Real time Intelligence into Enterprise wide PMO Spend: Road Ahead for Tomorrow's CFO

The business landscape has changed considerably in the last 15 years, and so has the complexity of projects and the degree to they impact corporate results. Existing methods of steering Corporate Projects have produced increasingly diminishing returns and as a result, some new trends are emerging. This paper addresses an important question: What do you need to know today to benefit from emerging project management trends so that you remain competitive?

CFO Challenges:

PMO and Accounts tell a different story: Budgets are allocated to Programs and Projects, which then translate into deployment of pooled employees and consultants, in a complex projects matrix. A common observation is that at any point in time, accounting's numbers on costs of a specific project do not tally with the numbers from PMO. The challenge then for the C-level executives is, how do they certify the numbers for individual projects, say those which are to be capitalized, and those that are expensed, so that they remain in SOX compliance? While this may sound like a large public organization's problem, even smaller enterprises also face this problem of maintaining accuracy.

Magician's Act every Quarter: A key pain point for the C-level is the lack of **timely visibility** into the spend, potential budget overruns and their impact on corporate results. For the fundamental area of financial reporting, Financial Executives must get a handle on the spend status of all projects in the corporate pipeline.

Typically, Managers at all levels are busy compiling spreadsheets and PowerPoint slides during the last month of any quarter. The C-level executives then have little time to analyze the underlying problem. In most cases, all that they end up doing is to somehow perform a magician's act and balance the next quarter budgets and forecasts.

Why wait until quarter's end for manual compilation of project data when accurate data already exists in the systems?

Surprises and No Insights: This may be a familiar end-of-quarter story:

After a few hectic weeks of manual compilation of project costs, allocations, and forecasts, which often are based on individual assumptions and estimations, an ad-hoc report at the end of quarter finds that there are cost overruns on one of the programs. This comes as a surprise and too late for C-level executives to act.

Of course, the management team has painstakingly tried to analyze the problem in little available time, and presented with possible reasons for the cost over-runs, no enterprise-wide insights are presented that would help identify the common pattern of problems.

For example, it would be great if the management knew which vendors contributed to the largest costs in a program matrix so that they could negotiate with them to bring down the project costs effectively.

Does this sound familiar to your financial executives?

Every month your consulting vendors submit invoices for multiple consultants. While they have approved time-sheets attached to verify billing accuracy, how to internally account for those payments accurately?

In a project matrix with pooled resources, how to allocate those payments to individual project buckets which are ultimately responsible to pay for those consultants? The situation is even more difficult when over times are involved.

Ad-hoc estimations can potentially throw you out-of-compliance.

Emerging Trends:

One of the very positive trends seen lately is to provide real time visibility from top to bottom into project pipeline, spend and forecasts through a light weight integration of HR, Accounts and Portfolio information. While all the data is usually available within the enterprise systems, it is the light weight integration and that has a potential to create the magic that is needed to harness the problems discussed above. Let me share with you my insights on some of these promising trends that I have seen and common underlying requisites of a possible solution.

One Source of Data for Accounts and PMO: The first step is to have a common raw cost data source for both the PMO and Accounting. While timesheets have been traditionally used for billing purposes, the trend is to have a finer level allocation of time which then can be combined with resource costs from purchase orders and HR, to come up with an accurate and automated raw cost data at the lowest level. This data when fed to accounts and PMO costs roll-ups would largely take care of accuracy and internal controls compliance like **Sarbanes-Oxley**.

Concise Dashboard with Drill down: Now that accurate data is available through a light weight integration application, a dashboard based analytics with deepest level drill down would obviate any need to manually compile and analyze data at the quarter end. It is always available to executives and presented in a way that helps to get insights into emerging problem areas at any hierarchical level and at any location.

Real time Intelligence: Finally, if the raw costs data collected from timesheets provides near real time updates of analytics, no one is surprised at the last minute on why certain costs have over-run. Everyone at every level is on the same page on a day-to-day basis.

In conclusion, a light weight integration of HR, accounts, time-tracking and vendor systems with dashboard analytics looks promising in helping enterprises stay Lean and Agile.

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