Case study: Improving predictability of delivery with financial framework
Getting a grip on project finances and ensuring suppliers get paid

The Situation

- Pragmatic PMO was engaged to support a multi-million pound programme about to enter implementation.

- The programme had no financial mechanisms in place.

- Some suppliers were owed more than £300k, and payments were overdue by as much as 8 months.

The Target

- The brief from the Programme Director was simple:

- *"I just need you to get a firm grip on the programme finances so I know what's going on and so that suppliers get paid before their patience runs out and they walk off the job!"*

The Action / Approach

- We gathered information on approved project budgets and actual costs recorded on the Finance system.

- We gathered information about the Client's purchase order tool, quotes received, orders raised, work undertaken and therefore money owed to each supplier.

- We increased transparency by building a spreadsheet model to track budgets, forecasts, orders raised, expenses incurred against each order, and therefore committed amount remaining on each order.

- We enabled projects to deliver by getting their suppliers paid as quickly as possible (prioritising the largest amounts owed for the longest, to the suppliers most crucial for the project's delivery)

The Result

- Secured predictability of delivery by bringing supplier payments up to date, and enabled control of project finances by providing the Programme Director a clear view of Actuals to date, Estimate to Complete, and Estimate at Completion.

- Using this approach, in one client avoided >£100k expenditure from duplicate invoicing, and in another client identified and avoided a >£1m cash flow shortfall due to funding later project stages from reimbursement of early project stages.

Do you see your own current situation in this story?

Then why not take a look at the Financial Framework service we offer to help you with it!

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