

# SUCCESS

## IRONWARE CASE STUDY

**INDUSTRY: Non-Profit**

**ORGANIZATION: CDR Associates**

**CHALLENGE: Changing from an accounting only system to one that has project management integrated**

**SOLUTION: Microsoft Dynamics™ SL with IronWare consulting, implementation, and customization**

**BENEFITS: Greater control over expenses**



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**Paula Taylor**  
Financial Director  
CDR Associates

### INTEGRATED ACCOUNTING/ PROJECT MANAGEMENT GIVES CDR ASSOCIATES GREATER CONTROL OVER EXPENSES

#### ORGANIZATION

CDR Associates, Boulder, Colorado, specializes in conflict resolution, decision making assistance, dispute resolution systems design, and training in conflict management skills. Since 1978, CDR Associates has worked with more than 1,500 clients and trained more than 25,000 people in decision making and conflict management. The organization has delivered its services to private corporations, government agencies, and other nonprofits. Some recent cases include the development of an international dispute resolution system for trade under NAFTA, a project in Guatemala to help bring about a "culture of peace" after the country's 36-year civil war, the creation of a watershed authority in Morocco, and mediation aimed at reducing flood damage in the Minnesota portion of the Red River basin. This last project has been nominated for an Environmental Initiative Award.

#### BACKGROUND

CDR Associates has many projects underway at any given time. Projects are classified as either

domestic or international, organizational or environmental. The organization's associates provide a number of different services including training, facilitation, site-specific work, and contracts in dispute systems design,

#### ISSUES

The organization tracks its income on a project basis yet also breaks each project down according to the services provided. For example, CDR Associates may work with an airline carrier to provide training and consulting with the fees categorized as separate income sources within that project. Similarly, costs are allocated to individual projects and broken down into subcategories such as the different types of labor mentioned above. "We do things this way because each of our contracts is unique," explains Taylor. "We need a tracking system with a fine level of detail so we can provide our board members and funding agencies with informative reports."



The previous accounting system made it difficult to achieve the level of income and expense breakdown that the organization wanted. The software had the capability of creating subaccounts, and they used these extensively to differentiate between various income and expense categories. But the level of breakdown was still less than ideal. They tried putting detailed notes about how their labor time was spent into a spreadsheet and tallying the hours up manually, but this was so time consuming that it wasn't often done.

In addition to not being able to provide the necessary level of detail in reports, the previous system hindered managers from tracking the profitability status of projects. "It was very difficult to manage a project while it was in progress," Taylor says. "Managers didn't have accurate information about how the time was being spent on a day-to-day or week-to-week basis, so they couldn't compare that with the budgeted amount. They might not know that a project was exceeding its preparation or travel time, for example, until the final accounting was done."

#### SOLUTION

Taylor realized that the way to get the level of detail they needed was to use accounting software linked to a project management system. In this type of configuration, each entry into the accounting system has a project number. All entries into the accounting database are electronically accessible to the project management system. This way, all income and expenditures related to a given project are grouped with that project and available for review at any point in the project. Similarly, items entered into the project management system are automatically transferred to the general ledger, ensuring that no expenses or sources of income are overlooked.

Finding an accounting system with integrated project management turned out to be harder than Taylor thought however. "We looked around at the accounting systems in our price range, the mid-level range, and didn't find anything but limited project control functionality," says Taylor. "The only exception was from Solomon." That was the Solomon IV system from Solomon Software, Findlay, Ohio. CDR Associates purchased the Solomon IV Accounting and Project Controller

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modules from the reseller, IronWare Technologies of Denver. Project Controller includes estimating and budgeting, electronic timecards and labor collection, project accounting, flexible billing rates, proactive project analysis, and more. Also, the flexibility of the software allowed it to meet the or

ganization's requirements for detailed cost and expense breakdowns of the box. The small amount of customization that was required was done by Ironware Technologies, which also helped with implementation and training

At the beginning of each project, managers assign it a unique identification number. Using Project Controller, they then establish a budget for the labor, travel, overhead, and so on. They also identify the specific cost types for the project. Cost types include labor, travel, other direct costs, and overhead. Other cost determinations are also established if necessary, such as expenses that are nonbillable. When an entry is made in the general ledger, accounts payable, or payroll portions of the accounting system, the project ID number and cost type are included in the entry. "These modules feed information into Project Controller, so you end up with a database of all





your expenses gathered on a project basis," explains Taylor. "Any time you make a change in one of the accounting modules, the system pulls the information over into Project Controller. We are never in doubt that what we see in the project control module is what the general ledger shows."

As the accounting system is updated with expense and income entries, managers use Project Controller to compare the actual status to the budgeted amounts. This is particularly helpful with government programs and others that specify that CDR Associates' payment not exceed a certain amount. The software immediately shows how many hours of labor, how many trips, and what other direct costs have been accrued and how much of the budgeted amount is still available. "It's like producing little P&L statements on a project basis rather than on a company basis," Taylor adds. "The reports let us know how many resources are left to finish the job profitably."

The Project Controller shows which of the accounting modules was the source for a specific cost item. If more information is needed, it is usually possible to drill down on an item to find out more about it. "Most of the time, that isn't necessary because the detail is already there on the screen," Taylor says. Managers can call up a particular project and view its status on-screen but the system has also been set up to generate status reports on a regular basis. The organization mainly uses the reporting functionality of the Project Controller module itself and the standard reports that came with the software. But they also had IronWare Technologies create a few custom reports using FrX, a financial reporting program that also came with the Solomon software.

One custom report that Taylor says has proved very useful shows, by employee, the work done on every project within a payroll period. "This is important information because labor is our

biggest expenditure," says Taylor. "This report lets managers see at a glance what each person has been doing. It also serves as a good way to make sure all billable hours got picked up from accounts receivable." Taylor also sorts this report by project instead of by employee to make a comparison between the labor expended on the various project in progress with what has been billed through accounts receivable.

#### BENEFITS

Since installing the new software, CDR Associates now has better control over its expenses and is able to take measures so that projects don't exceed their budgets. The organization also has a better understanding of other aspects of its operations. For example, management recently decided to launch a new marketing effort. The effort was given a special project number, making it possible to monitor the resources spent with Project Controller. "It gives us a way seeing how effectively we are pursuing that goal," says Taylor. "Say we decided to spend 40 hours a month on marketing. If we see a project report showing we spent only 25 hours, we're immediately reminded that we need to work harder in that area." The organization also tracks pro bono time as a separate project category. The software is then used to produce reports for IRS and for the community at large documenting CDR Associates' work in supporting the field of conflict resolution.

An added benefit of the new system is that client satisfaction has increased dramatically. "The bottom line is very important to our clients," says Taylor. "At any point in the project, they can ask our dispute resolution professional where they stand in terms of the budget. They especially like knowing ahead of time if there's a need to increase the funding."

#### CONCLUSION

Between satisfying clients and helping ensure profitable projects, the addition of the new accounting-project management system has been very beneficial for CDR Associates. It gives the organization the level of detail and the up-to-date status reports needed to run a successful consulting business.

