workstream, Activity and Role are filled in if there are days allocated to a line. Otherwise these days will not be taken into account in the other tabs.

Column	Description
Workstream	The name of the workstream. Choose from the list.
Activity	The name of the activity. **Tip:** Keep it short.
Role	The role of the person that will be executing the activity. Choose from the list.
Rate	The Loaded Rate associated to that role. □□*Computed Field*
Periods	12 columns in which you specify the number of days needed for that role (and activity). Leave blank (or input 0) if no days are necessary.
Total - L	The total value of corresponding to the number of days for that role (and activity) based on its Loaded Rate. This is what you will charge your client. □□*Computed Field*
Total - UnL	The total value of corresponding to the number of days for that role (and activity) based on its Unloaded Rate. This is what it will cost you. □□*Computed Field*
# Days	The sum of days across all periods for that role (and activity). □□*Computed Field*

□ Adding An Activity

In order to add an activity for a role you simply need to:

1. Insert a row where ever you want in the table (*Right Click > Insert row above / below*).

2. Copy the formulas for the computed fields.

Validation conditions will be copied automatically.

Expenses

This tab allows you to specify any expenses / direct costs for the client associated with the execution of the contract for each **workstream over time**.

> Make sure that the columns Workstream and item are filled in. Otherwise these items will not be taken into account in the other tabs.

Column	Description
Workstream	The name of the workstream. Choose from the list.
Item	The name of the item. **Tip:** Make it explicit for your client
Unit Cost - L	The Loaded Unit Cost of the item. This is the amount you will charge your client for each unit of that item.
Margin (%)	The margin you will make on that item.
Periods	12 columns in which you specify the number of items needed for that workstream. Leave blank (or input 0) if no items are necessary.
Total - L	The total value of corresponding to the number of items needed based on the Loaded Unit Cost. This is what you will charge your client. *Computed Field*
Total - UnL	The total value of corresponding to the number of items needed based on the Unloaded Unit Cost (Loaded Unit Cost without the Margin). This is what it will cost you. *Computed Field*

Adding An Expense / Direct Cost

In order to add an expense for a role you simply need to:

1. Insert a row where ever you want in the table (*Right Click > Insert row above / below*).

2. Copy the formulas for the computed fields.

Validation conditions will be copied automatically.

Budget - Summary

> This is a read-only (protected) tab. Do not modify it.

This table provides you with an overall summary of the budget for labor and expenses, per workstream. This use useful to provide a snapshot of the costs to your client.

Budget - Detailed

> This is **not** a read-only tab. Do not modify the configuration of the pivot tables.

Labor - This table provide the detailed cost and number of days for each workstream by activity. You can expand/collapse workstreams as needed.

Expenses - This table provide the detailed for each workstream by item. You can expand/collapse workstreams as needed.

Overall Summary

> This is a read-only (protected) tab. Do not modify it.

This tab provides an overall summary of your budget in addition to an analysis of the the margin.

Table	Description
Total Per Period (Loaded)	The total value (labor + expenses) of the contract over time (loaded rates).
Summary	Totals for Labor, Expenses and Margin.

Chart	Description
Total Per Period (Loaded)	Chart representation of the Total Per Period table.
Cost Distribution - Total	The distribution of the contract value between labor and expenses / direct costs.

Days / Role / Period

> This is a read-only (protected) tab. Do not modify it.

This table provides the number of days per role per period. This is in effect the Resourcing Request that will be needed to update your Capacity Planner.

Labor Value / Role / Period

> This is a read-only (protected) tab. Do not modify it.

This table provides the total value of labor per role and per period. It's a similar view than the previous tab but converting days into monetary value. This is useful to picture how costs are spread over time.

Expenses Value / Period

> This is a read-only (protected) tab. Do not modify it.

This table provides the total value of expenses per workstream and per period. This is useful to picture how costs are spread over time.

Configuration

> This is a hidden and read-only (protected tab). This tab should remain hidden. Do not modify it.

This tab contains the ID of the Conduite configuration file and other computed configuration parameters.

Conduite Addon

Resourcing Request

This feature allows you to send the Resourcing Request by email to the Capacity Manager as specified in the Conduite Configuration file. The request based on the # Days / Role / Period tab.

This is useful to inform the Capacity Manager that s/he needs to update the Capacity Planner for an opportunity.

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