



The Journey to World-Class

Redacted Version

Achieving World-Class Performance Finance Benchmark Results Executive Briefing

Presented to:



Presented by:

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The Hackett Group

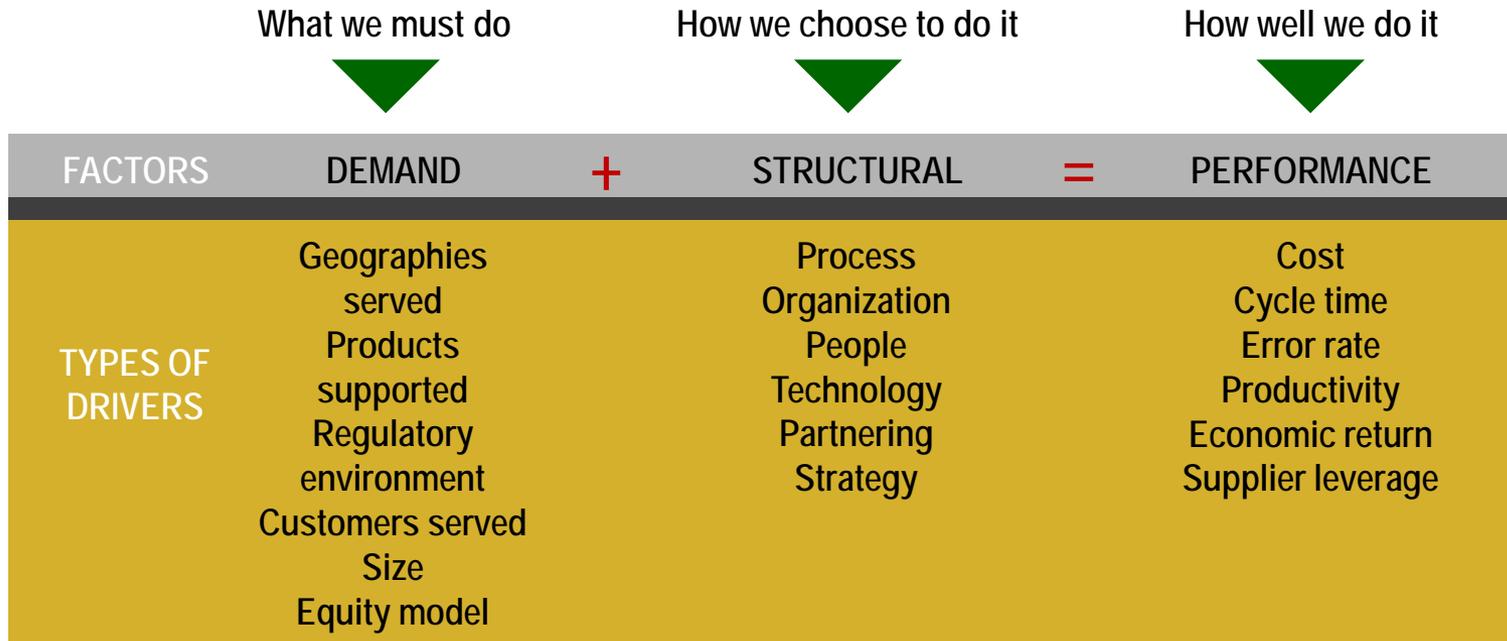
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Benchmark results should be evaluated in conjunction with the specific requirements of Y12's industry

What this benchmark is . . .	What this benchmark is not . . .
A starting point	Not the end answer
Tells us where to focus	Not a detailed analysis of <i>how</i> to redesign our processes
Process based comparison data was scrubbed internally and externally by Hackett	Not an exact match to our departments . . . no benchmarking is
One input to setting targets	Not the only input
A broad look at Finance	Does not cover all aspects of your company's operations

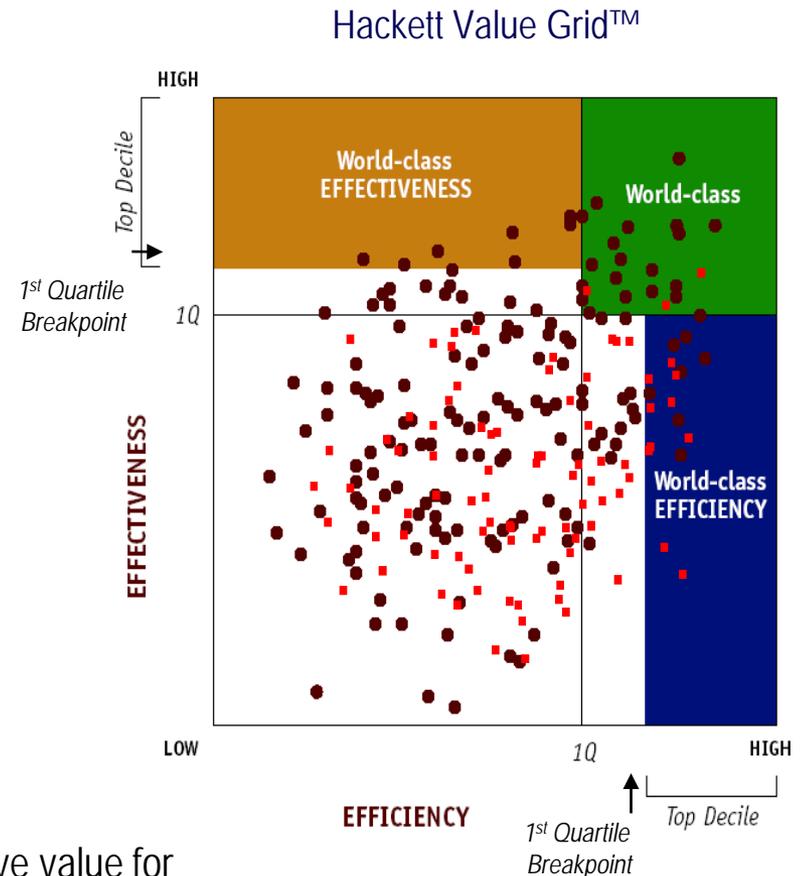


Hackett's Finance benchmark addresses the important drivers of effectiveness and efficiency



Comparisons used in this benchmark

- FTEs and costs (External):
 - **Peer Group:** median of the cross-industry peer groups based on complexity demand drivers
 - This is Hackett's **Small Consolidated** group
 - **World-Class:** determined based on 1st quartile performance in both efficiency and effectiveness based on consistent 'value grid' scoring methodology used for all participants in the Hackett Group database
- Best Practices:
 - **Hackett Top Performer:** Top decile of the Hackett database
- NNSA Site-specific:
 - **Site Min:** the lowest value across the Sites
 - **Site Median:** the median value across the Sites
 - **Site Max:** the highest value across the sites
 - **Site Top Performer:** the best, most efficient or effective value for a given metric. This is either the Site Min or Site Max depending on the metric.



Y12's Finance benchmark scope

- Benchmark results were collected and analyzed for Y12 in total and in accordance with Hackett's Finance taxonomy
- Hackett processes of Credit and Capital & Risk Management are not applicable to the Sites and were excluded from the benchmark results
- Benchmark data represents fiscal year 2008
- Staffing (FTE) data reflects actual headcount 2008 fiscal year end

Data was Collected in Accordance with Hackett's Taxonomy

Transactional	Control and Risk Management	Planning and Strategy	Management and Administration
<ul style="list-style-type: none"> ▪ Cash Disbursements <ul style="list-style-type: none"> - Accounts Payable - Travel and Expense ▪ Revenue Cycle <ul style="list-style-type: none"> - Credit - Customer Billing - Collections - Cash Application ▪ Accounting and External Reporting <ul style="list-style-type: none"> - Fixed Assets - Intercompany Accounting - General Ledger Accounting - Cost Accounting - External Reporting 	<ul style="list-style-type: none"> ▪ Tax Management ▪ Treasury Management <ul style="list-style-type: none"> - Cash Management - Capital and Risk Management ▪ Compliance Management 	<ul style="list-style-type: none"> ▪ Planning and Performance Management ▪ Business Analysis 	<ul style="list-style-type: none"> ▪ Function Management

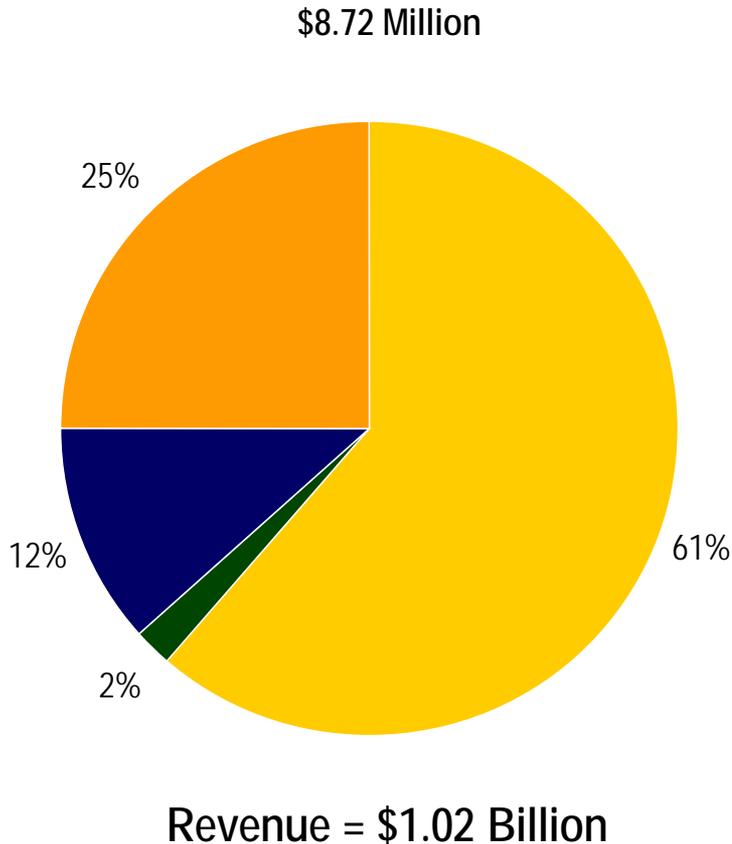
External comparisons will exclude Credit and Capital & Risk Management, which are not applicable to the Sites.

Table of Contents

- Benchmark Background
- Company Baseline
- Executive Summary
- Performance Driver Analysis
- Recommendations & Next Steps
- Appendix



Y12's baseline Finance cost is \$8.72 million, which represents 0.85% of revenue



Other cost – \$2.17 Million

- Facilities & Overhead
- Travel
- Training
- Other (Supplies, subscriptions, etc.)

Technology cost – \$1.02 Million

- Computer processing
- Maintenance

Outsourcing cost – \$0.16 Million

- Outside services

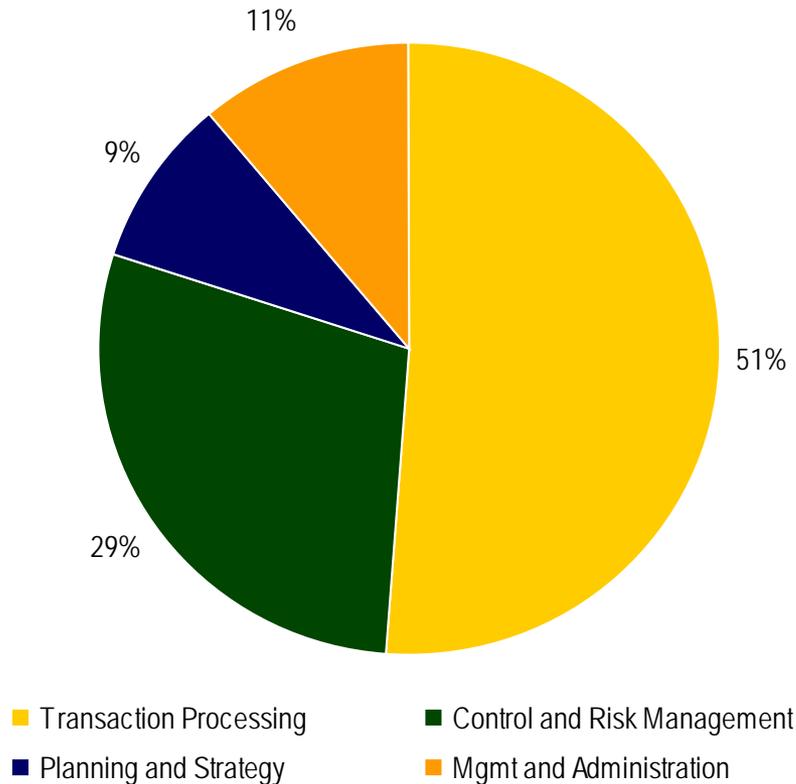
Labor cost – \$5.36 Million

- Wages (full-time and part-time)
- Overtime and bonuses
- Taxes and fringe benefits

Process Cost:
\$5.52 Million

Y12 Finance spends 51% on transaction processes, and 26% of the FTEs are clerical; Resources are also control and compliance-focused

Resource Allocation



Staff Mix

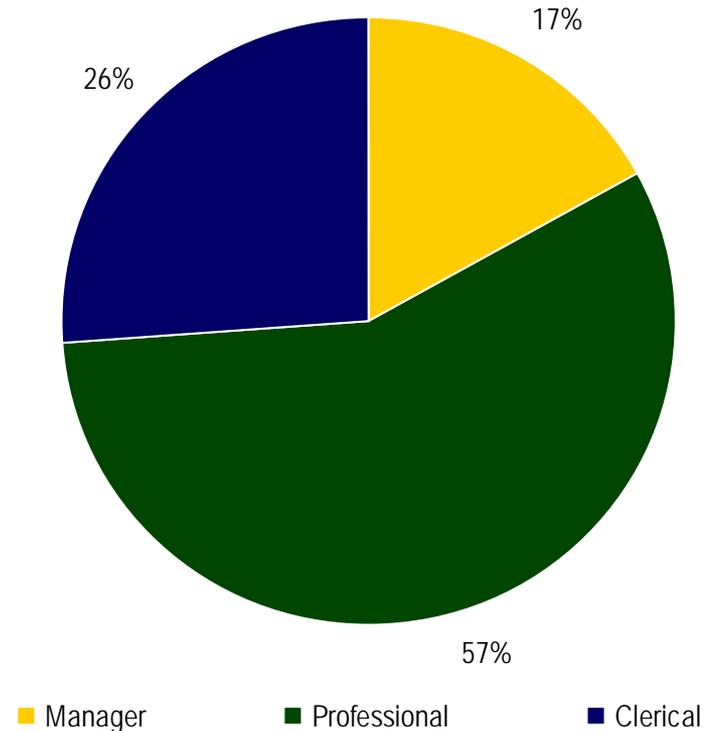


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Key Findings and Observations

- Y12 has achieved strong levels of efficiency and effectiveness
- Finance staffing levels are low/ Site Median, but resource allocation is more control and compliance-focused with only 9% spent on planning and strategy
- Transaction processing labor costs are higher across the NNSA Sites, due in part to staff mix (fewer clerical FTEs); Y12's overall labor costs are just above Site Median
- Y12's return on its Finance technology investment is outstanding. Utilization of automation and technology best practices is the strongest of the Sites.
- Strengths: Budgeting: Y12 has minimized line item detail and spreadsheets and employed budgeting self-service to support the most efficient budget process of the Sites; Reporting: Strong data warehouse, self-service, and balanced scorecard reporting capabilities are evident at Y12; Cash management: Automation is 100%, and the process is error free
- Opportunities for improvement:
 - AP transaction cost, productivity, and payments made within terms; T&E error rate
 - Cash remittance automation and the cycle time to apply cash
 - Despite 100% customer billing automation, it is expensive and requires 7 days on average to execute a transaction
 - Despite significant journal entry automation and sub-system integration, Y12 still requires 5 FTEs to close the books
 - Access to information for ad hoc reporting is challenging for business analysts, but analysis output is highly rated
 - Stakeholder perceptions and the ability to 'partner' and elevate the role of Finance
- Finance cost is similar to Site Median, though 21% is 'Other'/ facility-related, driven by alternative financing
- Overall, compared to the lowest Finance cost component from across the Sites, Y12 spends \$5.9 million more annually (\$1.8 million in alternative financing/ Other costs)

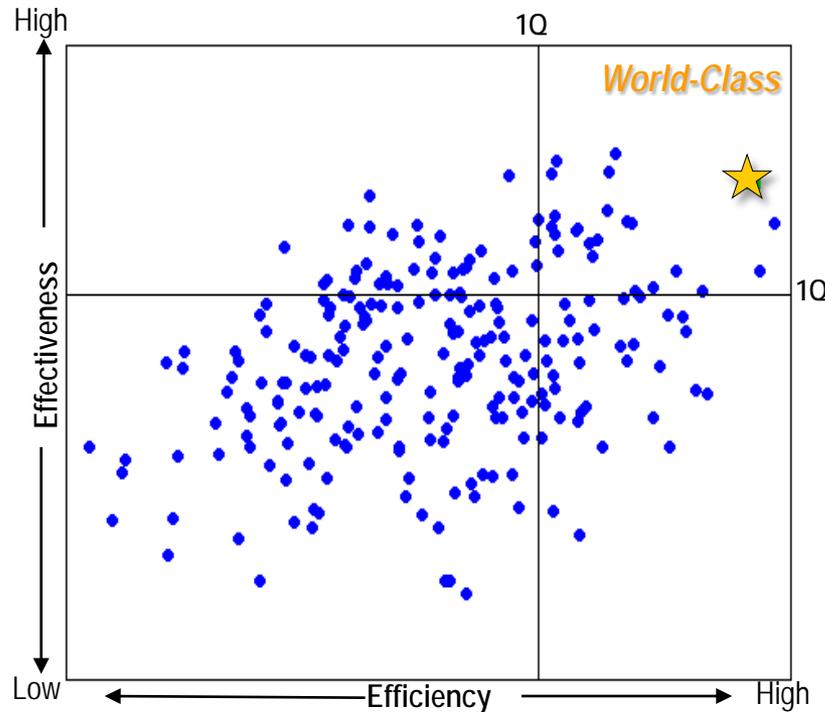
Y12 has achieved very strong levels of efficiency and effectiveness

Note: Y12 excluded 2 standard business processes from the benchmark, and we cannot technically designate Y12 as World-Class without a complete response. However, Y12's low complexity business model and implementation of best practices helps it achieve high scores on the Value Grid.

Hackett Value Grid™

EFFECTIVENESS

- Documented Strategic Plan in place for the Finance Function
- Analysts with acumen to act as business partners
- Staff time in Business Analysis
- Analyst time spent collecting and compiling information
- Reports that address future actions vs. explanation of history
- Cost Analysis considered on target
- Rework/ Error rates - A/P
- Rework/ Error rates - Billing
- A/R posting match rate
- Credit sales collected within terms
- Degree of reliability in the forecasting process and reporting outputs
- Budgeting Self-Service
- Reporting Self-Service



- Driver is at or exceeds Median of World-Class
 - Driver is between Median of Peer Group and World-Class
 - Driver is below Peer Group Median
 - Other Companies
- ★ Y12 2008

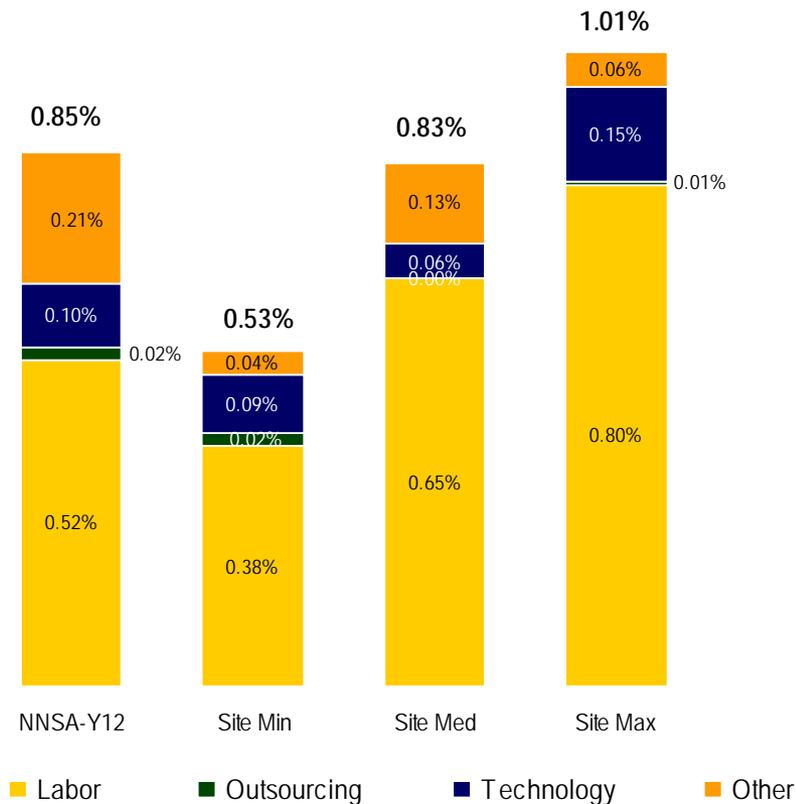
EFFICIENCY

- Total Cost
- Total FTEs
- A/P process cost
- Cost per T&E report
- Cost per cash remittance
- Revenue Cycle process cost
- Revenue Cycle unit cost/ productivity
- Accounting process cost
- Cycle time - Days to close
- Cycle time - A/P invoice
- Cycle time - A/R remittance
- A/P & T&E transaction automation
- Revenue Cycle transaction automation
- Cash positioning automation
- Automated Journal Entries
- % of Business Performance Reports generated from central repository
- Transaction Application Integration

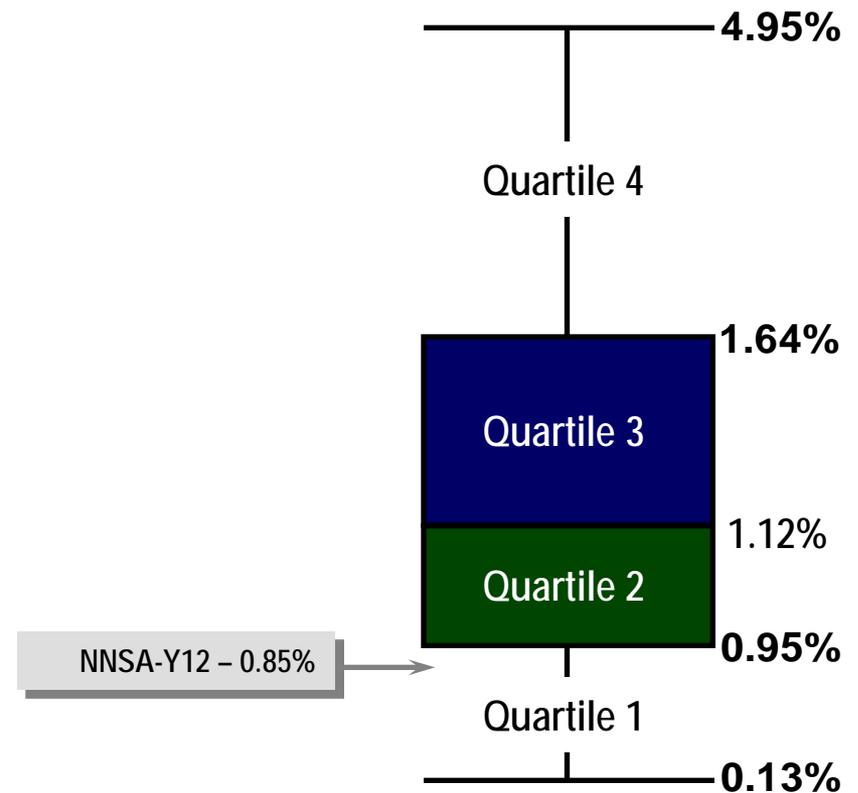
Note: The ranking of the drivers are a representation of gaps to world-class and are not a direct indicator of where to focus/ launch initiatives. Specific action plans should not be developed until after the benchmark results are assessed within the context of the functional and business strategies.

Finance cost as a percent of revenue is similar to Site Median; 21% of Y12's Finance cost is Other cost, driven by alternative financing

Finance Cost as a % of Revenue



Quartile Breakdown as a % of Revenue

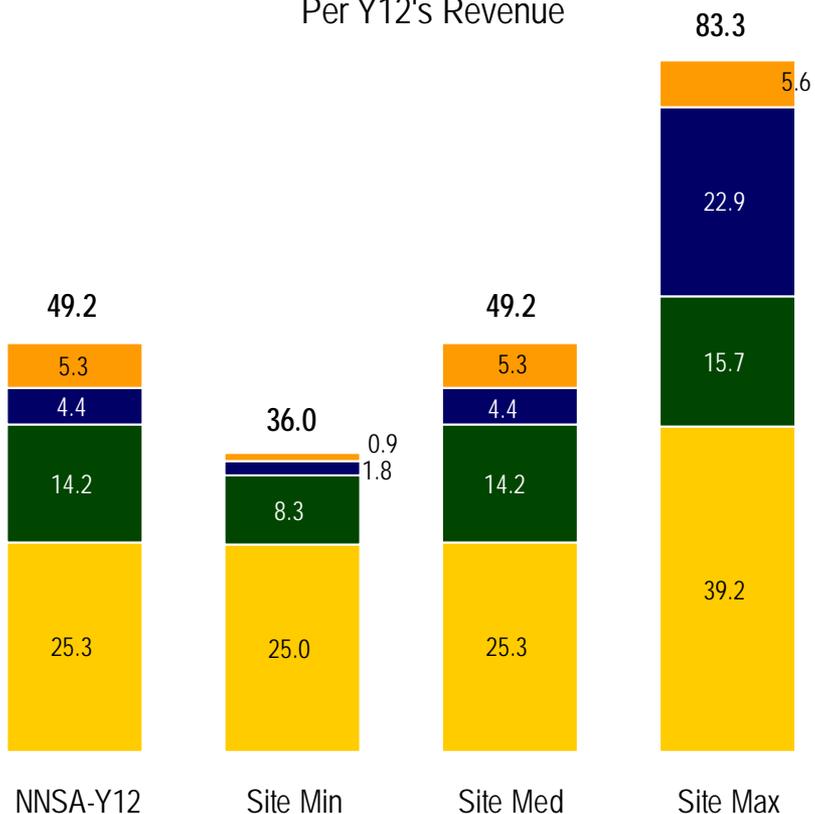


External comparisons exclude Credit and Capital & Risk Management, which are not applicable to the sites.

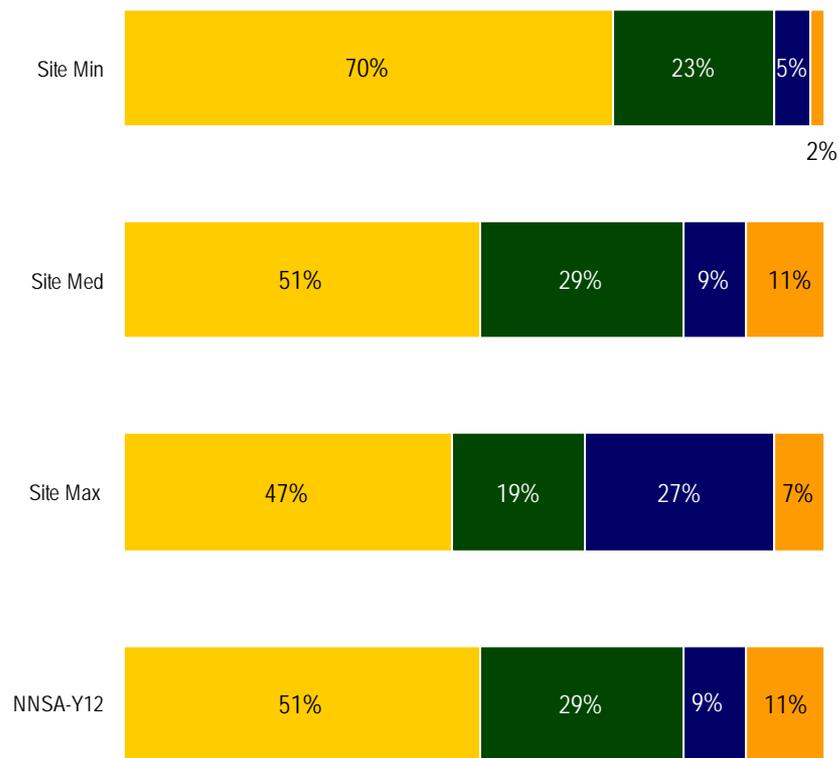
Y12 Finance staffing levels are low and Site Median; Resource allocation is more control and compliance-focused with only 9% on planning and strategy

Finance Staffing (FTEs)

Per Y12's Revenue



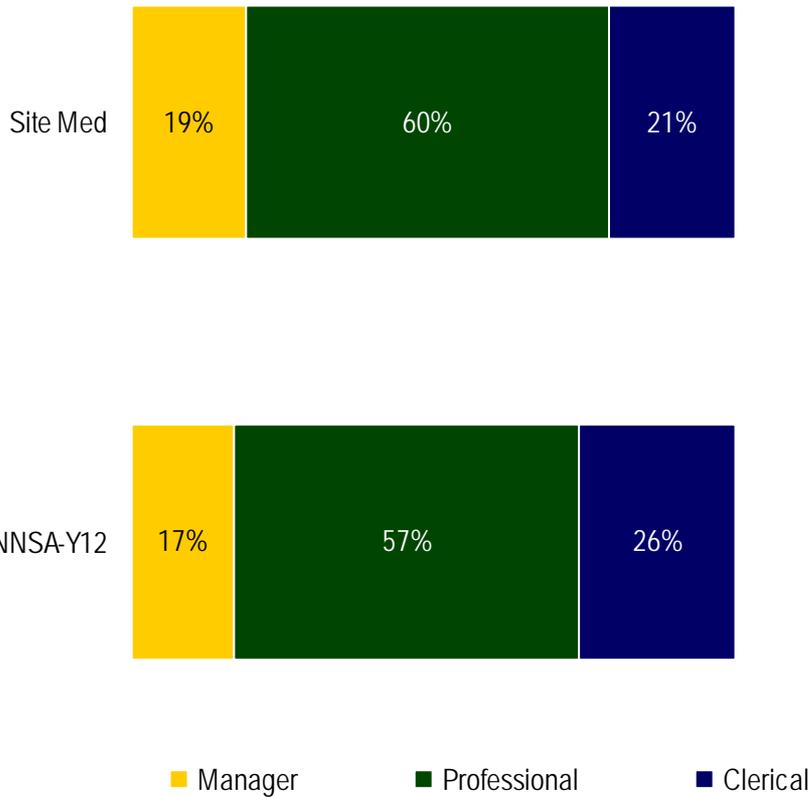
Finance Resource Allocation



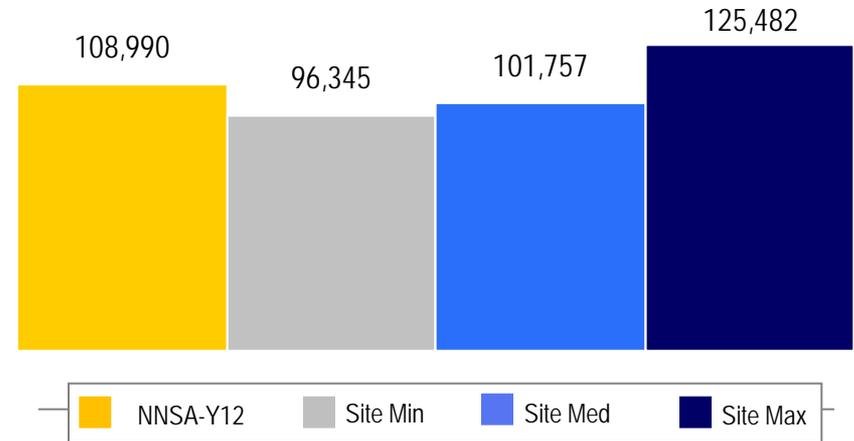
External comparisons exclude Credit and Capital & Risk Management, which are not applicable to the sites.

Y12 uses few lower-paid clerical FTEs to support its transaction processes; Labor costs are just higher than Site Median

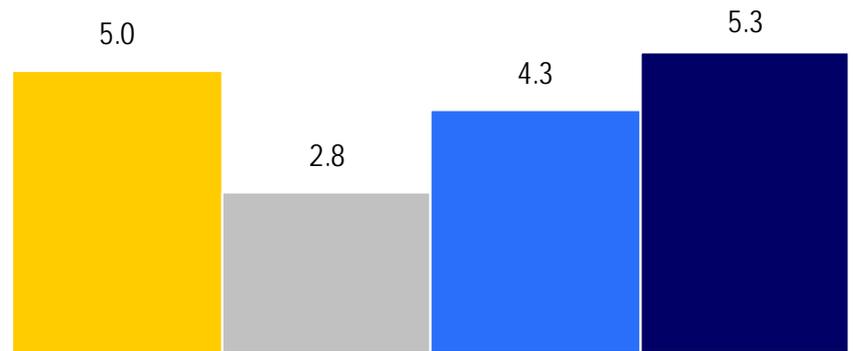
Staff Mix



Average Fully Loaded Labor Cost (\$) per FTE



Number of Staff to Managers (Span of Control)

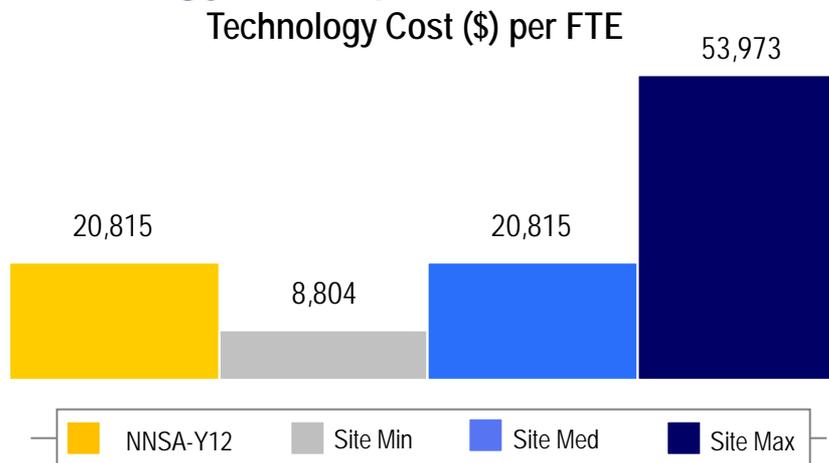


Transaction processing labor costs are higher in general across the NNSA Sites, and Y12's Intercompany Accounting is Site Max

Average Fully-loaded Labor Costs by Process

	Avg. Fully-loaded Labor Costs			
	Y12	Site Min	Site Med	Site Max
Accounts Payable	\$69,543	\$62,736	\$70,769	\$79,114
Travel and Expense	\$75,198	\$72,340	\$78,563	\$79,953
Customer Billing	\$75,302	\$63,533	\$81,859	\$101,471
Collections Process	\$75,203	\$61,501	\$75,203	\$103,873
Cash Application	\$69,209	\$65,695	\$73,535	\$89,042
Fixed Assets	\$89,613	\$78,547	\$94,732	\$107,663
Intercompany Accounting	\$153,661	\$95,196	\$113,398	\$153,661
General Ledger Accounting	\$92,889	\$84,883	\$92,889	\$124,586
Cost Accounting	\$69,591	\$69,591	\$100,931	\$110,966
External Reporting Process	\$106,093	\$102,054	\$106,093	\$120,069
Tax Management	\$91,215	\$86,276	\$93,568	\$123,782
Cash Management	\$82,868	\$64,155	\$90,000	\$160,440
Compliance Management	\$123,415	\$103,412	\$112,589	\$137,544
Planning and Perf. Mgt.	\$102,232	\$102,232	\$113,891	\$146,130
Business Analysis	\$103,392	\$103,392	\$111,900	\$160,165
Finance Function Management	\$199,782	\$123,047	\$194,984	\$215,420

Y12's return on its Finance technology investment is outstanding; Automation and technology best practices are the strongest of the Sites



Transaction Processing Automation

	NNSA-Y12	Site Top Performer
A/P supplier/vendor transactions	● 84%	84%
Cash application transactions	● 52%	74%
Journal entries	● 99%	100%
Travelers complete and submit expense reports online	● 100%	100%
Customer billing transactions	● 100%	100%
Supplier self-service	● 90%	90%
Customer self-service	● 0%	0%
Online view of invoice detail for collections employees	● Medium	High

Planning & Analysis Technology Best Practices

	NNSA-Y12	Site Top Performer
Sub-system integration with the GL	● High	High
Data warehouse utilization	● High	High
Analytical tool utilization	● Low	High
Electronic report distribution	● 100%	100%
Reporting self-service	● 100%	100%
Reports generated from central repository vs GL	● 100%	100%
Budgeting self-service	● 100%	100%

Many stakeholders view Finance as a 'Finance expert' or 'Partner', but still 36% perceive Finance as an "Administrator"

Perception of Finance's Involvement Scale

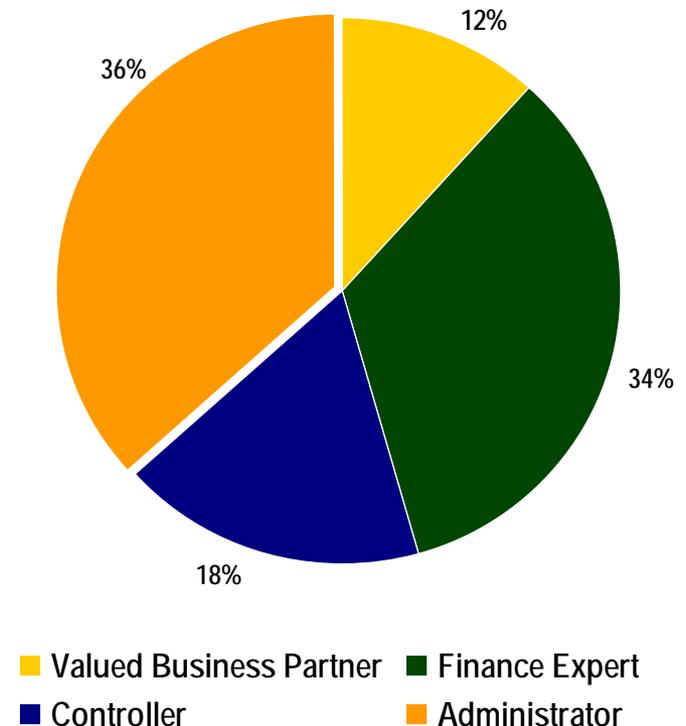
Administrator - Spends time processing transactions and is tactically focused in fulfilling any requests

Controller - Spends time setting policy & ensuring process and policy compliance

Finance Expert - Spends time providing insight and information to managers on finance issues

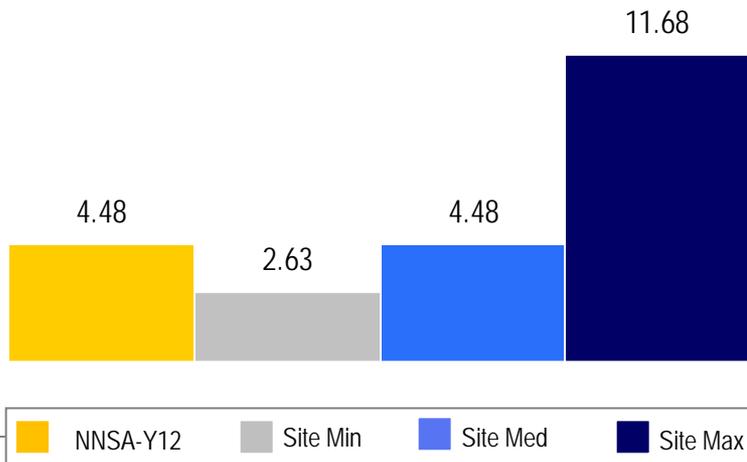
Valued Business Partner - Spends time with other business/functional heads. Interested in improving my business metrics rather than finance's agenda

Finance's Involvement Y12

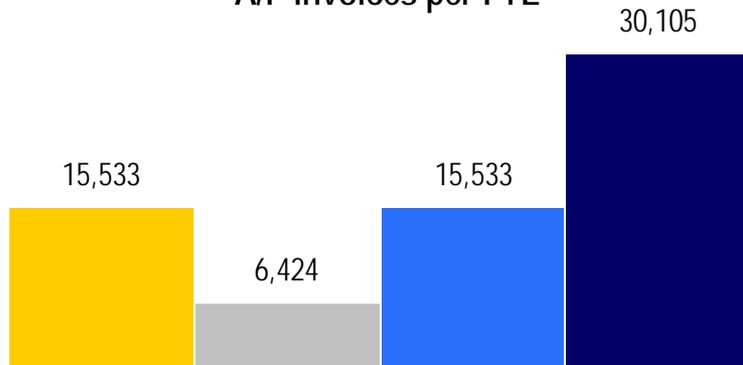


Much of Y12's AP process is Site Top Performer; Opportunities exist to improve transaction cost, productivity, and payments within terms

A/P Cost (\$) per Invoice



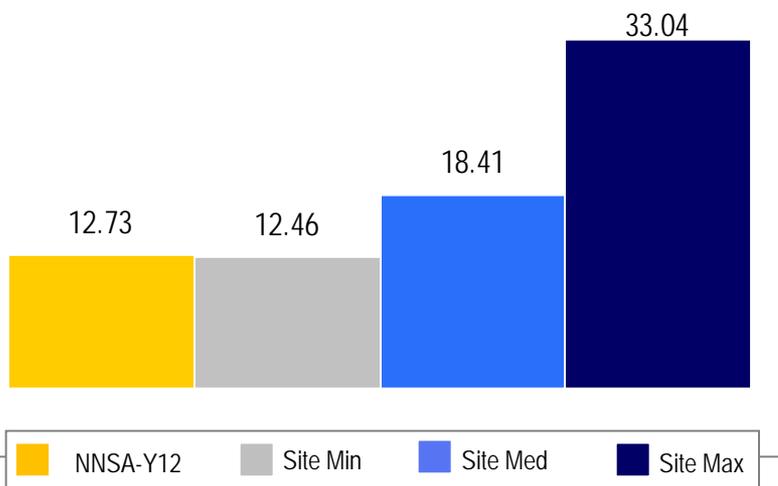
A/P Invoices per FTE



Accounts Payable Best Practices	NNSA-Y12	Site Top Performer
AP policies and procedures are standardized across business units	High	High
Application integration – A/P with purchasing	High	High
Application integration – A/P with General Ledger	High	High
Percent supplier/vendor transactions automated	84%	84%
Accounts Payable cycle time	2 days	2 days
Accounts Payable invoices error rate	2%	0%
Suppliers submitting invoices electronically (based on volume)	84%	84%
Suppliers using self-service over the Internet (based on volume)	90%	90%
Percent of payments made within terms	74%	100%

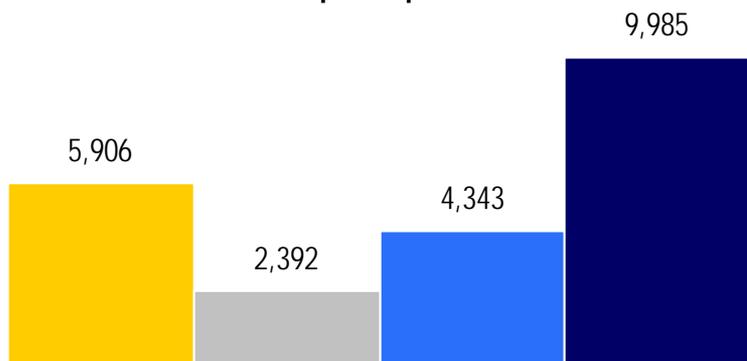
Y12's cost per T&E report is Site Minimum (top performer), however nearly one third of the transactions require correction

T&E Cost (\$) per Transaction



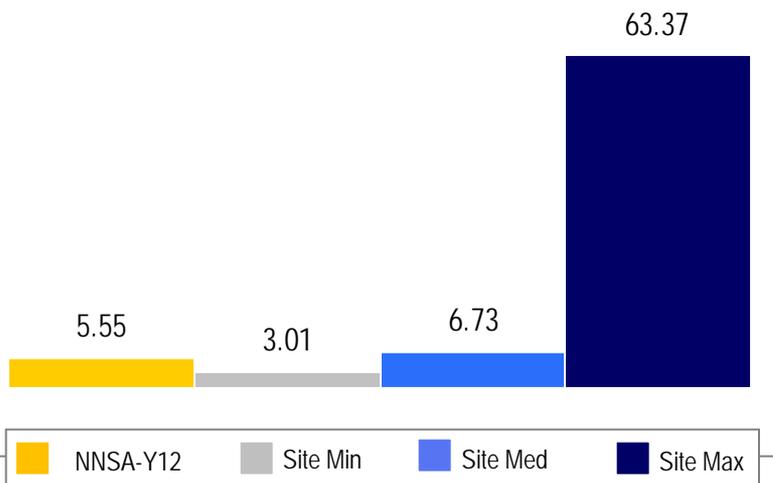
Travel and Expense Best Practices	NNSA-Y12	NNSA Top Performer
Percent T&E transactions automated	100%	100%
Travelers complete and submit expense reports online	100%	100%
Expense reports error rate	30%	0%
Travel expense reports sampled for compliance	15%	1%
Extent policies and procedures for travel and expenses standardized across business units	High	High

T&E Reports per FTE

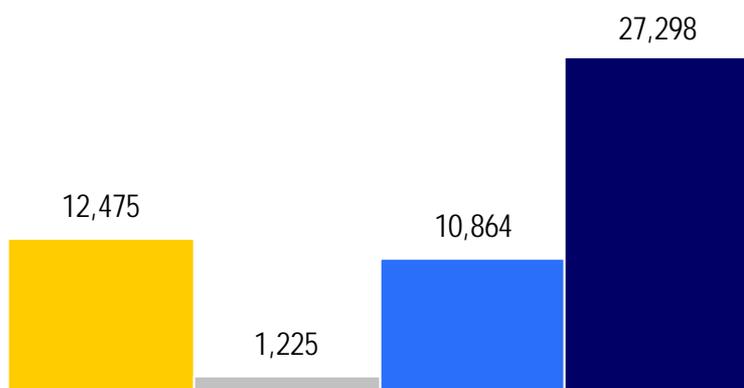


While the cost per cash remittance is low, Y12 could improve electronic processing and reduce the cycle time to apply cash

Cash Application Cost (\$) per Remittance



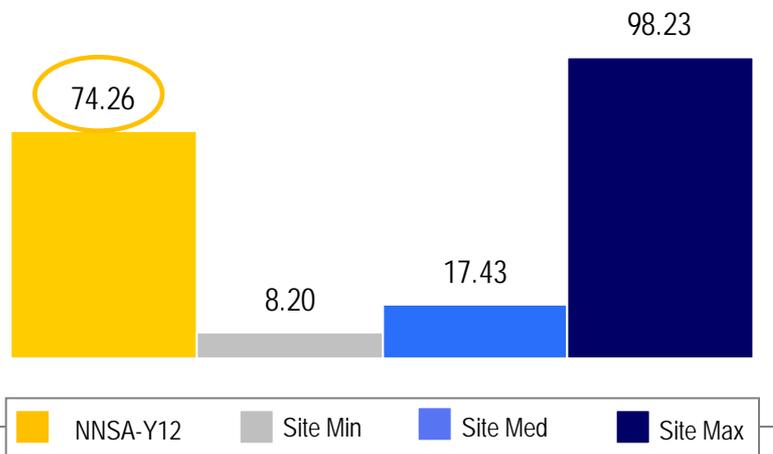
Cash Application Remittances per FTE



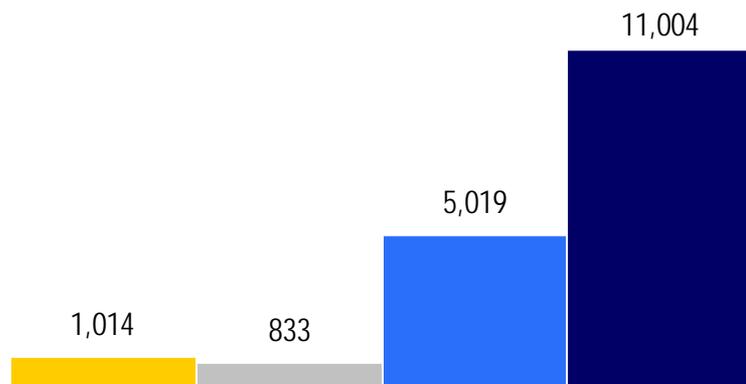
Cash Application Best Practices	NNSA-Y12	Site Top Performer
Cash application policy/ procedure standardization	High	High
Percent electronic cash remittances	52%	74%
Average time to apply cash	2 days	1 day
Billing application integration to accounts receivable	Medium	High
Automatic cash application rate	0%	49%
Established mechanism to track root causes of adjustments and customer disputes	Low	Low
Process to reduce those issues resulting in adjustments and customer disputes	Medium	Medium

Despite 100% customer billing automation, it is expensive and requires 7 days on average to execute a transaction

Customer Billing Cost (\$) per Transaction



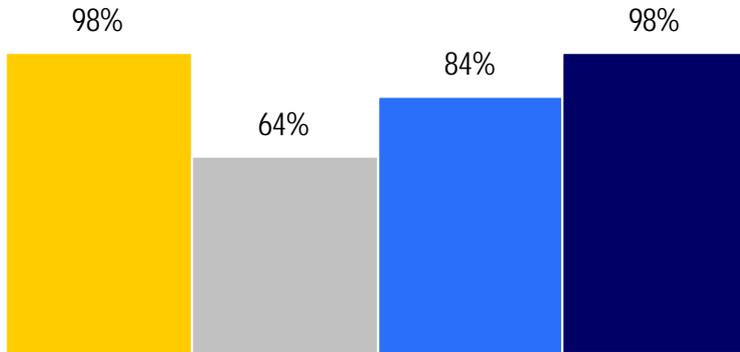
Customer Bills per FTE



Customer Billing Best Practices	NNSA-Y12	Site Top Performer
Customer billing policy/ procedure standardization	High	High
Percent billing transactions automated	100%	100%
Billing cycle time	7 days	1 day
Occurrence of billing errors	3%	0%
Billing application integration to sales/order entry	High	High
Billing application integration to accounts receivable	Medium	High
Billing system enables consolidated invoicing for multiple items	None	High
Utilization of electronic bill payment and presentment	Medium	High
Utilization of standardized pricing, including discounting, rebates and mark-ups	None	High
Customer self-service	0%	0%

Y12 credit sales collected within terms is highly effective; Collections cost per transaction and productivity is near Site Median

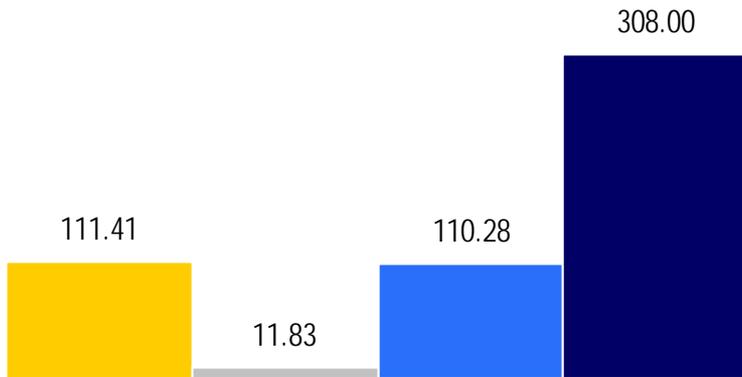
Percent Credit Sales Collected Within Terms



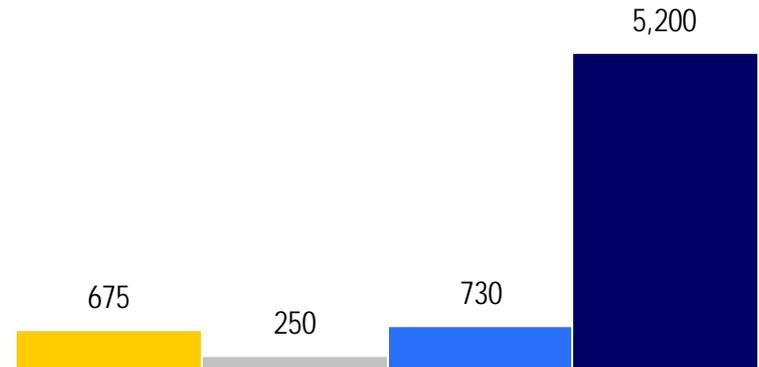
Credit and Collections Best Practices	NNSA-Y12	Site Top Performer
Extent policies and procedures for Collections are standardized across business units	High	High
Extent to which collections employees have access to an online view of invoice detail via automatic drill down to billing/order entry systems	Medium	High
Extent to which electronic workflow is utilized in Collections	Limited Online Processing	Fully Automated Workflow



Collections Cost (\$) per Transaction

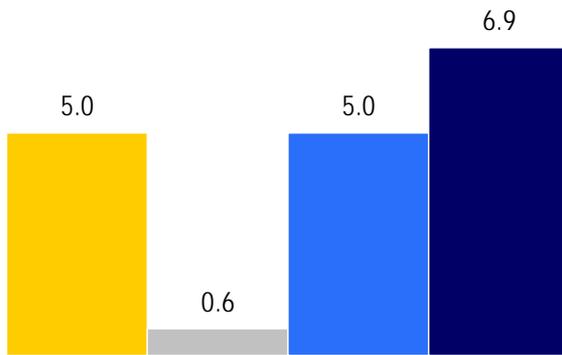


Collection Contacts per FTE

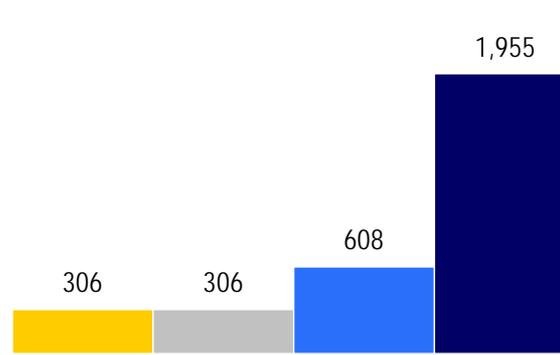


Despite significant journal entry automation and sub-system integration, Y12 still requires 5 FTEs to close the books

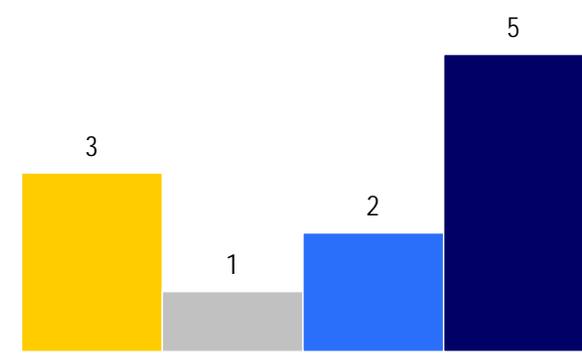
General Ledger Staff Per Billion of Revenue



Active GL Accounts

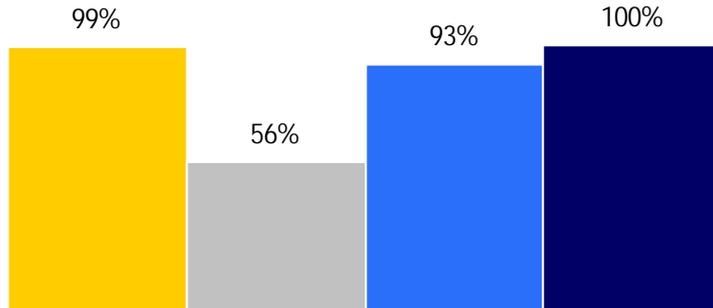


Days to Close



■ NNSA-Y12
 ■ Site Min
 ■ Site Med
 ■ Site Max

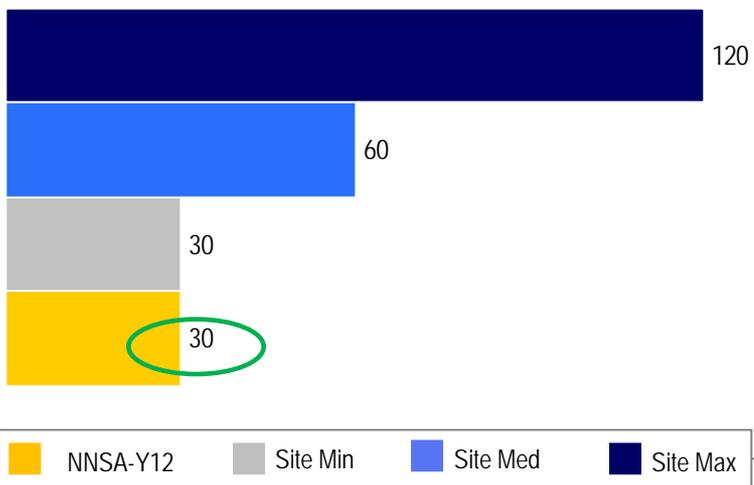
Percent Automated Journal Entries



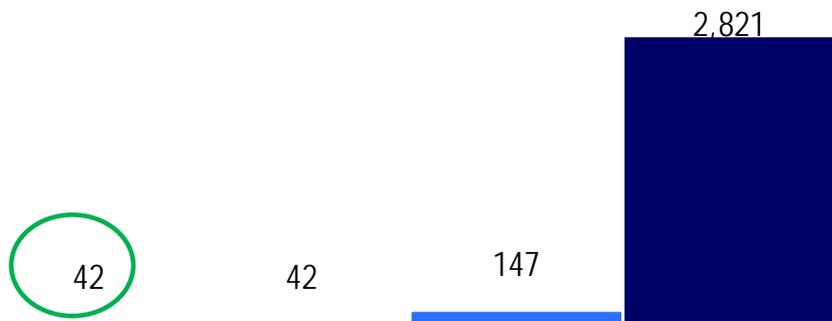
Accounting and External Reporting Best Practices	NNSA-Y12	Site Top Performer
Extent policies and procedures for general accounting are standardized across units	High	High
Integration of subsystems with the GL	High	High
Integration of fixed assets applications with purchasing/ AP applications	High	High
Integration of fixed assets applications with general ledger applications	High	High
Regulatory filings automation using common regulatory reporting application	70%	90%

Y12 has minimized line item detail and spreadsheets and employed budgeting self-service to support the most efficient budget process

Days to Complete the Budget



Number of Line Items in the Budget



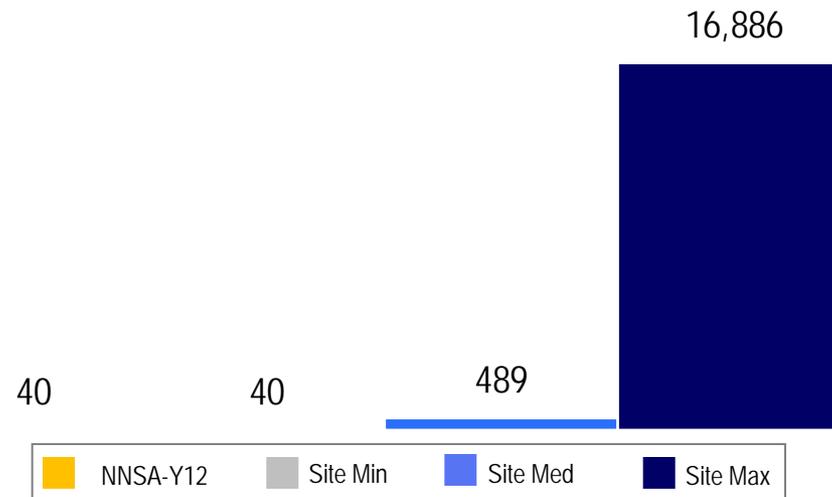
Planning Best Practices	NNSA-Y12	Site Top Performer
PC Spreadsheets used as a stand-alone budgeting application	None	High
Budgeting self-service	100%	100%
Fully integrated strategic planning, tactical business planning, and budgeting processes	At the Macro Level Only	Fully integrated

Y12 Finance generates and distributes very few performance reports

Y12 reports are automated from the data warehouse. Managers/ Supervisors access information as needed in set formats or they fashion reports from the data sets that meet their one-time or on-going needs. We stopped issuing hard copy reports to the business units years ago. - Interview comment

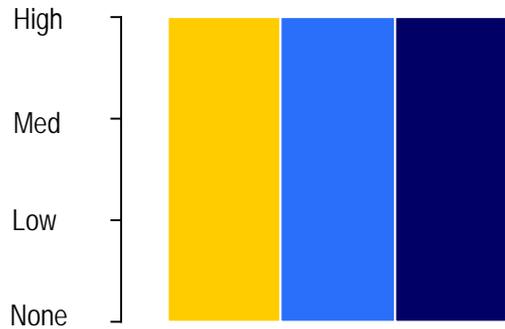
Program some SAP features that are usable from the project manager view-point. It's too difficult to go into that monster to retrieve basic data on monthly project cost and budget. It should push basic info to managers. - Stakeholder comment

Monthly, Quarterly, Annual Performance Reports (Normalized to Y12's Revenue)

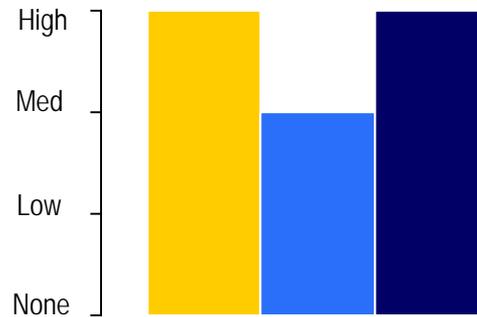


Strong data warehouse, self-service, and balanced scorecard reporting capabilities are evident at Y12

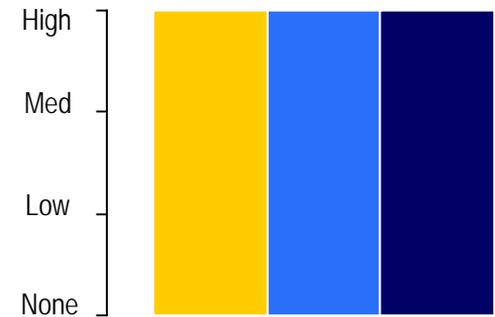
Use of Data Management and Analysis Tools (Data Warehousing/Data Marts)



Extent Internet Supports Online Distribution of Standard Reports

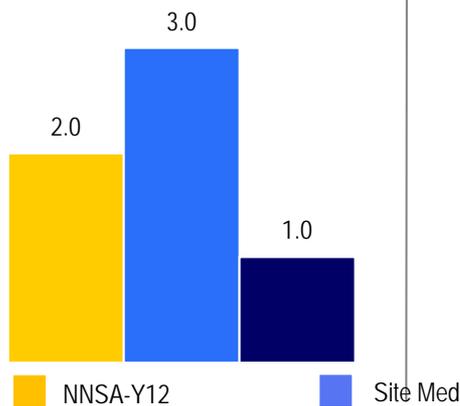


Extent Internet Supports Online, Self-service for Standard Reports

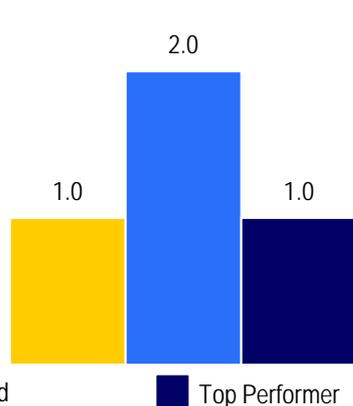


Legend: NNSA-Y12 (Yellow), Site Min (Grey), Site Med (Blue), Site Max (Dark Blue)

Days to Report Key Operating Results to Management



Days to Prepare Ad Hoc Reports

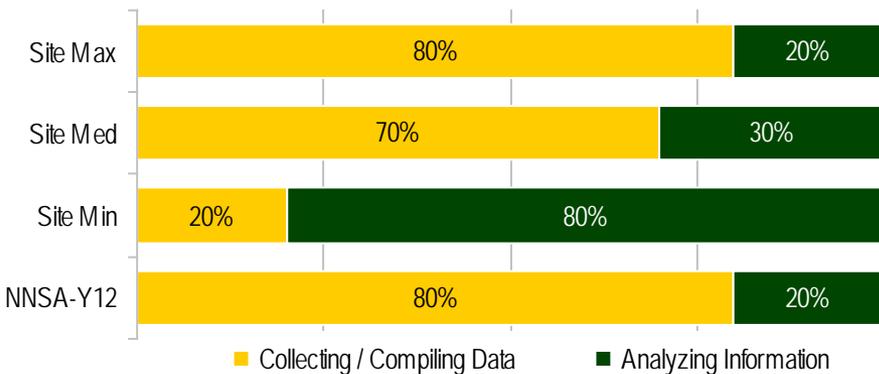


Planning Best Practices	NNSA-Y12	Site Top Performer
Management reports created using PC spreadsheets as primary application	100%	10%
Reports distributed electronically	100%	100%
Percent of time reports address future action instead of explanation of history	50%	85%
Balanced scorecard development (operational & financial measures)	Mature balanced scorecard program with both financial and non-financial	Mature balanced scorecard program with both financial and non-financial

Access to information is challenging for business analysts, though output, skill sets, and partnering acumen was rated high by Finance

Y12 uses financial analysts to deal with ad hoc questions, special needs, one of a kind inquiries both from internal and external sources. - Interview comment

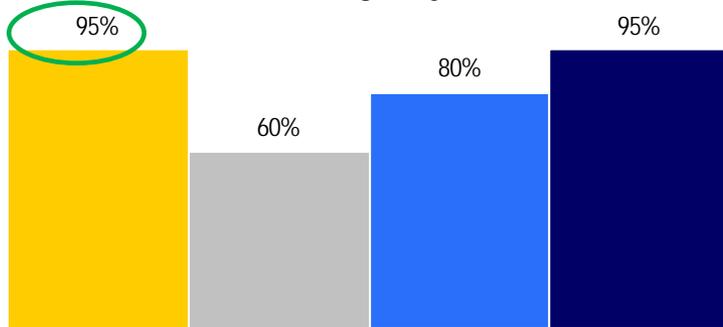
Allocation of Analysts' Time for Reports



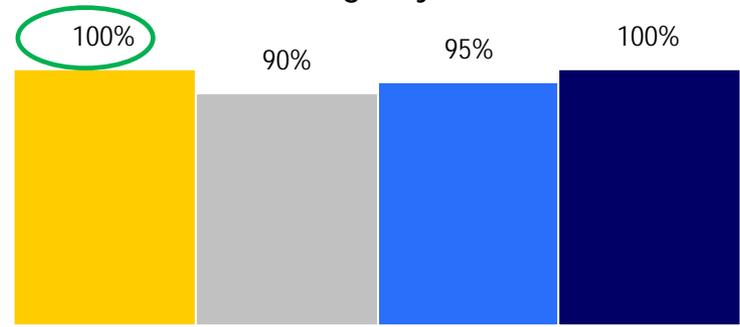
Business Analysis Best Practices	NNSA-Y12	Site Top Performer
Analysis staff is experienced in both finance and your company's operations	100%	100%
Analysts with skill set and business acumen to partner with operations	100%	100%
Business-simulation models utilized for a variety of business scenarios	15%	25%
% analysts who employ sensitivity, investment & value-analysis techniques	15%	20%
Development of centers of expertise around complex analytical techniques	Medium	High
% of time that analytical focus is on proactive planning vs. historical reporting	50%	80%



Percent of Time Output of the Cost Analysis is Considered on Target by Internal Customers



Percent of Time Output of the Pricing Analysis is Considered on Target by Internal Customers

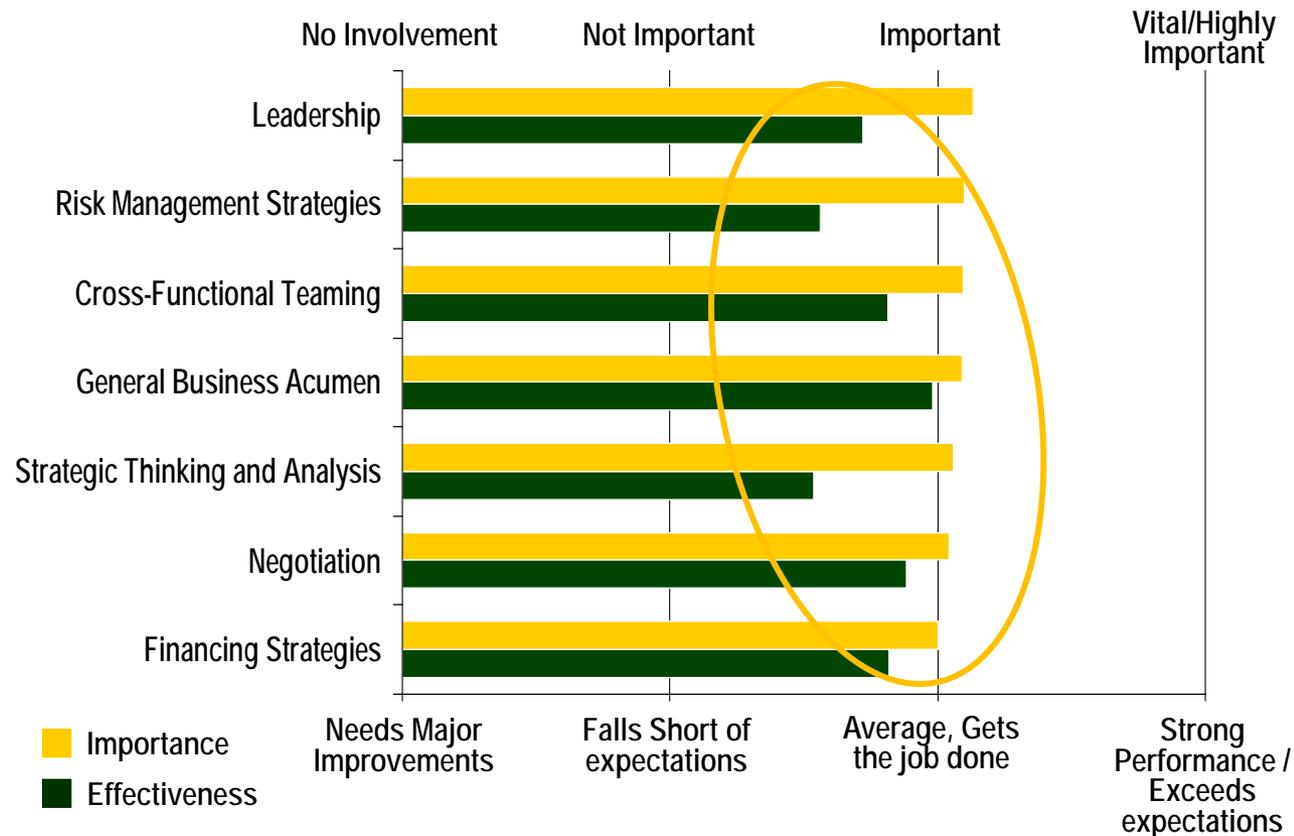


Finance stakeholders suggested several skill and knowledge gaps and issued the following requests

Selected Survey Comments

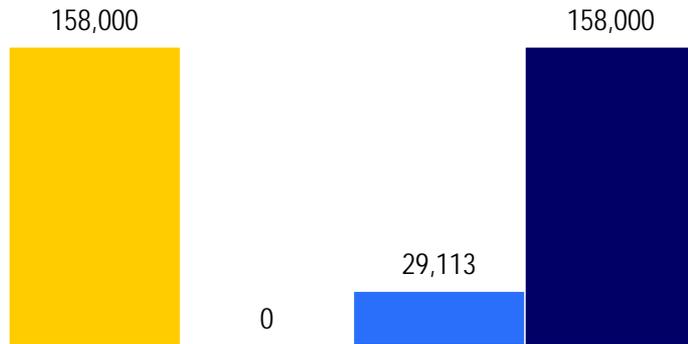
- More interaction with the customer
- Even more partnering with the organizations
- Better communication and effectiveness of communications
- Increase communication of the budget and the budget process
- Ensure a clear understanding and compliance with roles between CFO, Project Controls, and Program Controls
- Work with most Sr. Management to help them understand critical business needs, and then to more effectively influence their budget allocation decisions as a strategic business partner instead of them ending up using a Peanut butter spread

Skills & Knowledge - Importance & Effectiveness

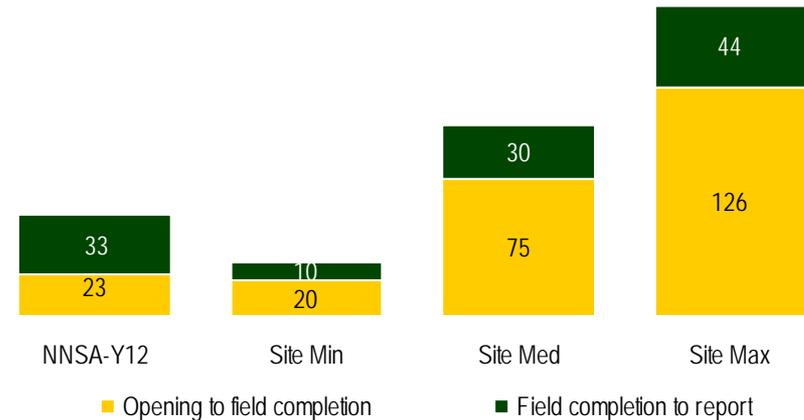


Y12's external audit fees are highest, but its audit cycle time is low

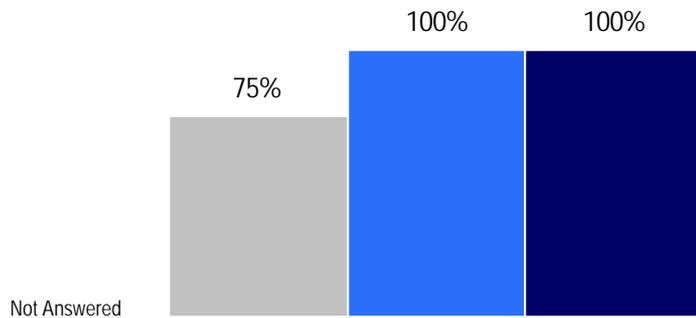
External Audit Fees per Y12's Revenue (\$)



Elapsed Time in Days



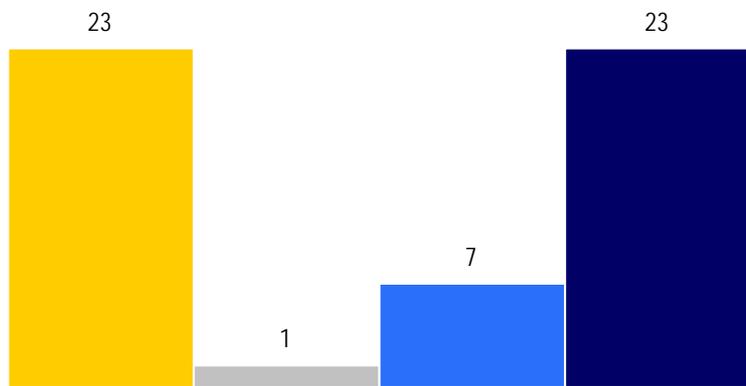
Percent of Locations Audited Annually



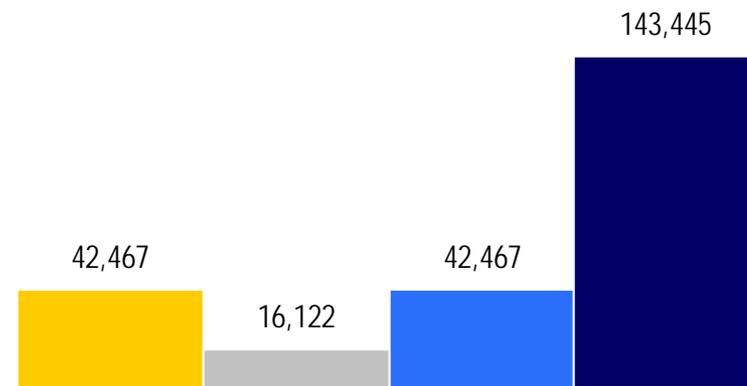
Compliance Management Best Practices	NNSA-Y12	Site Top Performer
Percent of total assets (in monetary value audited annually)	Not Answered	83%
Extent finance utilizes self-assessment control reviews as an alternative to internal audit	Low	High
Computer-based audit profile models used to identify locations/ transactions for audit	Medium	Low
Extent that internal audit works with the transaction processing teams	Medium	Medium
Opening to field completion – audit days	23 days	20 days

Y12 reported the most bank accounts, but its bank fees are low; Cash management automation is 100%, and the process is error free

Bank Accounts per Y12's Revenue



Annual Gross Banking Fees (\$) per Y12's Revenue



Cash Management Best Practices	NNSA-Y12	Site Top Performer
Percent of cash management's fund inflow and outflow transactions require correction	0%	0%
Percent of cash transactions automated through electronic linkages of local and remote sites	100%	100%

Compared to the lowest cost component across the Sites, Y12 spends \$5.9 million more annually (\$1.8 in alternative financing/ Other costs)

Finance Cost Differences (in \$Millions)

Finance Processes	NNSA - Y12 Costs (in Millions)	Gap to Site Top Performer (in Millions)
Accounts Payable	0.4	0.1
Travel & Expense	0.2	0.0
Customer Billing	0.2	0.1
Collections	0.1	0.1
Cash Application	0.1	0.1
Fixed Assets	0.1	0.0
Intercompany Accounting	0.3	0.3
General Ledger	0.5	0.4
Cost Accounting	0.2	0.0
External Reporting	0.2	0.1
Tax Management	0.1	0.1
Cash Management	0.1	0.1
Compliance Management	1.7	1.1
Planning and Performance Management	0.2	0.1
Business Analysis	0.2	0.1
Function Management	1.1	0.9
Total Process Costs	5.5	3.6
Technology Cost	1.0	0.4
Other Cost	2.2	1.8
Total Finance Cost	8.7	5.9

Y12 Finance Recommendations

- Y12 has achieved strong levels of Finance efficiency and effectiveness. Select opportunities exist:
 - T&E: Y12 should seek to identify and reduce the causes of its T&E 30% error rate and \$12.73 cost per T&E report. Specifically, explore the need for 2.6 T&E FTEs at an average of \$75,000+ annually given T&E transaction processing is 100% automated.
 - Cash Application: While 52% of Y12's cash remittances are received electronically, the automatic cash application rate is 0%. Target additional transaction automation (currently 48% manual) and the implementation of technology required to gross-post remittances automatically to customer accounts via electronic data interchange (EDI) or a web-based application from bank to improve efficiency and reduce cash remittance cycle time. Additionally, Y12 should seek to improve its ability to track and reduce the primary issues resulting in adjustments and customer disputes (currently low)
 - Customer Billing: Evaluate drivers contributing to the high customer billing transaction costs and longer cycle times. With 100% billing automation, it still requires two \$75,000+ FTEs to support the process and 7 days on average to generate and distribute a customer invoice. It is currently unclear why transaction costs are over \$74 per invoice and higher than most Sites given the data and best practices reported, so further analysis is suggested.
 - Look for opportunities to expand the 'role of Finance' while optimizing the staff mix and resource allocation against Y12's vision of the Finance organization to drive improvement in the following:
 - Increasing focus on planning and strategy processes and value-adding activity (only 9% focus today)
 - Closing the gap on Y12's Finance stakeholder perceptions of Finance:
 - Administrator (36%); Valued Business Partner (12%)
 - Skill set and knowledge gaps in key areas like communication, leadership, and cross-functional teaming, and planning and forecasting

Appendix

- Stakeholder Survey

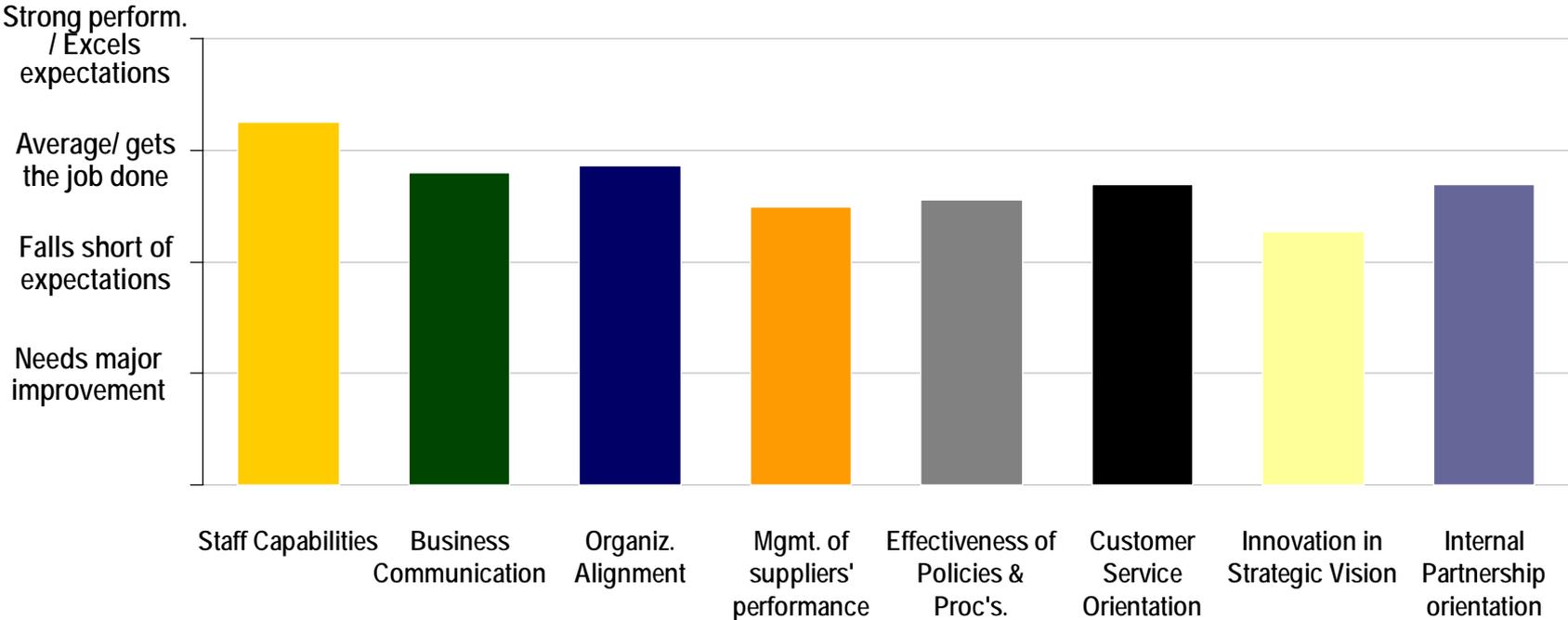


Finance Stakeholders rate several key service offerings at or below average



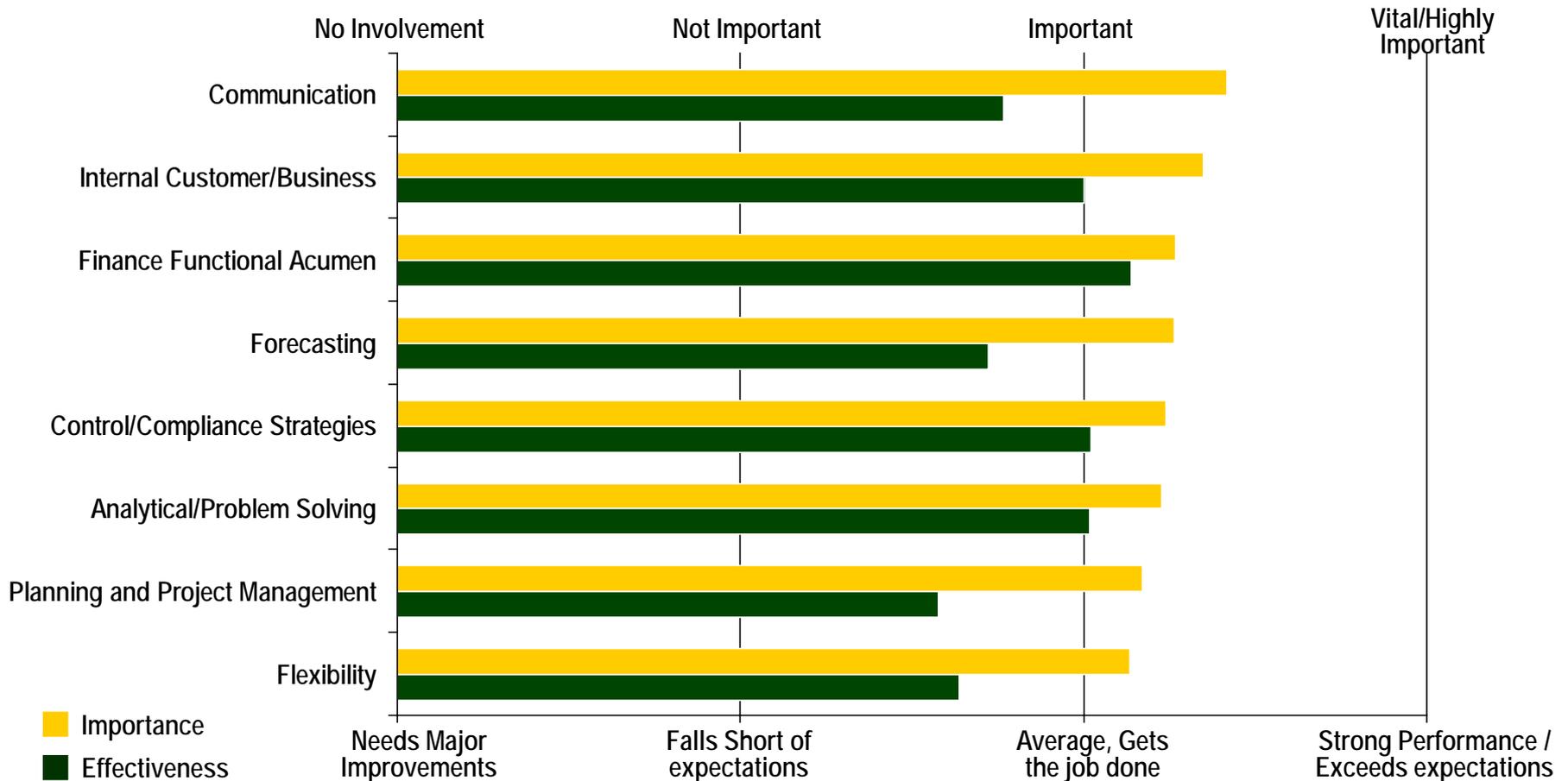
Stakeholders perceive Finance's performance in most of these areas just below "Average / Gets the Job Done"

Performance of the Finance Organization



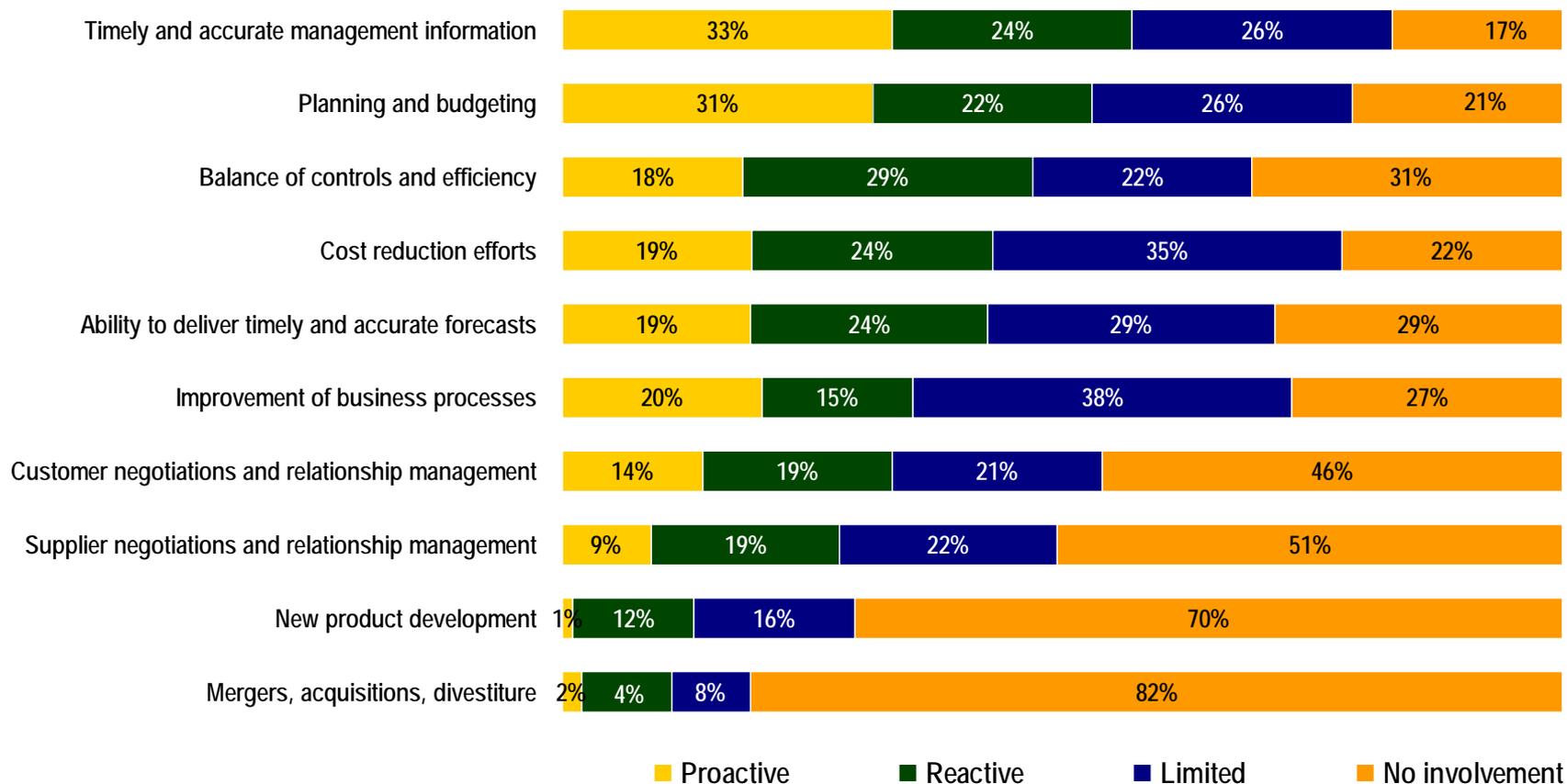
Finance's business, compliance, and problem solving skills and knowledge were rated 'average', while others areas are slightly below

Skills & Knowledge - Importance & Effectiveness



Nature of Finance's involvement by activity

Nature of Finance's Involvement by Activity



Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Start:

- Plan more effectively. Eliminate the "crisis de 'jour"
- Increase communications within functional areas that address solutions to the achievement or satisfaction of strategic objectives
- Provide better detail on prior years actuals and use them as a basis for realistic budgets.
- Stop using last years budget with cuts to meet arbitrary targets
- Streamline their processes
- Be able to identify what crafts the customer is buying per division and customer and craft and sub-crafts. Everybody is saying they are paying for 10 electricians and it turns out they are sharing the 10, if not we would have 400 on the payroll instead of 220
- Even more partnering with the organizations
- Continue its record of responsiveness as it has shown with its dealings with our organization
- Increase communication and interaction between Finance and the receiving customer at the plant
- Increase help in forecast of staffing and out year budgeting
- Need to do all they can to help operating organizations keep the budgeting operation from being a crisis that must be solved without nearly enough information
- Listen to their POC that they have assigned to each division. Perform more aggressive efficiency evaluations on their operations. Several of their systems need to be streamlined
- Improve teaming and work with customer to develop creative ways of funding instead of being forced to fund as the individual customer's opinion dictates

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Start:

- More interaction with customer
- Determine support requirements for organizations and staff them appropriately. Some organizations need more support than currently is available
- Improve the Financial Configuration Control Board process. When a business rule is shown to be counter productive to efficient business processes, we need quicker debate and disposition
- Better communication and effectiveness of communications. More collaborative and participative in finding creative ways to meet objectives
- Better integration of budget, manpower and cash flow requirements in advance of the fiscal year
- Listen to those they serve. Ask what do you need to perform you tasks. What can we do to help? Pay suppliers on time. Do not attempt to use a one size fits all approach for all departments to make your own job easier. Be willing to adjust to different needs from different departments that have very different processes. Always do customer surveys. Ask how are we doing often
- Strategic thinking, innovation and communication
- Run the cost centers as if they were profit centers. Detailed cost reports should get reviewed with responsible management (Programs and Execution) on fixed time frames and after the analyst has performed the initial review and variance. Currently this is done with Programs separate from the Execution groups which indicates that two analysts could be working on the same variance
- A better understanding of how funding flows and who has what responsibility, particular as it related to Complementary Work funding. A web page or checklist of contacts and their roles might help

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Start:

- The organization could share more information with employees via the company's intranet (YSource) so they can better prepare for and support budget uncertainties and strategies. The Finance Organization already has a very comprehensive website with information about its functions, but it could also provide information for stories and announcements on the Y-12 homepage about efforts to secure, understand, and respond to the Y-12 budget received from Congress
- Improve timeliness in responding to customer requests
- Involve the STR's more in the invoice process. There are invoices that get paid and the STR is only involved if there is a problem. The involvement by the STR would strengthen the STR's ability and knowledge of handling the contract
- Provide more support in purchasing/acquisition and in contract reconciliation with contractors
- Become more visible and let people know what capabilities are
- Consistent communications that customer organizations can understand
- The staff of the finance department needs to actually understand the mission and the importance of the overall project. We all want to come in on budget for our programs. In my experience the staff for the finance group does not always understand the amount of labor and materials that will be required to complete a project in a short amount of time
- Increase communication of the budget and budget process.
- Program some SAP features that are usable from the project manager view-point. It's too difficult to go into that monster to retrieve basic data on monthly project cost and budget. It should push basic info to managers

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Start:

- Hiring someone who is fresh out of college with a finance degree and start mentoring them and getting them on board with our future. There is a person working with a finance degree (who is a temp employee) who works in the Resource Center 9201-3 and inputs time and he has a greater knowledge of finance than inputting time. He has bid on a lot of finance jobs (external), but has not received a job. He would be a great asset to the finance organization and future of Y-12
- Equip supervisors with more knowledge of the budgeting process
- Work with most Sr. Management to help them understand critical business needs, and then to more effectively influence their budget allocation decisions as a strategic business partner instead of them ending up using a Peanut butter spread
- Demonstration of leadership principles and greater stakeholder engagement
- Provide analysis and trending of various budgets to be used in developing budgets and forecasting realistic funding requests. Develop strong justification for and obtain additional funding for woefully inadequate allocation of funds for operating and maintaining an aging infrastructure
- Process paperwork such as BCPs faster, electronic signatures; process and transfer funds to capital faster
- Better communication
- Better communications re budget constraints and helpful aids in how to meet these constraints. Better negotiations to provide needed funding. More involvement of line management in decisions re funded / not-funded projects
- Distributing out a newsletter letting employees know how funding is for our areas
- Communicate more with Production, Managers, and Line Management. I really have no idea of what Finance does

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Start:

- Recognize the needs of the Production function and provide a more efficient and focused interface. The current financial model causes undo work and inefficiency on the part of line management. They do not have a customer focus that views Production as a customer. B&W Y-12 is a very "Stove-piped" organization with a high lack of Team work
- Ensure a clear understanding and compliance with roles between CFO, Project Controls, and Program Controls
- I have worked with the Finance Organization on a limited basis within the last 19 years. They are extremely responsive to my requests. I believe requesting input on performance is an excellent feedback tool for them to use to enhance the quality of service
- Communicate financial expectations to mid level managers in an easily understood format that does not require an accounting or financial management degree
- I spent a lot of time thinking about this question and question 7 with no ideas. The finance system appears huge and complicated with too much data to manage. It needs to be simplified, but I don't know how to approach the problem
- Produce an accurate budget that understands the nature of the work and correctly allocates resources and manpower to the appropriate organization, and that then assists the managers in anticipating changes and opportunities as the year goes along
- Set up a new work estimating capability that is fast and efficient and can turn estimates around as quickly and accurately as the private sector can
- Evaluate risk taking along with strategic goals of the organization to achieve the overall desired outcome
- Communicate and be more flexible to tailor reports/data to meet customer needs

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Stop:

- Stop short turn around requests to meet its needs. Stop creating fictional budgets to meet politically correct and unrealistic goals
- The use of acronyms
- Stop producing "high" level reports and produce something for the manager to use as a tool to manage his budget
- Sometimes limited to canned reports set up for finance not for managing projects and orgs
- Need to quit implementing systems like the P-card that only makes their job easier, not ours
- Communicate plans and work in a more team oriented manner
- Rethink all aspects of Overhead and/or burden charges. Try to reduce the complexity of the multitude of "overhead keys." Challenge all business rules - Is this business rule necessary? Does this business rule help an angle, responsive, compliant, and high quality operation
- Need to find efficient ways of meeting constantly changing demands of customer finance organization
- Stop running multiple budget/staffing models, and set a standard process for budget and staffing development to allow some learning curve savings to take place
- Stop making rules without considering the needs of the groups they service.
- Stop dictating
- Notifying me of every cost transfer that has been approved. Since I am not normally in the loop to approve or disapprove this merely clogs my inbox. On the transfers that I have requested those notifications are useful
- Minimize short lead times for responses from the field wherever possible

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Stop:

- Really make sure a data call is necessary before requesting. Many hours are spent gathering budget data and putting impact reports together, only to see these requirements change in a very short period of time, or another similar call follow right behind it
- Not supporting project team positions in discussions with contractors
- Micromanagement / justification of account expenditures
- Communicate often. Even if everything is going according to plan, touch base with your project managers daily if possible. This small amount of effort will pay off because any unexpected labor or material costs will be conveyed early on
- I think they are doing things that absolutely need to be done and there is very little wasted effort or misplaced effort. I don't know how they should do it, but again they need to somehow influence strategic decisions more with Sr. Management
- Its needs to start first
- Modify the low bid policy to more easily disqualify poor performing companies. With the decreasing funds and personnel resources available we do not need to waste money on contractors who do not perform. Even if the company has to provide a product that meets a particular standard it takes valuable resources to manage this effort
- Stop having long queues at certain times of the year to process paperwork
- Reduce restrictions and divisions on funding. Allow more flexibility in reallocating funds where needed
- Needs to ask the front line managers and supervisors for input on priority spending
- Complicating the process and using software that is inefficient and hard to use

Stakeholder Suggestions / Comments : Start/ Stop

Representative Suggestions / Comments

Stop:

- Get more involvement with Budgets from Line Management
- Don't spend time attempting to make programmatic decisions
- Putting out reports that make no sense to mid level managers
- Minimize the number of approvals and the laborious, time consuming process that must be gone through to procure anything.
- Stop using P&I estimates from people who have no plant knowledge and therefore no idea what is involved in doing a specific job or accomplishing a specific work scope
- Stop creating procedures with its own objective first.
- That is, a procedure and process should be what fits the organizations needs and efficiencies and is compliant with the requirements of the finance organization. It should not be something that meets all the checks and balances and then the organization has to figure out how to fit in the process
- Thinking the current process can't be improved

Stakeholder Representative Quotes

Representative Comments

- There are some excellent, knowledgeable members of the finance organization - better planning would make them more available to contribute their special skills to the organizations that could benefit from them
- They have good people, they need to ensure that the customers and service organizations are on the same page
- There are some outstanding stars in the org.
- Better planning
- The finance organization can be a major enabler in meeting our strategic business objectives and an important participant in business decisions. I don't see this in the current organization
- It seems there are too many data calls. There are numerous times when information is provided about budgets / budget impacts and no feedback is given. One wonders if the efforts to produce such reports and data are even looked at
- Greater involvement of stakeholders and better communication
- Make data reports easier to generate on the red side
- I would like to know what sources of information regarding Finance and who are the contacts should I have questions or concerns to share
- Few in finance seem to have any understanding of the work we do and what is involved and required to do that work
- Finance needs to communicate what their organization is required to do to support the factory-educate. It is one of our best kept secrets

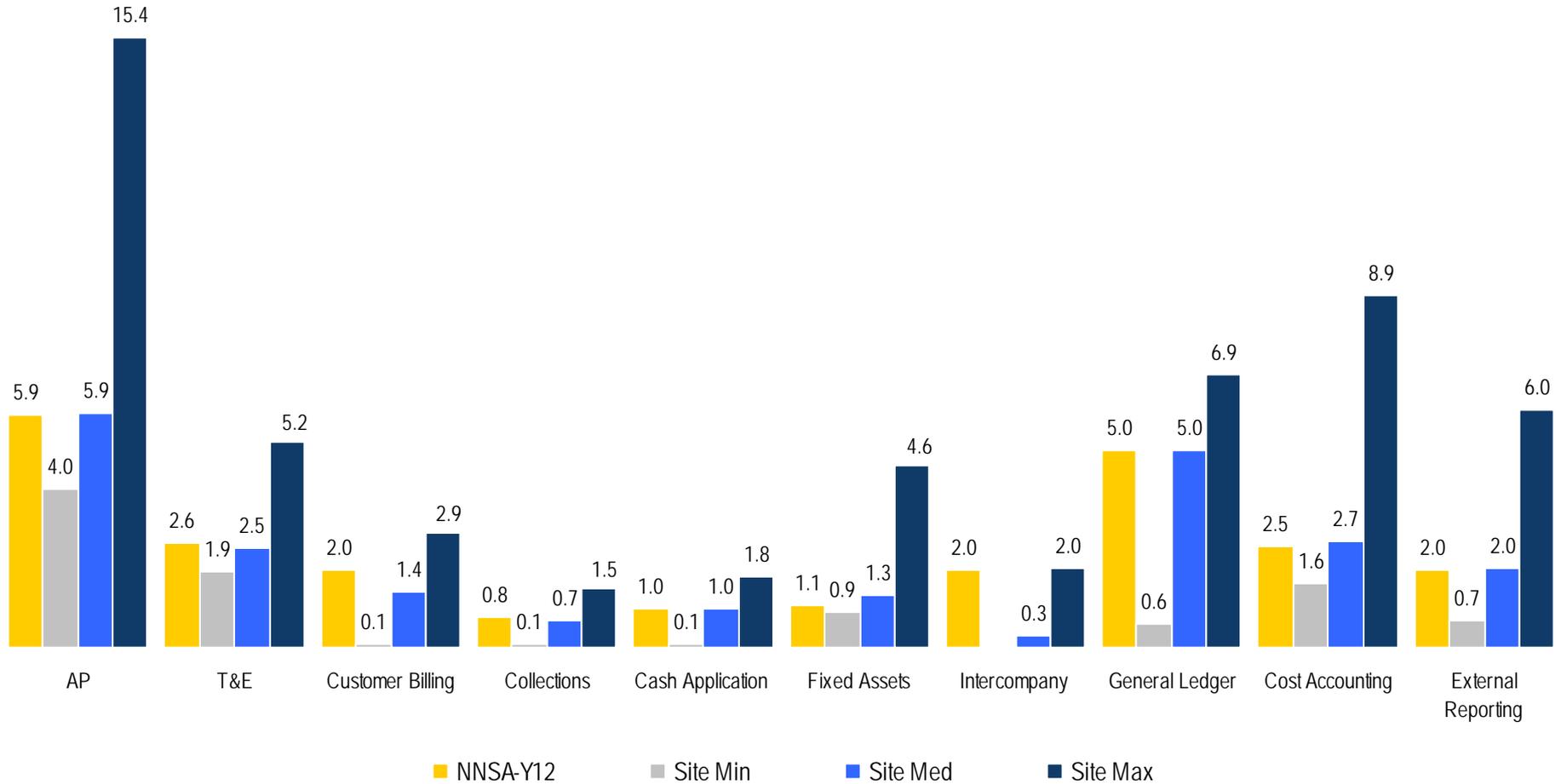
Appendix

- Additional Process Metrics



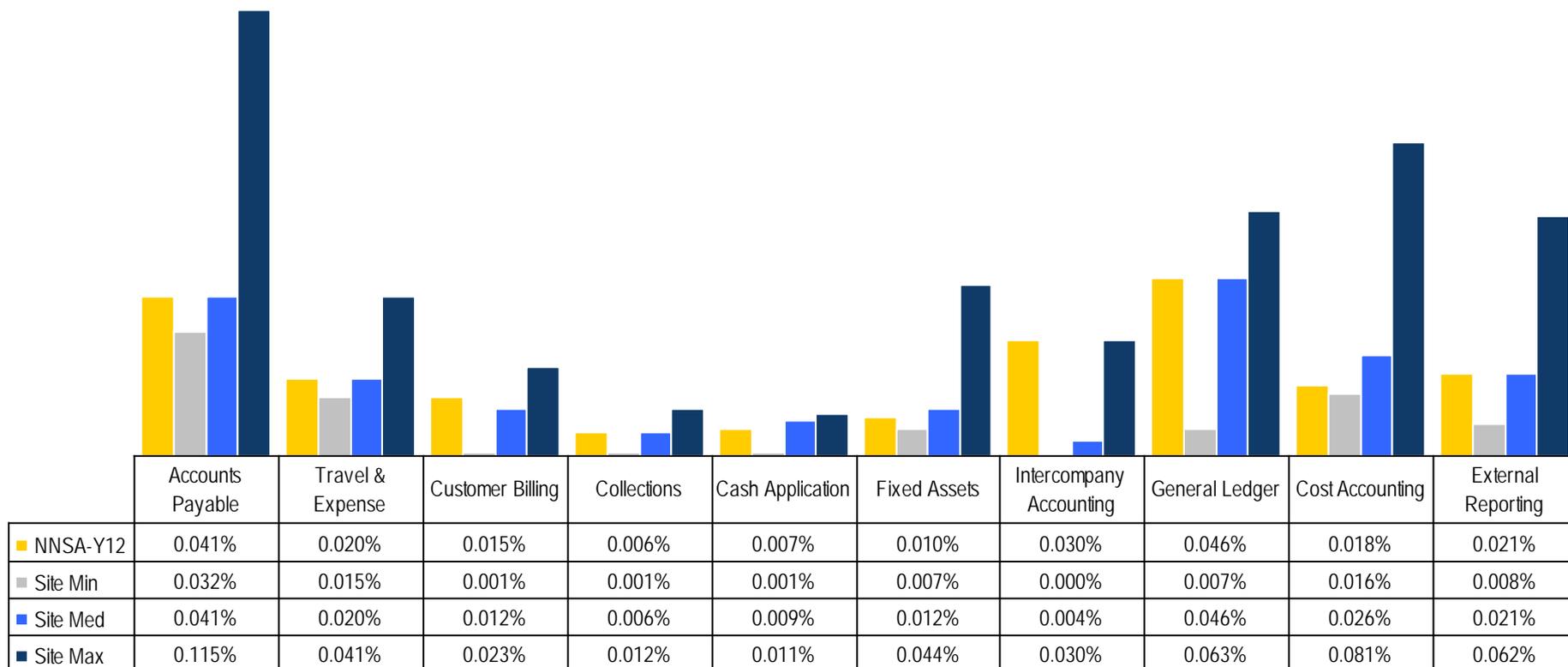
Transaction processing – FTE count

FTEs per Billion of Revenue



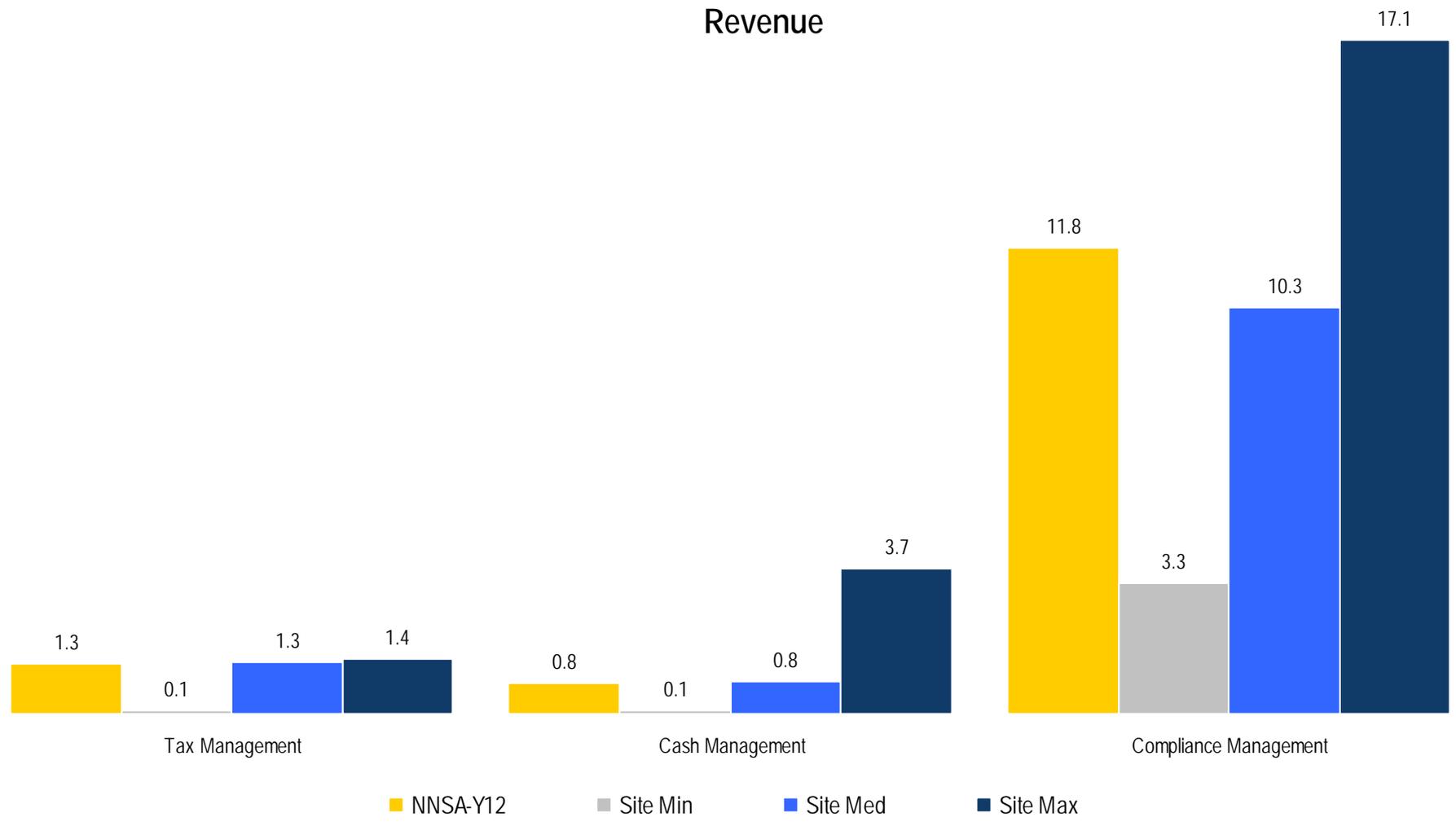
Transaction processing – process cost

Process Cost as a Percentage of Revenue



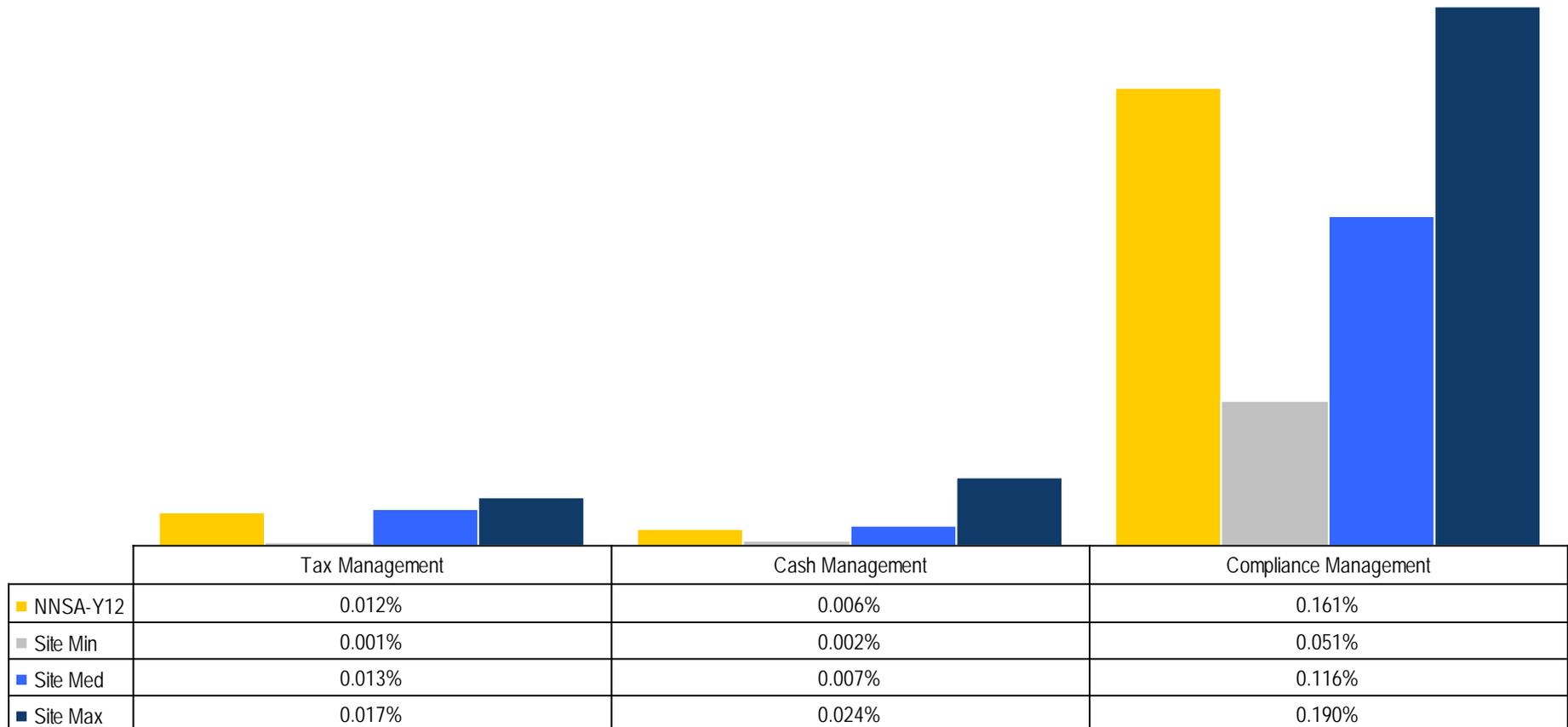
FTEs per billion of revenue

Control & Risk Management FTEs per Billion of Revenue



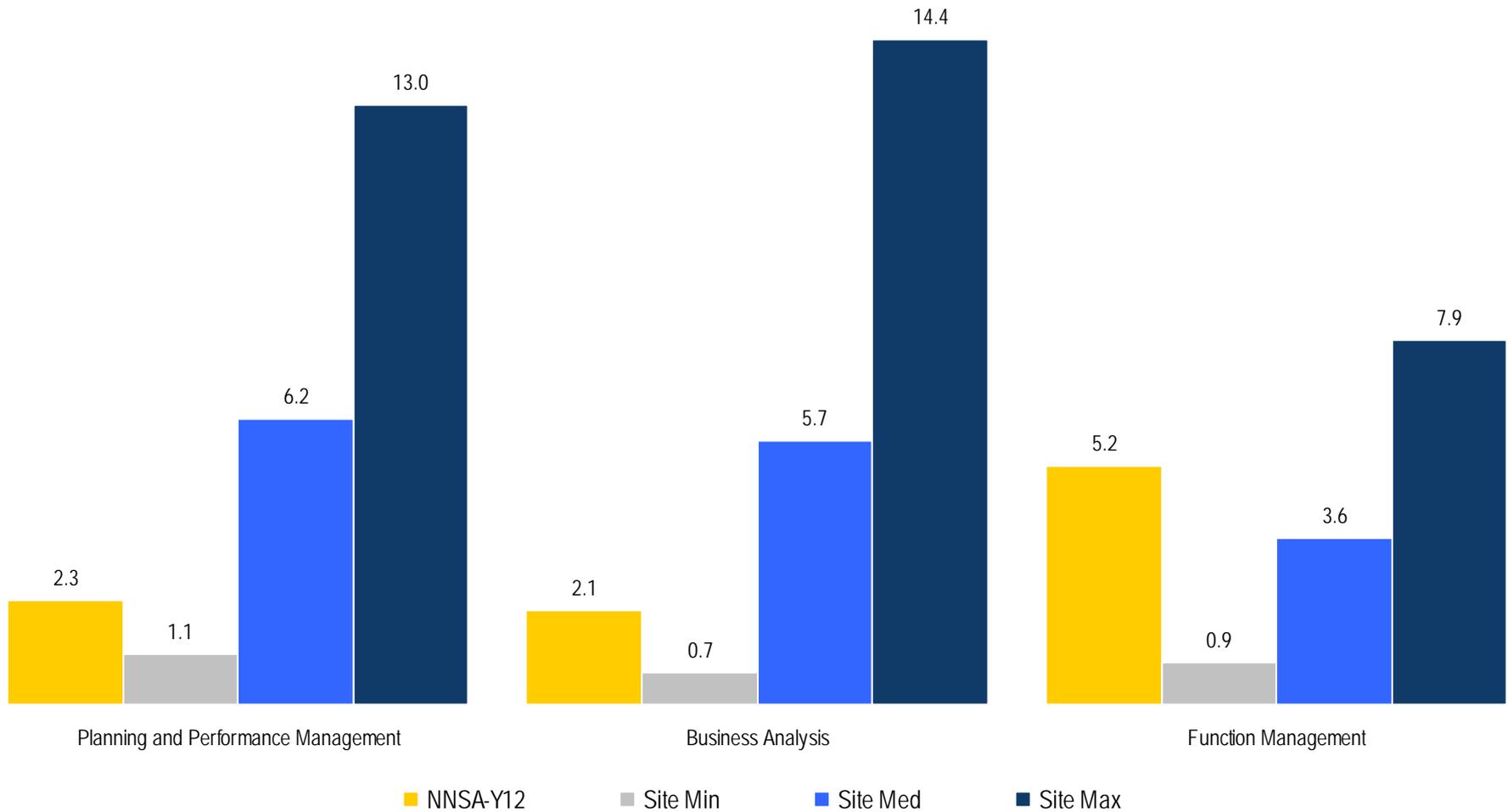
Process cost as a percent of revenue

Process Cost as a Percentage of Revenue



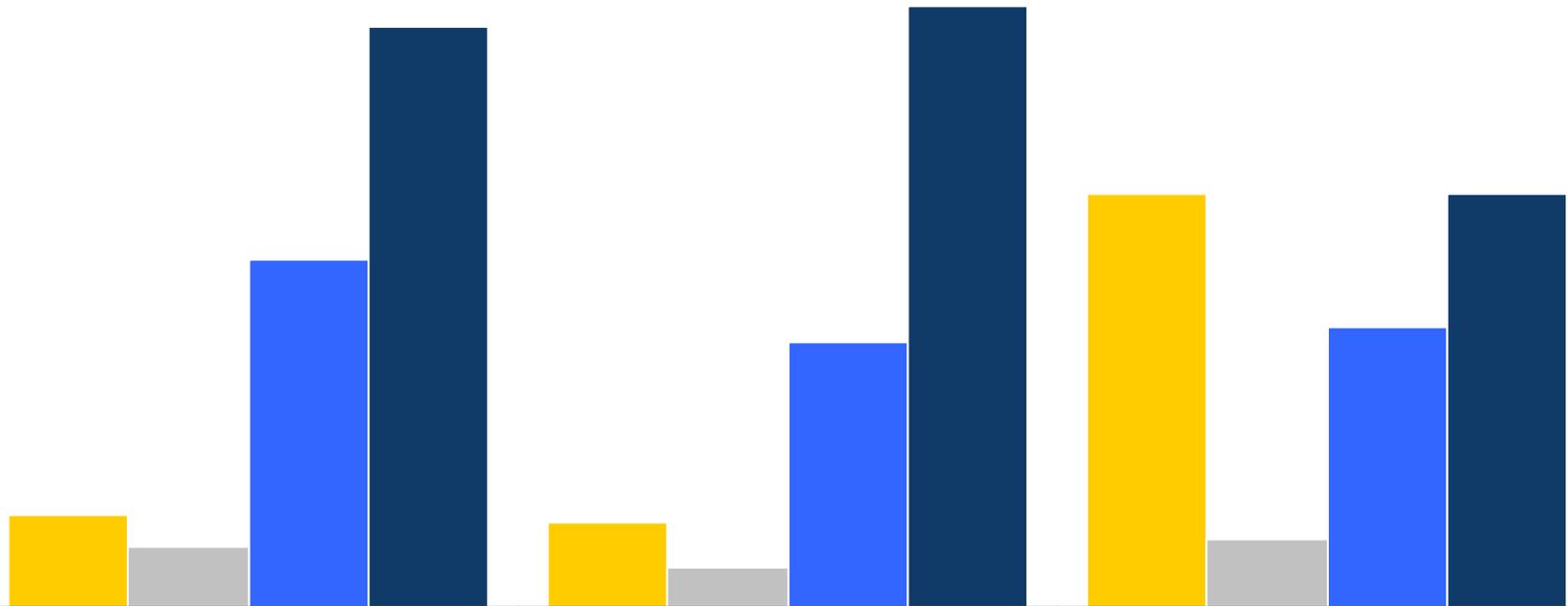
FTEs per billion of revenue

Planning & Strategy FTEs per Billion of Revenue



Process cost as a percent of revenue

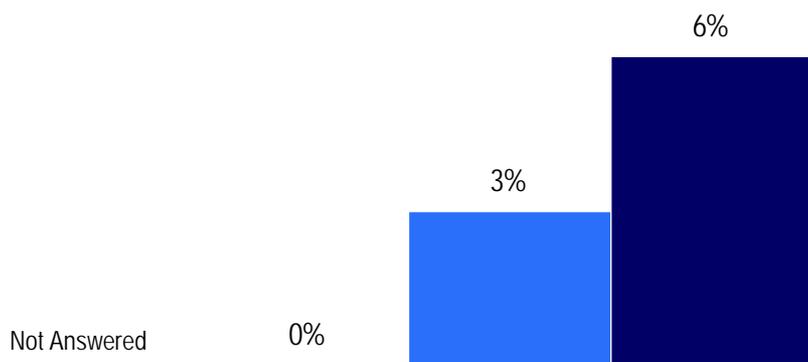
Process Cost as a Percentage of Revenue



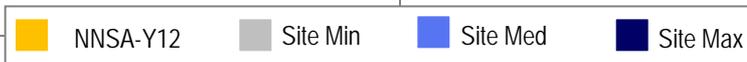
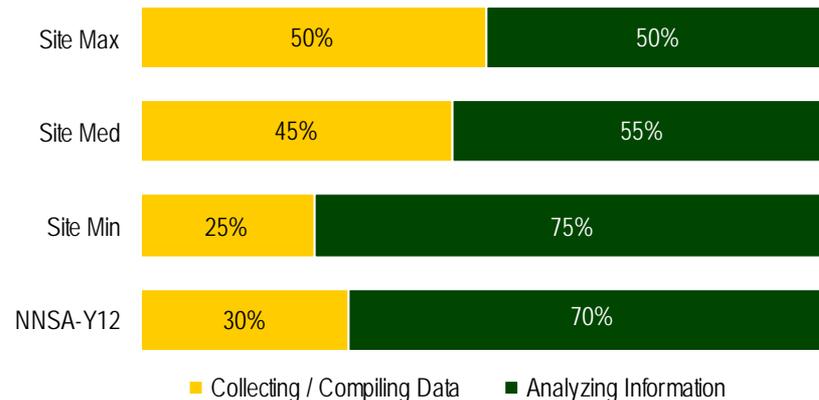
	Planning and Performance Management	Business Analysis	Function Management
■ NNSA-Y12	0.023%	0.021%	0.103%
■ Site Min	0.015%	0.010%	0.017%
■ Site Med	0.087%	0.066%	0.070%
■ Site Max	0.145%	0.150%	0.103%

Tax Management

Effective Tax Rate

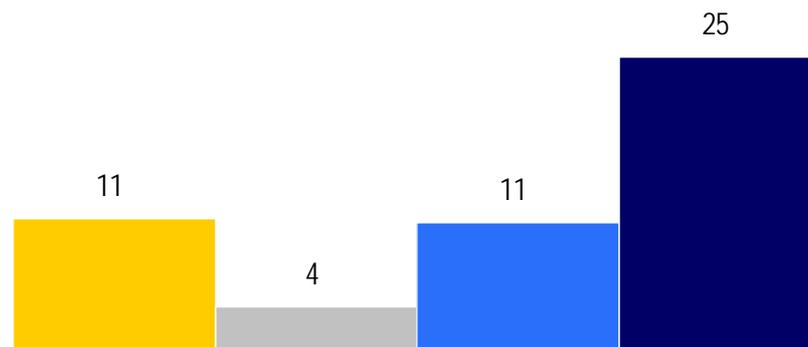


Allocation of Analyst Time for Tax Reports



Tax Management Best Practices	NNSA Y12	Site Top Performer
Standardized policies and procedures for tax management across units	High	High
Percent of tax returns are filed on time	100%	100%
Percentage of tax payments made on time	100%	100%
Up front involvement of tax staff in providing counseling services on new business opportunities	Medium	High
Automatically prepare state/local/federal returns using a consolidated database	None	High

Tax Domains per Billion of Revenue



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