



Case study: Staying inside a reduced portfolio budget by improving financial control

Monitoring forecast and actual spend to uncover hidden contingency

The Situation

- Pragmatic PMO was engaged by a portfolio PMO with an unprecedented focus on project finances, and tasked with ensuring the project portfolio could be delivered within an immutable annual portfolio budget.

The Target

We were asked to set up a framework that would enable the portfolio PMO to:

- Monitor the forecast costs to ensure these remained within the project portfolio budget for the year, as any requests for more money would have been denied.
- Monitor the spend in various people categories, so the organisation could move its resourcing model from sources it perceived to be costly (consultancy), through mid-price options (independent contractors), to sources it considered the least costly (permanent staff).

The Action / Approach

- First, we created a standard finance tracking process using cost categories we defined with Finance, aligned with the general ledger.
- Then, we increased transparency of costs / effort by implementing tactical portfolio finance reporting (a monthly pivot table analysis of a snapshot extracted from Finance systems, broken down by strategic focus and programme) showing annual budget, actuals year to date, financial year forecast and variance, with some trend analysis and cost category breakdowns.
- Using learning from this tactical solution, we increased robustness and reduced effort by commissioning and managing the development of strategic portfolio finance reporting in SAP Business Objects.
- We ensured the organisation's capabilities and capacity to deliver the new process by creating and delivering training, including user guides and web seminars.

The Result

- The portfolio board gained improved financial control through a concise overview of portfolio finances and reducing spend on consultancy; they were able to increase predictability by identifying and centralising hidden contingency, and ultimately were able to deliver the portfolio within the 30% reduced budget.
- The solution was viewed as organisational best practice and rolled out across the rest of the globe.

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