

Project Charter

(Statement of Work)

Project Name: Assessment and Re-implementation of VISUAL Enterprise
Client Name: Window Fab, Inc. **Classification:** Planned
Document Revision: 1.0 **Submission Date:** 01/01/2006

Document Purpose: This document is the 'heart and soul' of the project itself, forming the basis upon which to proceed. This charter defines the project and the way it will be managed, establishing a fundamental agreement between all project stakeholders. Without such clear direction, the team will waste time, miss requirements, have unrealistic expectations, and likely go over budget.

Project Purpose

This project will assess the suitability and viability of continuing with VISUAL Enterprise, or begin the process of decommissioning it in favor of another software package. If it is decided to stay with VISUAL, then key areas will be re-implemented to make better use of the software. These areas include inventory control, quoting and estimating, work orders, operations reporting, cost accounting, chart of accounts, and establishing written procedures. This will establish a fundamental base to then expand the system into CRM, sales analysis, forecasting, and strategic materials planning.

Business Objectives

- Need sufficient and accurate information in all operational areas in order to make informed business decisions, and improve customer service.
- Future material requirements visibility and planning is needed to better control volatile costs.
- Information needs to be consolidated into one central location so that there is only 'one truth' within the company.

Project Objectives

A judgment call will be made in determining the merit of continuing with VISUAL by defining business requirements, and understanding the capabilities of the software without doing a complete analysis. The re-implementation will consolidate much of the 'islands of automation' that have evolved over the years into VISUAL, and challenge the original assumptions of how it is configured. A reasonable amount of data cleansing will be done to allow costing to operate correctly, establish a more appropriate chart of accounts, remove clutter, and prune off historical transactions - all balanced against the cost of accomplishing it. Inventory information in VISUAL needs to be made consistent between operational detail and accounting. The various places outside of VISUAL where operational information is maintained need to be made procedurally standard, and brought into the software. Reports need to be carefully selected or written as needed so they meet operation needs, are consistent, and will require minimal customization.

Problem Statement

VISUAL Enterprise was selected and implemented at Window Fab, Inc. back in 2000 under previous ownership and management. Since none of the current management team was part of that selection process, it is not clear why this software was chosen, other than its ability to do product configuration. Apparently that was a compelling future need that was envisioned; however the company has, and continues to operate as a job shop. There is discussion about making the product configurable through some standard parts; however there are many barriers in accomplishing it.

Current management quickly became aware that VISUAL was not meeting their needs. Information coming out is inconsistent, some areas are marginally implemented, and many sub-systems exist outside in the form of spreadsheets and written records. Management does not know if these problems are due to not finishing the original implementation, a deterioration of procedures, an issue of training, or inadequate software. It is clear, however, that neither the information flow, nor the data coming out meets the needs of the company. Foremost is the general lack of timely and adequate information needed to make informed

day-to-day business decisions. This seems to be concentrated in the tactic information areas, since high level monthly reports appear to be adequate.

Management is resolute that something must change. Either the system needs to be properly implemented, or replaced with one that better meets the needs of the company. Since there are so many unknowns this decision can't currently be made intelligently. There needs to be some form of assessment that will indicate why the software is not providing the information needed. Management seems willing to avoid in depth analysis and take a 'leap-of-faith', provided there is a reasonable consensus of the suitability of the software.

There is not much confidence in fundamental information such as inventory. A variety of windows and reports are used, with each giving a different set of numbers. Nobody knows if this is due to corrupt data, not understanding the way the software works, or wrong procedures. This has led to some creative ways of interpreting these sources to find the truth, which may or may not be reality based. It has been difficult to get people to work with a system when they don't trust basic information coming out.

The areas of estimating and quoting are almost completely done outside of VISUAL with only the final summary document being keyed in. This area has several problems that have prevented it from being implemented within the system. Estimating is often as much art as it is science and reflects the style and 'tribal knowledge' of the preparer. Attempting to standardize the process, and capture the knowledge can be very difficult since it is both a human and a software problem. This area is usually the last hold-out in an implementation, and often gets left behind since it is unique from other areas of the system. Currently extensive spreadsheets are being used to prepare an estimate, with a different version being used by each estimator. These versions are a special problem since some of the differences among them are a reflection of the style and methodology that each person uses. There are problems with inconsistent procedures, estimating source data coming from many places, an inability to improve procedures by knowing the actual margin on previous jobs, and the amount of labor required to maintain the spreadsheets.

Customer service currently relies on what ever is in the job folder for historical information. If they want something more, then they need to essentially dig around both in and outside of VISUAL to find what they need. Often it does not exist, is wrong, or there are differing versions. All information relevant to a job is not captured and costing/margin numbers are not all-inclusive.

Overall the system is viewed as a mystery that is better left alone. This has not only stalled the original implementation, but has prevented small improvements and changes to procedures to make things work. This is particularly true with infrequent or reversing types of transactions. Since information ripples throughout the system these transactions, there isn't anyone right now who feels confident enough to make improvements without fear of messing things up worse.

Management simply wants to break this log jam so that they can get the operational information that they need. They are open to all options and are willing to make tough choices in areas that are impeding progress.

Initial Scope of the Project

The project will include the following:

1. Assessment of the gap between business requirements and current software capabilities for management to make a go - no go decision from.
2. Fleshing out the missing parts of this Project Charter and devising a Project Plan detailing the schedule and responsibilities.
3. Look at the configuration of VISUAL to see if the way it is currently processing transactions makes sense, and if not make changes based on cost-benefit.
4. Get inventory to be consistent throughout the system so that reports tie out to the ledger, or have logical reasons why there are discrepancies with procedures to resolve them.
5. Demystify the costing logic used throughout the system and adjust current nightly, and month end processing to be compatible with the way the system operates.

6. Establish a new chart of accounts to better align with business reporting needs, and that simplifies the auditing of costing transactions.
7. Cleanse the database
8. Move as much quoting and estimating activity as possible from the spreadsheets to VISUAL.
9. Make changes to the estimating process so that it is common throughout the company, and is compatible with the logic in VISUAL.
10. Assess all the reports currently being used in VISUAL and compare to all available. Establish a suite of reports by using standards reports, modified reports, and custom reports outside of VISUAL.
11. Create written policies and procedures for each functional area in a manner that they can change as needed, and will not end up in a drawer unused.
12. Look at each of the operational areas that are not being re-implemented for improvement opportunities. These areas include order entry, product configurator, RMA, returns, scheduling, materials planning, MRP, purchasing, dispatches, shop floor control, data collection, and shipping.
13. Examine the accounting implementation as a whole to ensure the various pieces are feeding correct information into the ledger. These include payables, receivables, cash management, payroll, and HR.
14. Formulate a strategy for future implementation efforts so the proper underpinnings are established in the cleansed database and new procedures. Growth areas potentially include CRM, sales forecasting, and CAD integration.

The project will not include the following:

1. Substantially changing processes in VISUAL outside of estimating, quoting, general ledger, and cost accounting.
2. Correcting any inaccuracies with physical inventory to VISUAL.

It is recognized that the project scope may need to be refined over the course of the project. Any significant deviation of functionality, cost, or timetable must be agreed to in a scope change meeting.

Business Constraints

It is important to make the best of the software currently owned. Apart from a nominal investment in adjunct utilities, there will be no investment in additional modules or concurrent licenses throughout the re-implementation phases. When management starts to get a level of comfort that the re-implemented phases are beneficial, it is recognized that more software will be needed to round out the current suite.

Technology Constraints

VISUAL Enterprise is written in Centura Team Developer, and is currently deployed on SqlBase, in a Windows 2000 Server environment. Any reports or analysis tools should be compliant with these technologies to minimize the complexities of building interfaces among them. VISUAL will be upgraded to version 6.3.8.

Critical Success Factors

1. Buy in from all stake holders' to make VISUAL work, and a willingness to leave behind whatever tools they currently are using.
2. Critical judgments need to be made by management to break any impasses, and keep the overall process moving.
3. Team members must be willing to investment a significant quantity of time each week for the duration of the project.

Project Risks & Mitigating Factors

1. Basing critical decisions without complete analysis may result in some surprises down the road since it won't be possible to envision what we might encounter

2. Database cleansing can be tricky in terms of not making a mess of what is already there. Since there are several ways to do the cleansing it will be a matter of balancing the assurance of purity vs. cost, and then living with the consequences.

Project Strategy / Methodology

1. Some things simply can't be known until they are known. This is very true with implementing enterprise-wide software, since it is impossible to know how everything will interact until it is being used. This project will capitalize on the fact that the software has been in use for several years and is now going through a fresh start.
2. The go / no-go decision of sticking with VISUAL will be made quickly by management after the pro's and con's are determined from a basic bumper-to-bumper assessment of the existing system. Most likely the decision will be made to stick with VISUAL, unless a show-stopper is discovered.
3. The bulk of hands-on work will be done by existing staff to minimize consultant costs, and to retain ownership of the process. The primary role of Virant will be to manage the project, do focused training, provide insight into the decision making process, and make sure that the overall effort actually works. As needed, Virant will help with hands-on matters such as reports writing, database work, imports/exports, developing processes, and the computer network.
4. A weekly team meeting will be held at a regular time slot to establish a 'pulse' of throughput. The project plan will define specific tasks with weekly milestones to measure against. A scribe will keep the project plan alive by circulating Minutes to all team members.
5. We will approach the training gaps with informal focus workshops, meetings, and independent study. Virant will supply handouts and other materials to help fill in the gap between the user manuals, and what knowledge is really needed to operate the software correctly.
6. There are two approaches to data cleansing that make sense given the cursory verbal overview of the database. Either use the purging utilities to clean out history and erroneous transactions, or initialize a new database and pump select data over to it. This will ultimately come down to spending about a day inside the database examining the technical merits of each option. From this examination, it will be a judgment call on how to proceed. Most likely all of this work would need to be done by Virant.
7. It is critical to have good written procedures to make this project a long-term success. The plan is to leverage the Implementation Toolkit from Lilly/Infor as much as possible, rather than starting from scratch. Most likely this will be an area that will require some hands-on from Virant.
8. To streamline this project and to keep all materials in one place, a war-room needs to be established. This room will be the meeting and working space for the team, and will have at least one computer, and all implementation materials.

Project Deliverables

1. Project Charter
2. Project Plan
3. Standard Operating Policies and Procedures
4. Supplemental training materials

Project Core Team

- Executive Sponsor: #####
- Project Leader: Peter Erdman (The Virant Group)
- Manufacturing Leader: #####
- Financial Leader: #####
- Systems Leader: #####

Subject Matter Experts

- #####

Project Organization

The following guidelines should be used for documentation, organization, and communication:

1. Project documents will be written in Microsoft Word.
2. The Project Plan and schedule will be created and tracked using Microsoft Excel.
3. The following FTP site and directory shall be used to store this charter and all subsequent documentation and work-in-progress components to facilitate remote sharing:
<ftp.virantgateway.com> / Login: window Password: #####
4. The project team will review progress at the regular weekly staff meetings.
5. Involved parties will utilize electronic mail, dialogue, and completion criteria on a regular basis as vehicles for project communication.
6. The project sponsor and Virant will briefly talk at least once a month to assess the overall progress of the project and issues that may be impeding its movement.

Key Responsibilities

Peter Erdman (The Virant Group) is responsible for:

1. Managing the scope of the project.
2. Creating the project plan.
3. Facilitating weekly meetings.
4. Making recommendations of how to best use the system.
5. Being a resource for any technical work needed.
6. Guiding the team through the necessary thought processes to make informed decisions.

Window Fab, Inc. is responsible for:

1. Determining the scope of the project.
2. Ensuring the project follows the vision of the company.
3. Controlling costs of Virant on optional areas of the plan.
4. Doing virtually all of the hands-on work.
5. Establishing a war-room with at least one test computer for all team activities.
6. Gathering requirements from all the users of the system.
7. Spending time absorbing written materials on system operation.