



Controlling Complexity with Confidence



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- WALLACE D' SOUZA
ASSISTANT DIRECTOR
OF BUDGETING AND
PROJECT FINANCIAL
SERVICES

The Challenge

Despite its non-profit status as a non-partisan research organization, MDRC has cornered the market on budgeting complexity. MDRC projects are funded by a mix of federal and state agencies and foundations. Each of these agreements, which include both grants and contracts, contain specific terms and conditions with which MDRC must comply. Many of those conditions, including reporting by fiscal years that have different beginning and ending months, are unique to each agreement. Reporting timelines also vary, adding to the complexity of managing the information. “The budgeting, accounting and reporting requirements we need to adhere to are incredibly complex,” acknowledges MDRC assistant director of budgeting and project financial services Wallace D’Souza.

The organization typically manages approximately 70 projects at any point in time. Each project can have as many as 15-20 funding sources. Budgeting, accounting and reporting processes are further complicated by the fact that employees routinely work on several projects across MDRC’s eight different organizational areas.

Budgets are created by project, by person, and by task. Some projects involve 80 or more tasks and subtasks. But wait, there’s more: although MDRC holds corporate planning exercise for all projects twice a year, each project requires independent budget and forecast cycles that do not follow a set timetable, or necessarily have any bearing on other projects. Updates can occur at any time depending on project needs.

The Selection

In the past, MDRC relied on Excel spreadsheets to support its budgeting processes. However, as the company and project workload grew, the pitfalls of a spreadsheets-only approach grew apparent. Excel posed many risks and hampered accountability and transparency.

In an attempt to lessen those risks and strengthen its budgeting and planning process, MDRC implemented Cognos Planning. That, too, proved ineffective due to slow processing,

versioning problems (which caused MDRC to resort to Excel to store some budget plans) as well as transparency and reporting drawbacks.

“Our end users would hit a button, and then wait two minutes to get the result,” D’Souza explains. “It drove people crazy. The application also made it difficult to get a clear picture of the corporate budget, where our employees were deployed, which employees were available for future projects and our future hiring needs.”

D’Souza also notes that Cognos Planning posed report-publishing difficulties. “It was very difficult to publish the reports,” he recalls of the highly manual process. “We had the data, but we couldn’t let anyone see it. It was great for me to look at every day, but it didn’t help the rest of the company.”

After Cognos Planning failed to work, MDRC intensified its selection due diligence, taking a deeper-dive look at applications through a more thorough analysis of vendors, exhaustive demonstrations, proof of concepts and tests. The organization searched for a corporate performance management system based on scalability, performance, ease of customization, ease of use, administration and deployment, reporting capabilities, and price. The exhaustive due diligence led MDRC to KCI.

“CONTROL met all of those criteria,” says D’Souza. “One of the qualities that sold us on CONTROL is that it looks and feels exactly like Excel, which our end users were already comfortable using. It simplified our user experience.”

The Solution

MDRC finalized its purchase in December 2004 and completed the CONTROL implementation by June 2005.

The organization conducted a phased implementation of CONTROL: first it implemented project budgeting, followed by corporate consolidation and budgeting, followed by resource management and planning. Today, MDRC uses CONTROL to meet all of its budgeting needs and to assist with resource management and resource planning activities.

Every project manager and the organization’s

senior management team receive reports for each project. The reports show budget-to-actual comparisons on a monthly, quarterly and annual basis as well as on a cumulative project basis. The reports, updated monthly directly from MDRC's Cost Point accounting system, are detailed down to the individual task level.

"All of our reports are deployed via the Web and accessible wherever our end users are working," D'Souza notes. "CONTROL also produces resource management reports and provides multi-dimensional analytics that supports corporate budgeting."

Deployment reports showing which domain experts throughout the organization are available on specific dates for specific projects provide the critical transparency for bidding and planning. "That's a huge plus," says D'Souza. "Before we implemented CONTROL, it was difficult to get a grip on which of our experts would be available for future projects. That complicated our bidding process. We needed a way to know, for example, which of our three educational experts who specialize in early childhood education would be available in the third quarter of 2008 for a project we were bidding on. CONTROL gives us that visibility."

The resource management reports help the organization identify what types of expertise it needs to hire (and budget for) well before the need for that talent grows acute. A conservative organization when it comes to managing costs, MDRC frequently holds off as long as possible before hiring new employees. That delay often made recruiting and hiring processes more difficult than necessary.

"CONTROL helps us quantify our resource needs and the cost of those needs ahead of time," D'Souza says. As a result, MDRC can continue to manage costs in a conservative manner without ever scrambling to hire and on-board new talent under time pressures. D'Souza also credits CONTROL with overcoming data-capacity constraints that previously arose when MDRC used Excel and the Cognos application.

"Our old software and Excel had limitations in terms of the amount of data that we could capture," he explains. "Now we are able to maintain the scenarios we need on a monthly basis. We are able to download all of our actuals information into these scenarios. So, on a monthly basis all of our actual information actually goes into one of these scenarios from our accounting system. That allows managers to monitor what they thought they were going to spend in a given month against what they actually spent. And they can do the same on a quarterly and annual basis."

The Support

MDRC System Administrator Emilia Priyadi says she appreciates the ease with which she can design reports in CONTROL. And both Priyadi and D'Souza credit the support they received from KCI during the implementation – and continue to receive today.

"KCI responds quickly and personally to us," D'Souza adds. "We've never felt like a number, as we have sometimes felt with other, larger software vendors. The support professionals assigned to MDRC have developed a deep understanding of our unique needs, although we've also discovered that almost any KCI employee can resolve any issue we present." That support – along with CONTROL's ease of use, performance, scalability manageability and functionality – have helped MDRC focus less on managing and controlling planning and reporting processes and much more on analytics, critical decision making and accountability.

Maximum Returns

By using CONTROL to support its budgeting processes, MDRC has achieved the following results:

- Eliminated versioning problems that plagued previous corporate budgeting process and supporting technology, bolstering integrity.
- Provided timely and detailed information via the Web empowering end users and fostering accountability for every dollar spent.
- Delivered greater visibility into resource management and planning activities; in doing so, helped strengthen MDRC's project-bidding capabilities.
- Significantly enhanced corporate transparency through various dashboards that monitor burn rate on key indexes.

Customer Business Profile

Created in 1974 by the Ford Foundation and a group of federal agencies, MDRC is a nonprofit, nonpartisan research organization with more than 30 years of experience. Through research and the active communication of findings, MDRC seeks to enhance the effectiveness of social policies and programs. The organization, which is headquartered in New York City and operates a regional office in Oakland, Calif., works in five main policy areas:

- Promoting Family Well-Being and Child Development;
 - Improving Public Education;
 - Promoting Successful Transitions to Adulthood;
 - Supporting Low-Wage Workers and Communities; and
 - Overcoming Barriers to Employment.
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