Project Systems Overview

????
What is a Project

What is a Project?
• "A project is a temporary endeavor undertaken to create a unique product or service..."
• "Temporary means that every project has a definite beginning and a definite end date. The end is reached when the project's objectives have been achieved, or ... cannot be met, or the need for the project no longer exists...“

According to SAP:
• A project is a summary of certain business processes within an enterprise that can be defined by the uniqueness of its conditions:
  – Precise goals
  – Time, money, or personnel restrictions
  – Use or defined resources
  – Complexity
  – Cross departmental processing
  – Typically follow the order of concept, rough cut planning, detailed planning, approval, execution, completion
Project Functions

Functions of a Project:

• Define the purpose or product to be completed
• Organize the work to be accomplished
• Separate the work into smaller, manageable pieces and activities
• Provide a framework on which to plan the project requirements, using both internal and external resources
• Capture actual performance data on the same framework, which can be used for comparisons
• Provide a consistent format for tracking and reporting project information for management decision making
• Provide a permanent record of project performance which can be analyzed for future performance improvements
Project Types

- **Direct Projects** – Are used to plan and manage reimbursable work for customers within and outside of the organization. Planning is performed on network activities/elements. Exist at Echelon II and Echelon III. Sales Order present

- **Overhead (Non-Statistical) Projects** – Are used to plan for and manage work funded with overhead – planning is performed on network activities/elements. Exist at Echelon II and Echelon III. No Sales Order

- **Service Center Projects** – Are used as cost collectors for Service Centers and other Cost Redistribution Accounts (CRAs) – planning is performed on network activities/elements. Exist at Echelon II and Echelon III. No Sales Order

- **Statistical Overhead Projects** – Are used to plan for and track organizational overhead expenses – planning is performed on the statistical WBS elements. There are no network activities/elements for this type of project. Exist at Echelon II and Echelon III. No Sales Order

- **Budget Structures** – Are used at Echelon II commands to support the Planning, Programming, Budgeting, and Execution System (PPBES) and to support the creation of Budget Exhibits. These structures will also be used to pass funds to field activities and prime contractors/OEMs and to capture Expense Operating Budget (EOB) employee labor hours/costs. No networks are included in this structure. Exist at Echelon II only. No Sales Order

- **Capital (CPP) Projects** – Are used for the modernization and improvement of Working Capital Fund (WCF) activities, functions and equipment items. Capital assets are items such as automated data systems, software tools, and minor construction - planning is performed on network activities/elements. Exist at Echelon II and Echelon III. No Sales Order
Project Structure

- Project Definition
- Work Breakdown Structure
- Network Header
- Network Activity
- Activity Element
Project Definition

Establishes defaults for the WBS elements to be created

Key Information –
- Project ID
- Project Profile
- Company Code
- Business Area
- Plant
- Person Responsible
WBS Structure

- Serves as a model of the project that shows the project deliverables in hierarchical form
- Thereby represents the structure organization of the project and provides a phase, function, or product-oriented description of the project
- Outlines the project in manageable sections
- Individual elements of the WBS are called WBS elements
- Depending upon the project phase, you can break down the WBS elements further
- The WBS is the operative basis for:
  - Cost
  - Revenue
  - Payment planning
  - Time scheduling
  - Budget allocation in projects
WBS elements are frequently established in an inverted tree structure. Only the lowest level WBS elements of the tree should collect costs (or network activities subordinate to these WBS elements). Billing elements can not be subordinate to another billing element.
Work Breakdown Structure

Four varieties:

- Place Holder – no operative indicators
- Planning – planning element operative indicator
- Billing – billing element operative indicator
- Account Assignment – acct asst elem. operative indicator
Place Holder WBS

- Generally top level of budget structure projects
- Does not receive any postings
- May be used for reporting purposes
Planning WBS
Used to plan costs and durations

<table>
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<th>Activity Based Management (ABM) Fields:</th>
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<tr>
<td>ABM Level 1</td>
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<td>ABM Level 2</td>
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<td>EIP Tier 5</td>
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Billing WBS

- Hold funding
- Connects project with sales order
- May identify budget structure to which it is attached
Account Assignment WBS

- Capture Expenditures through subordinate network activities
- Exist on lowest level of Statistical OH Projects
- Exist on lowest level of Budget Structure Projects
Network

- Describes the time sequence and dependencies of events and activities in a project and thereby represents the course of the project
- Consists of fundamental elements
  - Activities
  - Relationships
- Networks and their activities for capacity, materials, resources, and services that are required for carrying out a project and its tasks
Network Header

- Basic Data: copies to subordinate elements
- Profile: determines functions and assignments
- Subordinate to a WBS element
Network Activity

- Activities can be scheduled using activity durations
- Activities have relationships with other activities
- When activities are assigned to WBS elements, the dates and costs can be defined in the individual activities and are aggregated at the WBS level and can be evaluated.
- Activity costs already assigned are checked against the budgets of the WBS elements.
- All expenditures in Direct, Capital, Service Center, and non-statistical Overhead Projects (General and Production) are posted to network activities or activity elements.
- Activity elements
  - Subordinate to an Activity
  - Assumes Activity schedule
  - If present, becomes chargeable object
- Two types:
  - Internal
  - External
  - General Cost
- A.K.A. – JON
Internal Activity

Specifies the work required from an internal source
- Number of work hours
- By Work center
- Activity type (from CO: cost rate for the labor)
- Number of workers (can specify by individual)
- Duration (only at the Activity)
External Activity

Specifies the resources to be obtained externally

- Material/Components to be purchased
- Services to be purchased
General Cost Activity

Cost Activity specifies work to be performed for which there may be a primary cost estimate. An example of this type of activity might be project related travel or communication expenses.
Activity Element

• Provides further breakdown of network activity
• Allows assignment of personnel with different competencies to be assigned to the same activity (e.g. a plumber and an electrician)
• Allows different funding to be assigned to different portions of a network activity
• Looks and acts like a network activity
• Internal and external activity elements
Milestone

- A point in time defining a level of accomplishment or point of required action

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Project Process Steps

• Establish: Create project structure
• Plan
  – Schedule and Dates
  – Costs-Internal requirements (Labor)
  – Costs-External requirements (Procurement)
  – Costs-General requirements (Incidental)
• Fund/Budget
• Execute
• Monitor & Control
• Complete
  – Physical
  – Financial
• Close
Project Budgeting

- **Direct Projects** – Funding PR/PO
- **Overhead (Non-Statistical) Projects** – XXXX
- **Service Center Projects** – XXXX
- **Statistical Overhead Projects** - None, budgeted to responsible cost center
- **Budget Structures** – Direct FMBB
- **Capital (CPP) Projects** – XXXX
Release

Within Standard SAP, actual postings can not occur until the receiver object has been released.

This SAP standard has almost NO relevance to ?????, ????? has developed procedures and techniques to assure that SAP conforms to ????? requirements

Transaction XXXX will release the WBS to which budget is being assigned. Transaction XXXX will release the WBS (in the case of budget structure projects) or network activities selected. This transaction will also assign User Status of FASG (funding assigned) to the objects selected. A user status of FASG is required to charge expenditures to any cost object.

Transaction XXXX will release the billing WBS element identified in the Sales Order Line Item
Release

WBS

For NWA, press the button to see user status
Users may enter as much text as they like on the project header, WBS elements, network headers and network activities.

There are very limited formatting capabilities.

Use the Document Management System to attach nicely formatted documents to your WBS elements and network activities.
Project Cost Planning

- WBS element planning
  - Budget Structure WBS
  - Overhead WBS

- Network Activity planning

- Versions –
  - 0  Current Active Plan Version
  - 001 through 099 – What if Versions
  - 200 – Performance Management Baseline – Used in Direct projects where Earned Value Management is utilized.
  - *300 through 399 – OSD Budget Versions – Used for Budget Structures only. These are formal cost plan
  - versions representing the annual OSD budget submittal. Budget Exhibits will be created from data in these
  - versions.
  - *400 through 499 – President’s Budget Versions – Used for Budget Structures only. These are formal cost plan
  - versions representing the annual President’s Budget submittal. Budget Exhibits will be created from data in these versions.
  - *500 through 599 – POM/Program Review Versions – Used for Budget Structures only. These are formal cost plan versions representing the annual POM/Program Review submittal. Budget Exhibits will be created from data in these versions.
  - 600 through 699 – Cash Quarter (OM&N) Versions – Used for Budget Structures only. These can be used to plan OM&N spending by quarter if desired.
WBS Element Planning

- WBS Planning may be used for statistical overhead projects and budget structure projects
- Structure Planning – total lump sum for WBS element, may be used for statistical overhead projects
- Unit Cost Planning – planning by vendor, must be used for budget structure projects
WBS Structure Planning

Change Cost Planning: WBS Element Overview

Enter total planned expenditures for each WBS element. If there is a WBS element hierarchy, only enter the amounts for the lowest level WBS elements and ‘Total Up’
After saving and back arrow
Network Cost Planning

• Internal Activity Planning
  – Quantity based
  – Work center (competency)
  – Activity type
  – Activity type rate

• External Activity Planning
  – Dollar based
Internal Activity Cost Planning

Identification and view selection
Activity: 1000000336990 NW LABOR WC01 A
Detail:
Overview(s):

Internal: Exthl, Dates, Assignments, Navy Data, User Fields, Progress, Person A...

General data
System Status: MCNF PCNF REL
Control key: NS01
Subntwk exists
WES element: DR-123456.81
Work center: 513500A WC01
DistKeyCapRqtnt
Calculation key: Maintain manually
Number
Percent
Calculation key: Maintain manually
Activity Type: CR0007
Business Proc.

Scheduling
Normal duration: DAY
Calendar ID: US
External Activity Cost Planning