



Dekker, Ltd.

Project Portfolio Management Solutions

Balanced Scorecarding

Some Dekker Product Enhancements
Organizational Critical Success Factors
Key Performance Indicators
Types Of Indicators
Scorecarding



 **Dekker, Ltd.**

Key Performance Indicators (KPI)

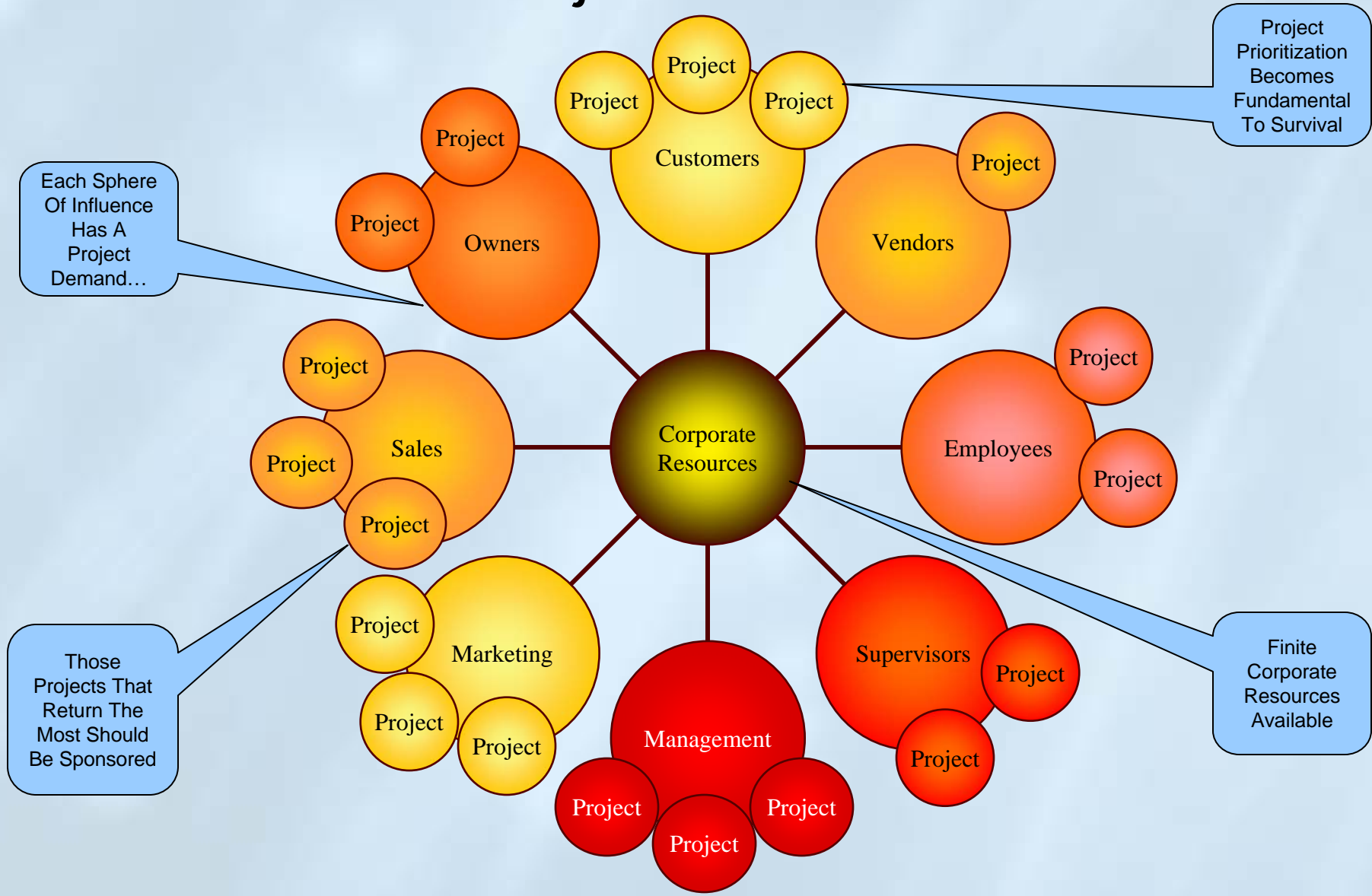
- ◆ Balanced Scorecards Are Composed Of Linked Metrics
 - ◆ Must Be Sensed
 - ◆ Must Be Tracked
 - ◆ Must Be Manageable
- ◆ KPIs Can Appear To Be Highly Subjective Between Organizations
 - ◆ There Are No “One-Size-Fits” All
 - ◆ Should Relate To Team Members Performing Work
- ◆ There Are Various Stages Associated To KPIs
 - ◆ Learning And Research
 - ◆ Process Definition
 - ◆ Customer Valuations
(Customer = Stakeholders)
 - ◆ Financial Implications



Stakeholders = Customers



Balanced Project Mix



The Different Software Tools

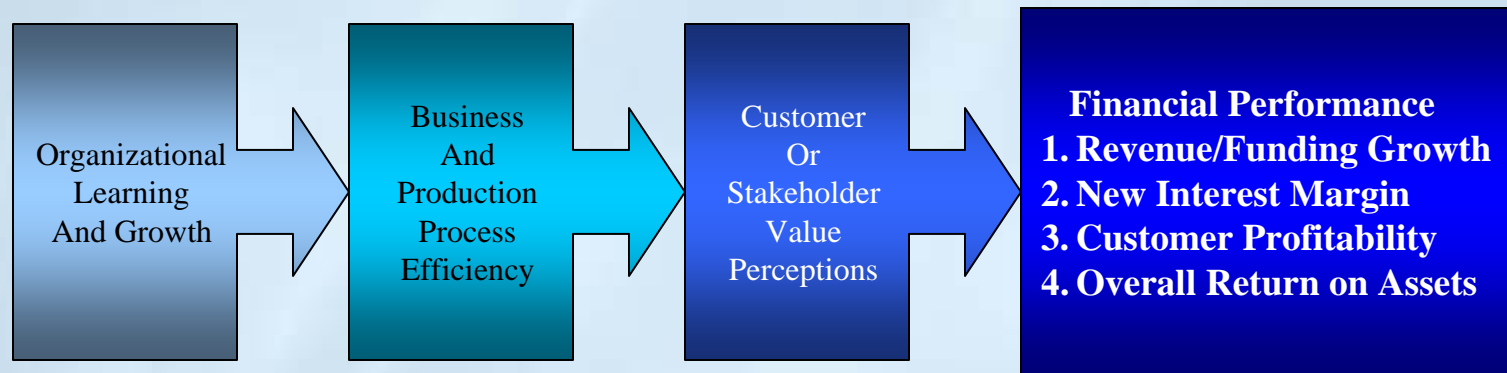
Financial System (MS Solomon)		TRAKKER EPM Engine		iPursuit Oversight
INTERNAL REPORTING SYSTEMS			Management Surveillance/Executive Information	
Traditional Accounting <ul style="list-style-type: none"> • General Ledger • A/R • A/P • Payroll • Time Collection • Inventory • Profit/Loss for Organization • Balance Sheet Reporting • Tax Reporting 	Enterprise Resource Planning <ul style="list-style-type: none"> • Does Traditional Accounting • Provides Manufacturing Capability • Provides Human Resource Planning • Job Cost Enhanced Through MRP and Human Resource • Sales System • Distribution System 	Enterprise Project Management <ul style="list-style-type: none"> • Links Job Cost Charge Numbers to Operational Process/Activity Ledger • Tracks Schedule (CPM) Accomplishment and Risk by Any Unit • Tracks Resources in Any Unit of Measure • Tracks Direct & Indirect Rates • Tracks Outputs and Outcomes • Collects Risk Items • Revenue by Project 	Earned Value System <ul style="list-style-type: none"> • Links Activity Ledger to Negotiated WBS • Provides Earned Value Status Techniques • Links OBS to WBS • Draws Actuals From Accounting • Provides Estimated Actuals to Take Progress • Uses Escalatable Burden Rates • Provides EVM Reporting Capability • Rolled Up Reporting 	Analysis Tools <ul style="list-style-type: none"> • Project Portfolio Management Views • Schedule Portfolio • Resource Portfolio • Cost Portfolio • Financial Portfolio • Output Performance Portfolio • Risk Assessment • Provides Analysis • Should Handle Full EIS Analysis

- ◆ Performance Systems Were Developed Under A “Stove Piped” Environment
- ◆ PPM Includes An EPM Engine To Run An Internal Performance Based System Integrated To Accounting
- ◆ Knowing The Different Kinds Of Systems And Where They Fit
- ◆ KPIs Come From These Internal Systems

KPIs – What They Are

- ◆ **Critical Success Factors (CSF):** Represent Key Strengths An Organization Has In Meeting Its Market Driven Objectives And Usually Is Referenced By Senior Management
 - ◆ Will Relate To Financials And Revenue Generation
 - ◆ Will Be Goal Oriented And Market Driven
- ◆ **KPI:** Measurements That Reflect Outcomes Of Critical Business Process Activities And Can Be Monitored Over Time From Traceable Sources
 - ◆ Used To Rate And Rank Performance Objectively
 - ◆ Non-Financial Measurement
 - ◆ Financial Objectives
- ◆ Many KPI's Can Be Generated From CSF's
- ◆ Key Performance Indicator Should
 - ◆ Enhance Communication
 - ◆ Motivate Organization
 - ◆ Stimulate Growth
 - ◆ Enhance Financial Awareness


Linking Of KPIs: Cause And Effect



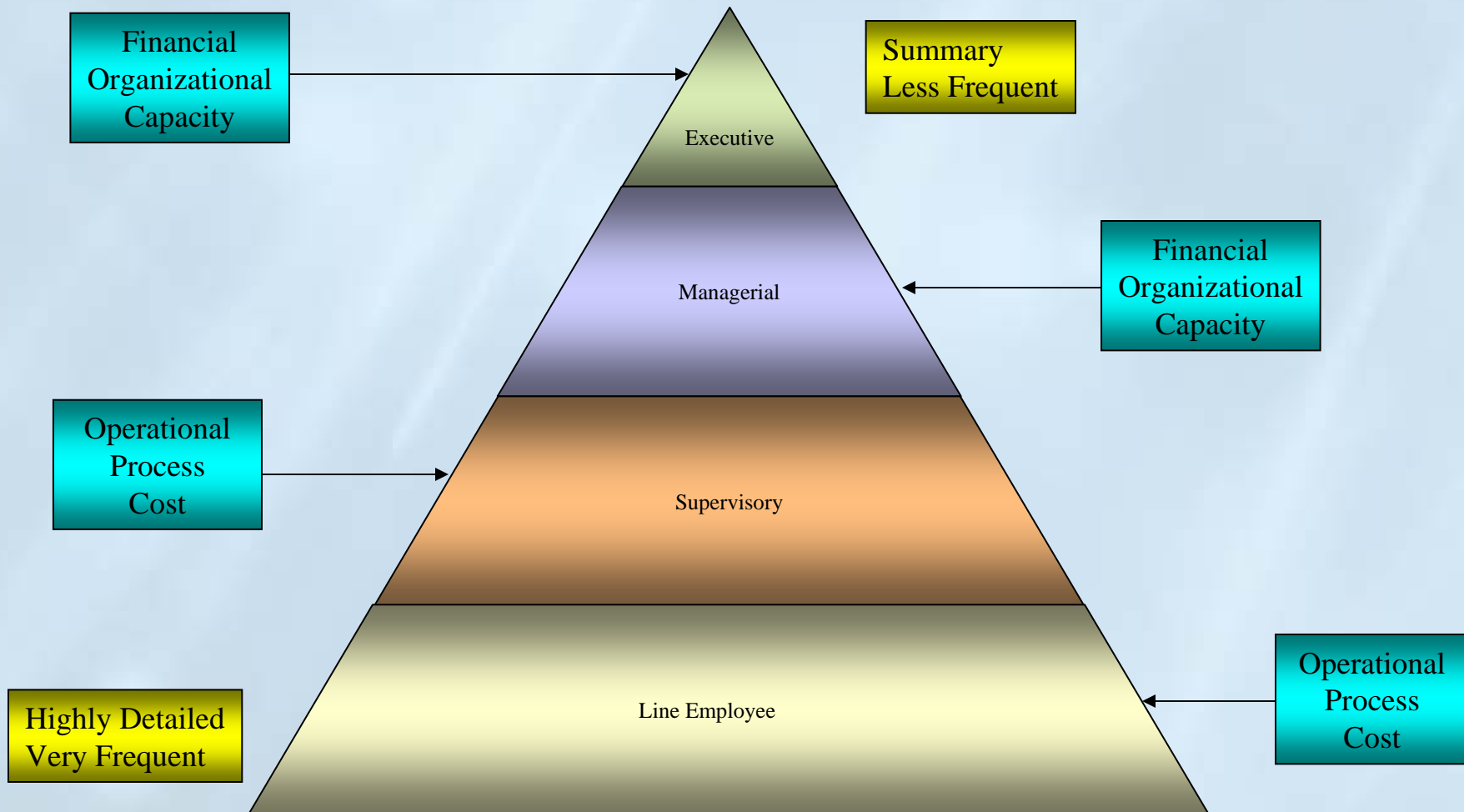
- ◆ An Organization Initiates KPIs To Measure A Process
 - ◆ Experience And Awareness Increases Based On Measurement
 - ◆ Organization Obtains A Higher Sense Of Awareness
- ◆ Processes Become More Efficient By Working Smarter
 - ◆ Leaner
 - ◆ Faster
- ◆ Customer Gains Increased Value and Service Perceptions
- ◆ Financial Performance Increases Based Upon “Leader” KPIs That Drive Financial KPIs

(Hilton Et Al, 2004, pp. 847-850)

An Example Of KPIs

Scorecard Areas	Scorecard Performance	Scorecard Measures	Performance Targets
Organizational learning and growth 	Employee training and education	Percentage of employees involved in approved training and education	100 percent
	Employee satisfaction	Employee satisfaction index	Maintain current level
	Employee turnover	Voluntary turnover percentage	Below industry average
	Innovativeness	Percentage of sales from new services	50 percent
	Opportunities for improvement	Employee suggestions	Estimated value of employee suggestions
Business and production process efficiency	New service development	Average new service development time	Continuous improvement
	Productivity (loans)	Error-free loans processed per employee	Continuous improvement
	Defective service (loans)	Errors per loan officer	Zero
	Service costs	Cost per loan, checking account, and other services	Continuous improvement
	Process improvements	Average process (e.g., loan) cycle time	One week
	Supplier relations	Supplier cycle time, error rates	Below industry averages
Customer value	Customer satisfaction	Customer satisfaction index	Above competitors' average
	Customer retention and loyalty	Customer retention rate	Above industry average
	Sales growth	Account and revenue growth	10 percent per year
	Market share	Professional and business market share	30 percent
	Customer risk	Customer risk profiles and loan default rate	Maintain current levels
Financial performance	Service profitability	Net interest margin	5 percent
	Growth	Revenue growth	Above industry average
	Customer profitability	Percentage of loss customers	Zero
	Competitive return	Return on assets	Above industry average

Levels Of KPIs

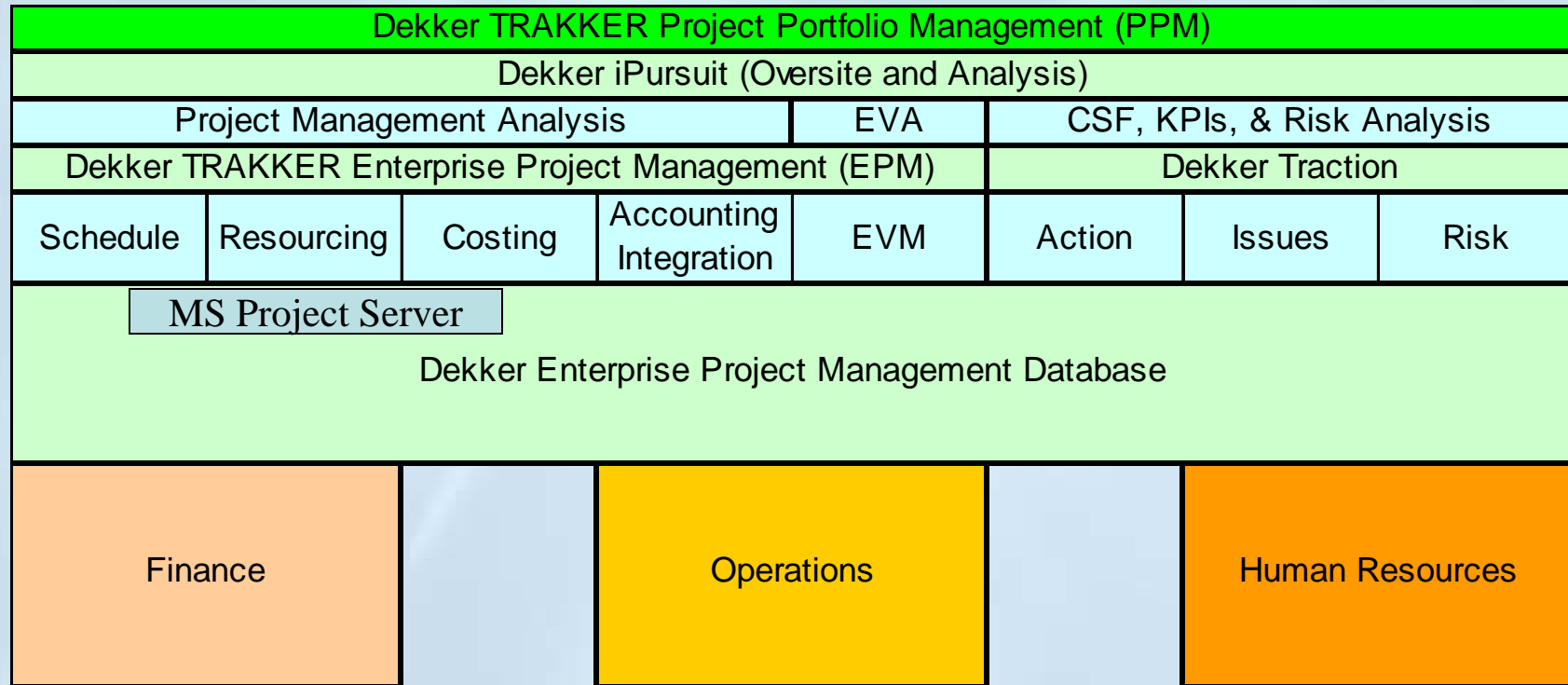


A Sample List Of KPI Types

- ◆ Product Acceptability
- ◆ Share Of Market
- ◆ Proprietary Product Status
- ◆ Target Manufacturing Costs
- ◆ Quality Control
- ◆ Product Deliverability
- ◆ Patent Status
- ◆ R&D Successes
- ◆ Material Sources
- ◆ Plant Capacity
- ◆ Financial Strength
- ◆ Judgment and Skill of Management
- ◆ Flexibility And Capacity To Change

		X	
		X	
		X	
		X	
		X	
		X	
		X	
		X	
		X	
		X	
		X	
		X	

Dekker Software Products



- ◆ Dekker TRACTION™ will Replace Accomplishments and Risk
- ◆ Dekker TRAKKER® PPM Will Be Composed Of:
 - ◆ Dekker iPursuit®
 - ◆ Dekker TRACTION™
- ◆ Dekker iPursuit® Enhancement To Cover Complete Project Management Analyses
- ◆ Enhancements Have Been Made To Cover Enterprise Reporting

Samples Of An Enterprise KPI List

Enterprise
Financial
Organizational
Operational
Project



 **Dekker, Ltd.**

iPursuit's Added Capabilities



Entire Dekker Suite Has Been Attenuated To Both Individual Project And Enterprise Reporting

Earned Value Analysis

Project Management Analysis

Dashboards Can Be Driven From A Wide Array Of Informational Sources



Financial Ratios

Financial Ratio Types (Basic)	
Ratio Type	Description
Leverage	Measures how much financial debt a firm has taken on to finance activities. These ratios measure long term solvency.
Liquidity	Provides insight into the ability of a firm to quickly convert liquid assets to cash in order to pay debts.
Efficiency	Indicates how effectively a firm uses its assets. These ratios help an analyst understand how hard an organization's assets are being put to use.
Profitability	Focuses on an organization's earnings.



Income Statement

Balance Sheet

Leverage ratios

$$\text{Long-term debt ratio} = \frac{\text{long-term debt}}{\text{long-term debt} + \text{equity}}$$

$$\text{Debt-equity ratio} = \frac{\text{long-term debt}}{\text{equity}}$$

$$\text{Total debt ratio} = \frac{\text{total liabilities}}{\text{total assets}}$$

$$\text{Times interest earned} = \frac{\text{EBIT}}{\text{interest payments}}$$

$$\text{Cash coverage ratio} = \frac{\text{EBIT} + \text{depreciation}}{\text{interest payments}}$$

Liquidity ratios

$$\text{NWC to assets} = \frac{\text{net working capital}}{\text{total assets}}$$

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

$$\text{Quick ratio} = \frac{\text{cash} + \text{marketable securities} + \text{receivables}}{\text{current liabilities}}$$

$$\text{Cash ratio} = \frac{\text{cash} + \text{marketable securities}}{\text{current liabilities}}$$

Efficiency ratios

$$\text{Total asset turnover} = \frac{\text{sales}}{\text{average total assets}}$$

$$\text{Average collection period} = \frac{\text{average receivables}}{\text{average daily sales}}$$

$$\text{Inventory turnover} = \frac{\text{cost of goods sold}}{\text{average inventory}}$$

$$\text{Days' sales in inventories} = \frac{\text{average inventory}}{\text{cost of goods sold}/365}$$

Profitability ratios

$$\text{Operating profit margin} = \frac{\text{net income} + \text{interest}}{\text{sales}}$$

$$\text{Return on assets} = \frac{\text{net income} + \text{interest}}{\text{average total assets}}$$

$$\text{Return on equity} = \frac{\text{net income}}{\text{average equity}}$$

$$\text{Payout ratio} = \frac{\text{dividends}}{\text{earnings}}$$

$$\text{Plowback ratio} = 1 - \text{payout ratio}$$

$$\text{Growth in equity from plowback} = \text{plowback ratio} \times \text{ROE}$$

Financial Ratios



Sample View Of
Financial Ratio
Dashboard

In 7.1 You Will Be Able
To Use MS Excel
Charts As Gauges!

Sample View Of
Financial Ratio Report

Income Statements
And Balance Sheets
Differ From
Organization To
Organization; Some
Configuration Is
Required

RATIO ANALYSIS
EPICOR SOFTWARE CORP
YEARS ENDED DECEMBER 31, 2003 AND 2004

Financial Report Summary

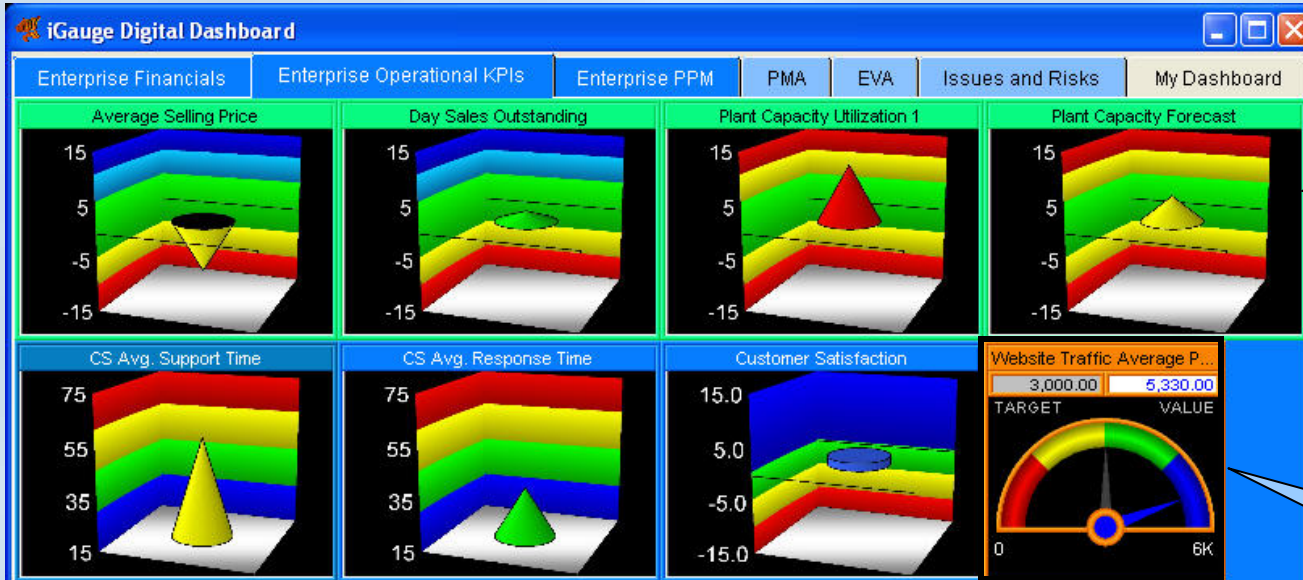
RATIO	FORMULA	FY03	FY04
Leverage Ratios			
Long term debt	long term debt		30,327.00
	long term debt + equity	\$29,410.00 = 0	\$30,327+\$100,959 = 0.231
Debt-Equity	long term debt		30,327.00
	equity	29,410.00 = 0	100,959.00 = 0.3
Total Debt	total liabilities	\$71,458+\$1,355	\$122,017+\$32,789
	total assets	102,223.00 = 0.712	255,765.00 = 0.605
Liquidity Ratios			
Net working capital to assets	net working capital	\$71,784-\$71,458	\$115,726-\$122,017
	total assets	102,223.00 = 0.003	255,765.00 = -0.025
Current	current assets	71,784.00	115,726.00
	current liabilities	71,458.00 = 1.005	122,017.00 = 0.948
Quick	cash+marketable securities+receivables	\$38,881+\$27,134	\$53,651+\$55,296
	current liabilities	71,458.00 = 0.924	122,017.00 = 0.893
Cash	cash+marketable securities	38,881.00	53,651.00
	current liabilities	71,458.00 = 0.544	122,017.00 = 0.44
Efficiency Ratios			
Total asset turnover	sales	155,422.00	226,210.00
	average total assets*	102,223.00 = 1.52	255,765.00 = 0.884

Common Operational KPIs

Operational KPI's									
KPI Audience	Title	Description	Source					Unit of Measure	Frequency of Measure
			Financial	HR	Job Cost	MFG	EPM		
Financial	Cash Available	Daily Report of Cash Availability	X					\$	Daily
Sales	Sales Increase	Month over Month	X					\$	Weekly
Sales	Sales Increase	Year over Year	X					\$	Weekly
Management	Profit Margin per Unit	Average Product Unit - Gross Profit	X					\$	Daily
Management	Average Selling Price	Total Net Revenue Divided by Total Units Sold	X					\$	Daily
Management	Day Sales Outstanding	Age of Average Account Receivable	X					\$	Daily
Financial	Days Payables Outstanding	Age of Average Account Payable	X					\$	Daily
Management	Inventory Turns - Current Year to Date	Number of Times Total Inventory Turns Over	X		X	X	X	\$	D/M/Y
Financial	Working Capital Ratio	Working Capital as a Percent of Sales	X					\$	Weekly
Management	Pretax Profit Margin	Pretax Profit as a Percent of Sales	X					\$	Weekly
Management	Operating Expense Ratio	Operating Expenses as a Percent of Sales	X					\$	Weekly
Plant	Plant Capacity Utilization 1	Measures Machine Hours Available			X	X	X	Hours	Daily
Plant	Plant Capacity Utilization 2	Measures Labor Hours Available		X	X	X	X	Hours	Daily
Plant	Plant Capacity Forecast 1	Predicts Available Plant Hours Daily and Weekly		X	X	X	X	Hours	Daily / Weekly
Plant	Plant Capacity Forecast 2	Predicts Available Machine Hours Daily and Weekly			X	X	X	Hours	Daily / Weekly
Management	Employee Headcount	Measures Number of FTE Personnel Plant Wide		X			X	FTE	Weekly
Management	Sales per Employee	Total Revenue Divided by FTE	X	X			X	\$	Monthly
Management	Pretax Income per Employee	Pretax Income Divided by FTE	X	X			X	\$	Monthly
Plant	Book to Bill Ratio Dollars	Measures Incoming Orders Against Actual Sales to Measure Backlog	X			X	X	\$	Daily / Monthly
Plant	Book to Bill Ratio Percent	Measures Incoming Orders Against Actual Sales to Measure Backlog	X			X	X	\$	Daily / Monthly

- ◆ Corporate Leadership Oriented
 - ◆ Corporate Officers
 - ◆ Senior Executive Level
 - ◆ Middle Management
- ◆ Varying Ways Of Calculations Requires Configuration

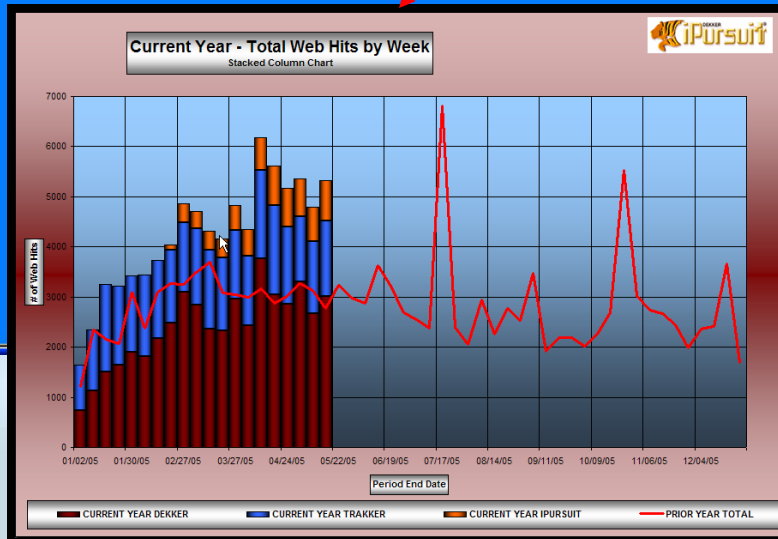
Operational KPIs



Most Of These KPI's Can Be Tracked In Dekker TRACTION™

Most Of These KPI's Can Be Tracked In Dekker TRACTION™ With Some Configuration

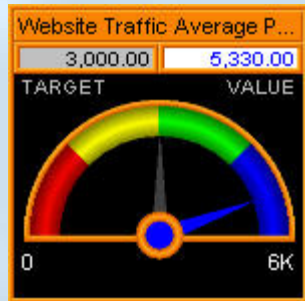
Web Hits Represents A KPI To Dekker Sales. Dekker Does What It Can To Have 5,000 Hits Per Week.... This Gauge Represents The Hits



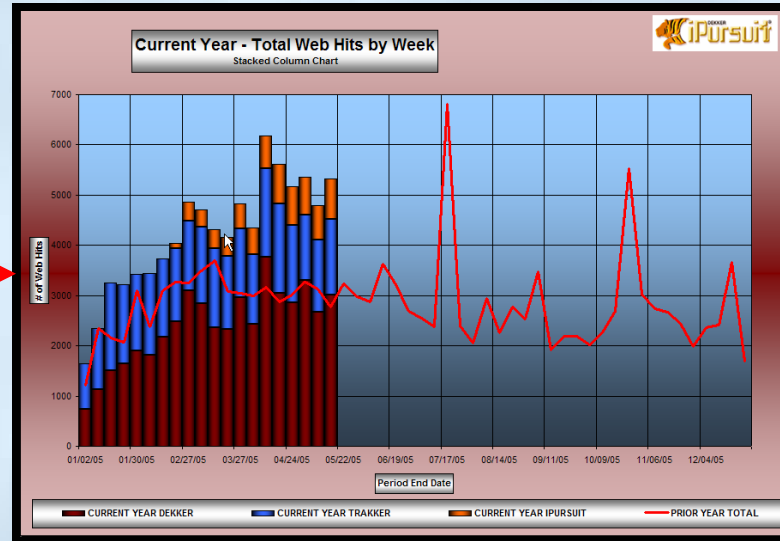
Current Year Weekly Hits - Total

STATUS DATE	CURRENT YEAR DEKKER	CURRENT YEAR TRAKKER	CURRENT YEAR IPURSUIT	PRIOR YEAR TOTAL
1/2/05	735	900		1210
1/9/05	1125	1220		2360
1/16/05	1510	1745		2460
1/23/05	1615	1670		2065
1/30/05	1900	1515		3090
2/6/05	1810	1635		2385
2/13/05	2180	1550		3105
2/20/05	2475	1455	110	3275
2/27/05	3105	1360	360	3260
3/6/05	2540	1525	350	3485
3/13/05	2365	1575	370	3690
3/20/05	2335	1445	385	3075
3/27/05	2965	1360	495	3040
4/3/05	2435	1390	525	2995
4/10/05	3770	1750	665	3160
4/17/05	3050	1770	800	2670
4/24/05	2865	1535	765	3020
5/1/05	3300	1300	760	3270
5/8/05	2675	1425	700	3125
5/15/05	3015	1510	805	2730
5/22/05				3230
5/29/05				2980
6/5/05				2880
6/12/05				3630
6/19/05				3225
6/26/05				2690
7/3/05				2550
7/10/05				2380

Operational KPIs



Information Is Derived From KPIs Listed In Dekker TRACTION™ Through Action Request...



Drill Down To Meaningful Metrics That Users Can Define Through The MS Excel Presentation Layer...

STATUS DATE	CURRENT YEAR DEKKER	CURRENT YEAR TRAKKER	CURRENT YEAR IPURSUIT	PRIOR YEAR TOTAL
1/2/05	735	900		1210
1/9/05	1125	1220		2350
1/16/05	1510	1745		2160
1/23/05	1615	1670		2085
1/30/05	1900	1515		3090
2/6/05	1810	1635		2385
2/13/05	2180	1550		3105
2/20/05	2475	1455	110	3275
2/27/05	3165	1360	360	3260
3/6/05	2640	1525	350	3485
3/13/05	2365	1575	370	3690
3/20/05	2335	1445	385	3075
3/27/05	2965	1360	495	3040
4/3/05	2435	1390	525	2995
4/10/05	3770	1750	665	3180
4/17/05	3050	1770	800	2870
4/24/05	2865	1535	765	3020
5/1/05	3300	1300	760	3270
5/8/05	2675	1425	700	3125
5/15/05	3015	1510	805	2730
5/22/05				3230
5/29/05				2980
6/5/05				2880
6/12/05				3630
6/19/05				3225
6/26/05				2650
7/3/05				2550
7/10/05				2380

Action Request

DEKKER TRACTION™

Action ID: 5 Action Code: MRKT WEB050201

To: Miles Gullingsrud Priority: Level 4

From: Simon Dekker Probability: 60%

For: Simon Dekker Consequence: 4

Date Opened: 02/01/2005 Date Closed: 01/31/2006 Action Type: ADMIN Action Request

Qty Requested: 5000 Qty Actual: 0

Unit of Measure: Web Hits Per Week

Action Title: Marketing: Web Hits Per Week

Action Description: We will tabulate web hits to meet the desired goal for all of Dekker's websites. Currently the web sites are Dekker, Ltd., TRAKKER, and Pursuit.

Program Name: X3 Activity Name: 33 Resource Name:

Issue #	To	Title	Date Opened	Date Closed	Issue Details
5.012	Simon Dekker	Week 12 Web Hits	04/18/2005	04/25/2005	Issue Details
5.013	Simon Dekker	Week 13 Web Hits	04/25/2005	05/02/2005	Issue Details
5.014	Simon Dekker	Week 14 Web Hits	05/02/2005	05/09/2005	Issue Details
5.015	Simon Dekker	Week 15 Web Hits	05/09/2005	05/16/2005	Issue Details

Issues

Action ID: 5 Action Code: MRKT WEB050201 Issue ID: 5.015

Internal ID: 30 Issue Code:

To: Simon Dekker Priority: Level 4

From: Miles Gullingsrud Probability: 50%

For: Simon Dekker Consequence: 3

Date Opened: 05/09/2005 Date Closed: 05/16/2005 Issue Type: ADMIN Action Request

Qty Requested: 5000 Qty Actual: 5330

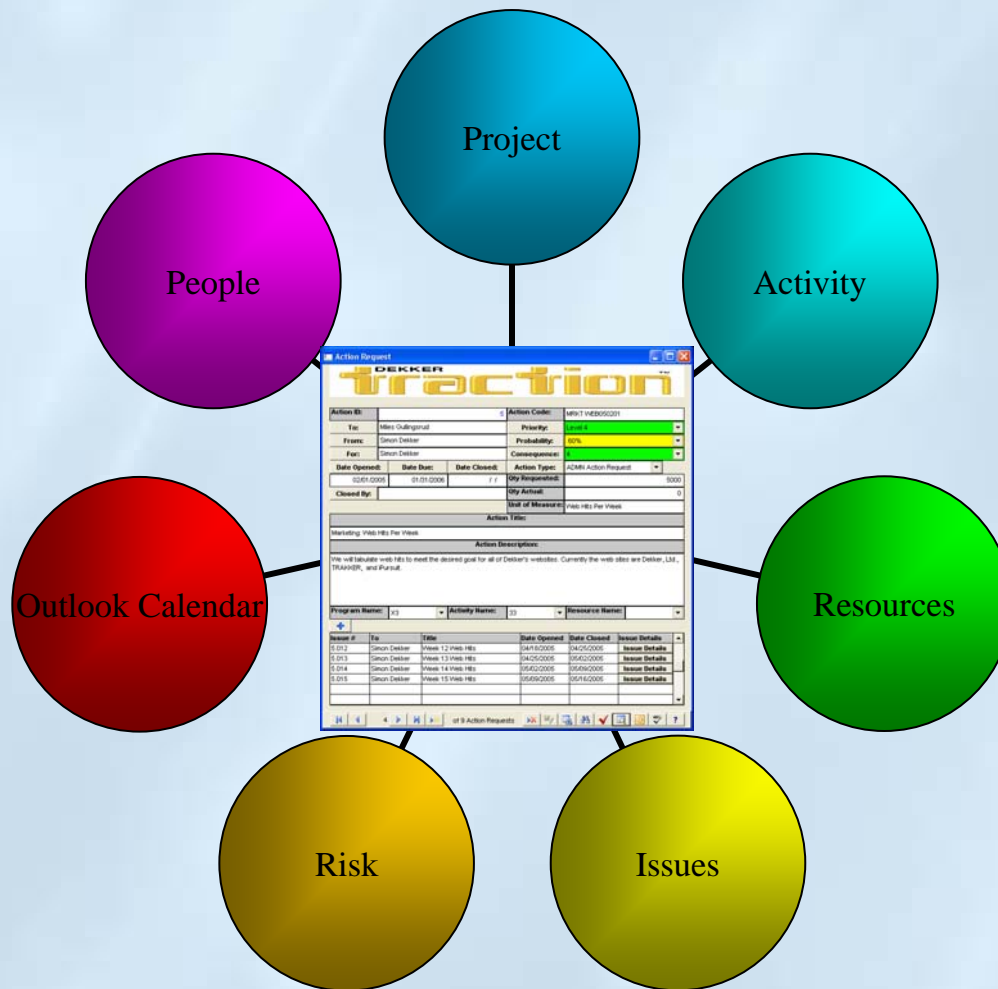
Unit of Measure: Web Hits Per Week

Issue Title: Week 15 Web Hits

Issue Description: Web Hits by Website: www.dekkerltd.com 3015, www.trakker.com 1510, www.dpursuit.com 805

Each Action Request Can Have Multiple Issues Before The Request Can Be Closed...

Dekker TRACTION™



Outlook And TRACTION

TRACTION Contact List

ContactID: 3 Title: Mr. First Name: Simon Middle Name: Last Name: Dekker Credentials: [dropdown]
 Contact Code: 1 NickName: Simon Job Title: President and CEO Assigned To: DSB01

Business Info | Personal Info | Notes/Callback | Contact Codes

Business Address:
 Company: Dekker, Ltd.
 Department: Corporate Headquarters
 Street 1: 636 East Brier Drive
 Street 2: Building #260
 City: San Bernardino
 State/Province: CA Postal Code: 92408-2832
 Country/Region: United States

Reference Codes:
 Industry: Computer Software
 Profession: Executive
 Referral:
 Type: Shareholder
 User Code 1:
 User Code 2:
 User Code 3: ABCPE
 User Code 4:

Business Contact Numbers:
 Phone: (909) 529-1954 Pager: (951) 529-1954
 Extension:
 Fax: (909) 889-9163
 Mobile: (951) 529-1954

Email Addresses:
 Email 1: s.dekker@dekkertd.com
 Email 2: 19092155756@mycingular.net
 Email 3:
 Web Site: www.dtrakker.com

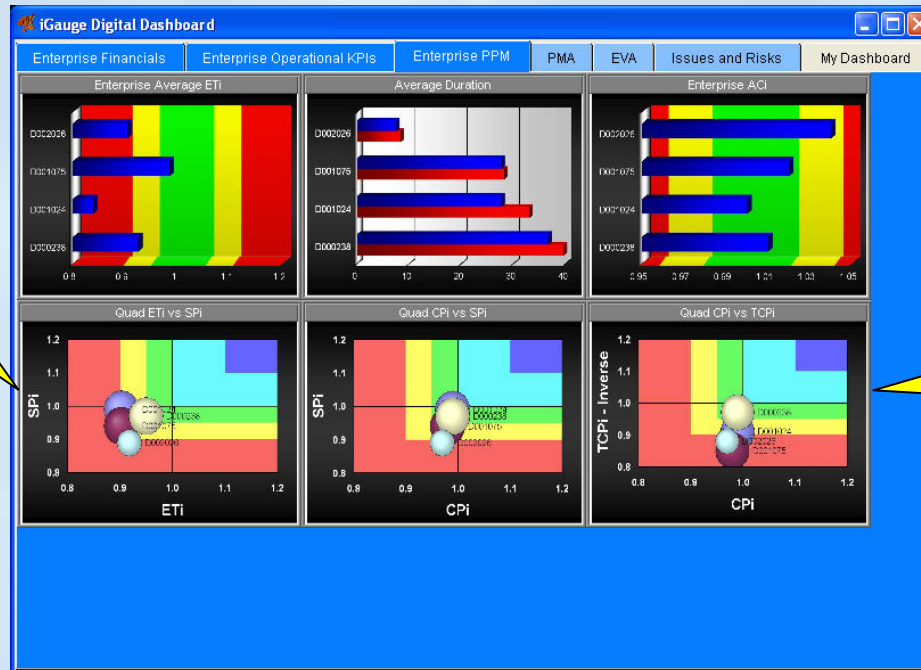
Contact: 1 of 7

Major Contacts Can Be Listed; These Could Be Employees Or Vendors...

Contacts Can Be Assigned Action Requests Or Issues In Support Of An AR...

Action Requests Can Be Assigned And Tracked Through Exchange Or Dominos...

Project Management Analysis

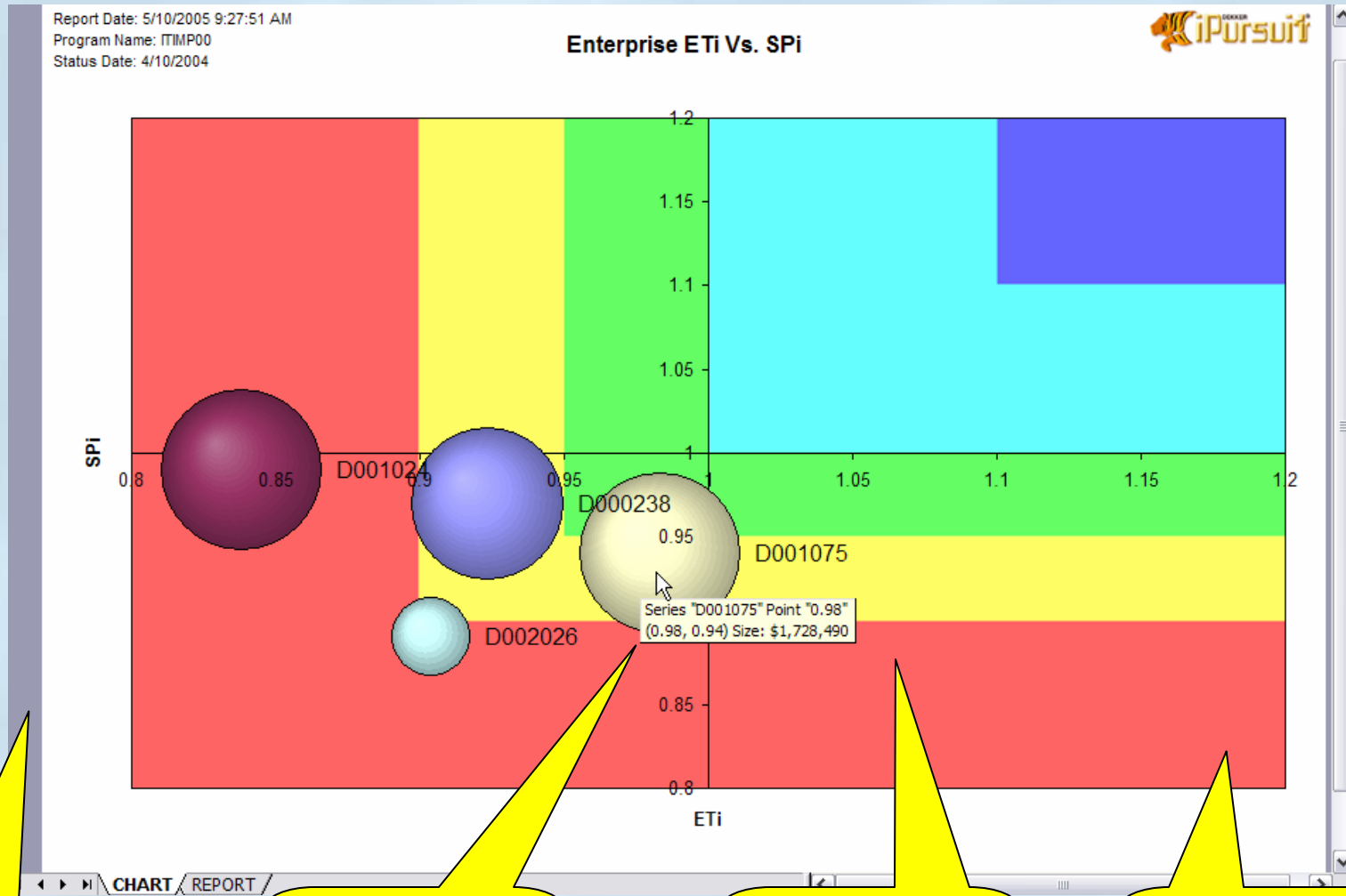


This Example Looks At Projects, But Any Level Of The WBS/OBS Can Be Derived...

Quadrant Analysis By Two Related Metrics...

- ◆ Elapsed Time Index ($ETi = ORGDUR / ACTDUR$) To SPI
- ◆ Float Consumption Analysis
- ◆ ETi Effect On Estimate-To-Complete
- ◆ Quadrant Analysis
- ◆ Resource Capacity (By Project And Enterprise)

Project Management Analysis



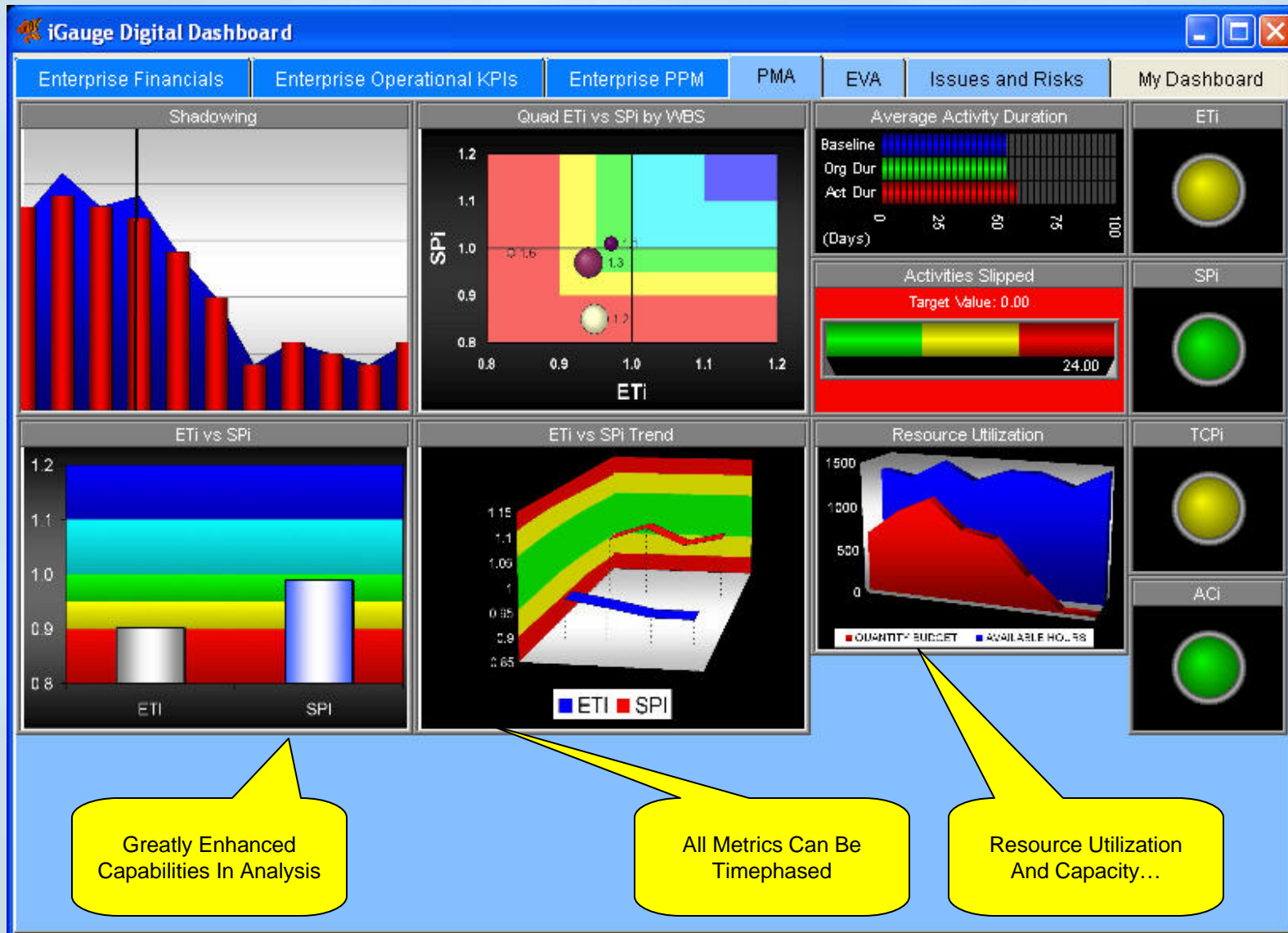
Can Be Used As A Gauge

Mouse Over Will Show Values

By Project Or Any Level of WBS/OBS

Adjustable Tolerance Bands

EVA And PMA

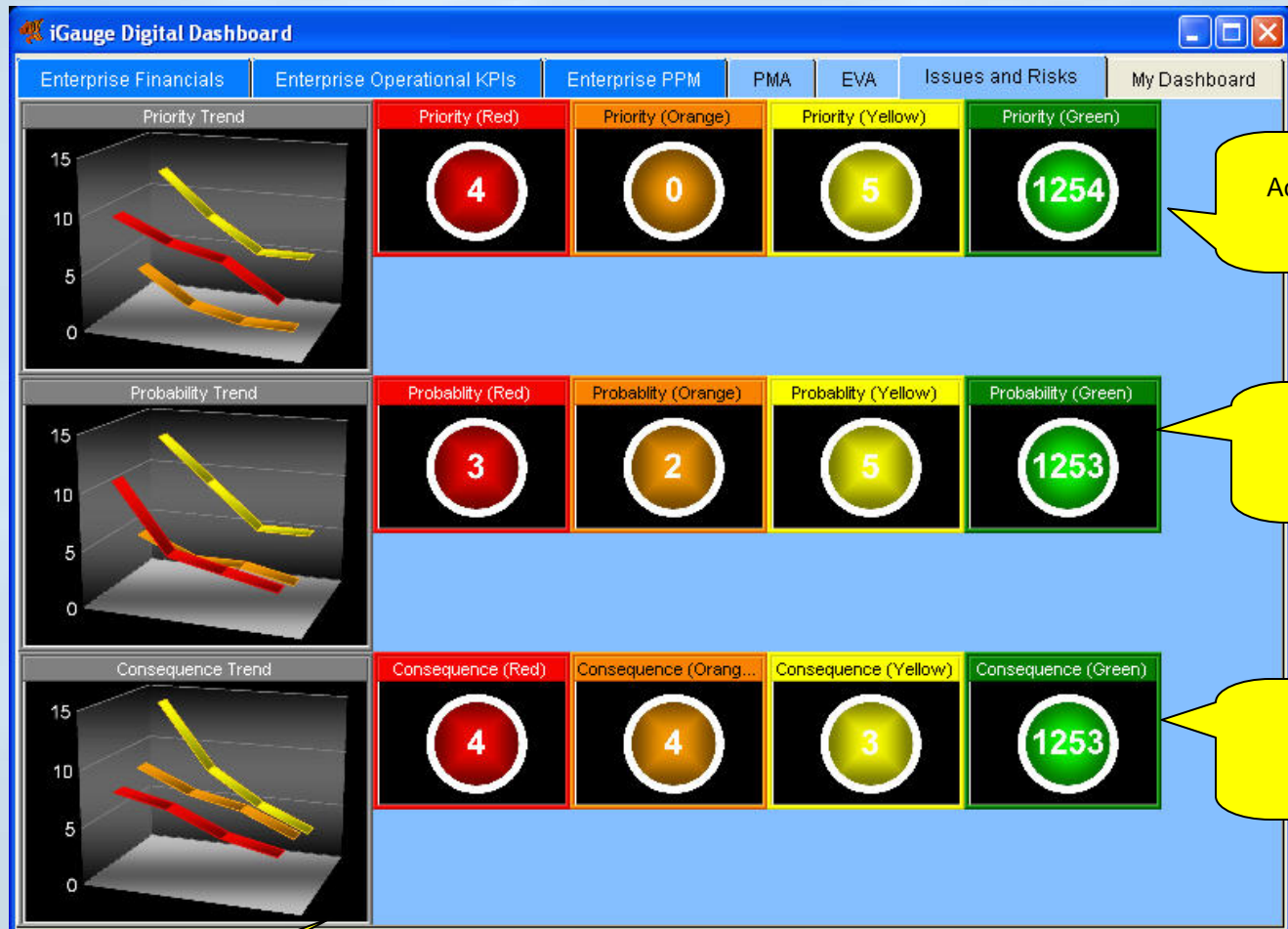


Greatly Enhanced Capabilities In Analysis

All Metrics Can Be Timephased

Resource Utilization And Capacity...

Risk And Issue TRAKKING



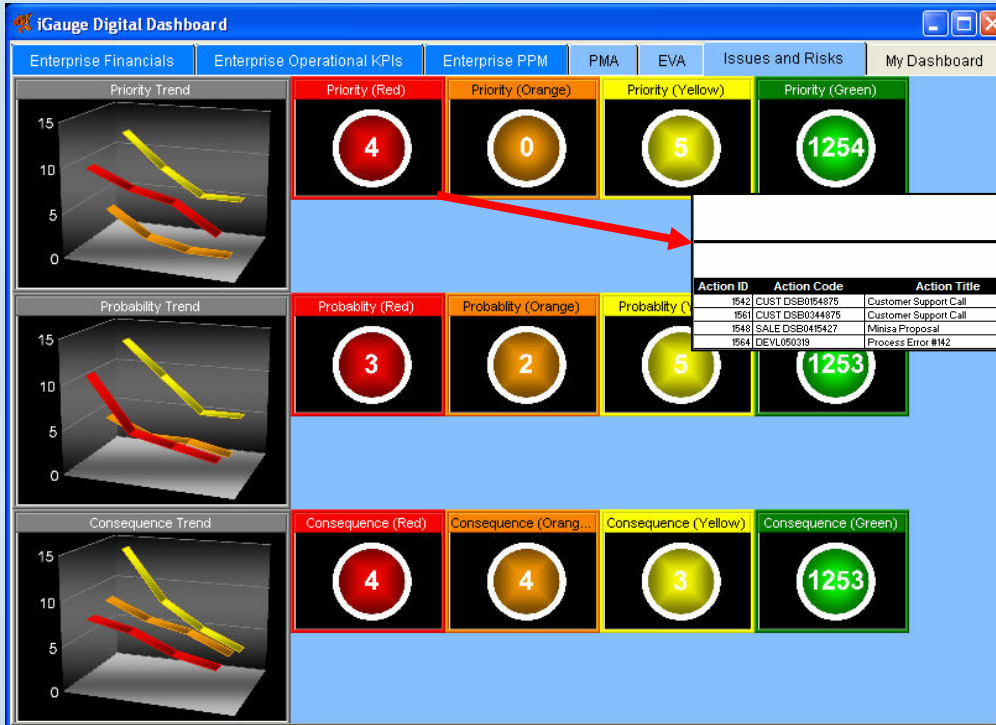
Action Requests By Priority

Risk Items By Probability

Risk Items By Consequence

Trending Analysis On Line

Risk And Issue TRAKKING



Issues and Risks

Action ID	Action Code	Action Title	To	Action Type	Priority	Probability	Consequence	Target Date	Qty Requested	Qty Actual	Unit of Measurement
1542	CUST.DSB0454875	Customer Support Call	Joe Meek	CSSR Phone Support	Level 1	50%	4	5/19/2005	1	1	Customer Issue
1561	CUST.DSB0344875	Customer Support Call	Joe Meek	CSSR Phone Support	Level 1	10%	1	4/29/2005	1	1	Customer Issue
1548	SALE.DSB0415427	Minisa Proposal	Jerry Bono	SALES RFD	Level 1	80%	1	4/17/2005	1	1	Proposal
1564	DEVL.080318	Process Error #42	Adrew Polls	DEVL SAFER.Prg	Level 1	50%	2	4/29/2005	1	1	SAFER

Action Request

DEKKER traction

Action ID: 15 Action Code: CUST.DSB0310549

To: Tim Anderson Priority: **High**

From: Miles Gullgarud Probability: **50%**

For: Miles Gullgarud Consequence: **2**

Date Opened: 05/03/2005 Date Due: 05/03/2005 Date Closed: / / Action Type: CSSR Phone Support

Closed By: Qty Requested: 1 Qty Actual: 1 Unit of Measure: Service Request

Action Title: Treckera Customer Support Call

Action Description: Treckera's Will James called for support in setting up an iGauge in iPursuit. He has not gone through training and requires support for basic features within the application. Possibly training should be promoted to bring user up to basic skill level.

Program Name: Activity Name: Resource Name:

Issue #	To	Title	Date Opened	Date Closed	Issue Details

1 of 10 Action Requests

- ◆ TRACTION Will
 - ◆ List Deliverables
 - ◆ KPIs
 - ◆ CSFs
 - ◆ Risk Items
 - ◆ Issue Items
- ◆ iPursuit Will
 - ◆ Provide Enterprise Analysis
 - ◆ Project Oriented Analysis
 - ◆ Financial Analysis
 - ◆ Analysis On KPIs



Questions And Answers

References

Hilton, R. W., Maher, M. W. & Selto, F. H. (2002). *Cost Management Strategies for Business Decisions* (2nd Edition)
New York: McGraw-Hill.