



BLOW THE PROJECT BUDGET WISELY!

In preparation for a big family party, my wife had asked me to go food shopping. Meats, cheese, wine, bread... the list went on. The party would be great, but I wasn't looking forward to the shopping one bit. I dislike a trip to the supermarket on a quiet Tuesday evening, but this was a busy Saturday morning. I could feel my palms sweating already.

Calm down, I thought. This needn't be difficult. I had my list. I was in the supermarket. All I needed to do was find the first item, cross it off, and move on to the next one. Eventually there'd be no more items on the list and I could go home.

Before I knew it, I had a full trolley and a crossed-off list. And surely a happy wife waiting for me at home? I thought wrong. She was furious.

Sure, I'd got everything on the list. In fact, I'd got the *best* of everything on that list. And that was the problem: the best is expensive. I'd blown the budget.

My wife hadn't given me a budget, and I hadn't asked if there was one. It was a classic breakdown in communication. If shopping for our family party was a project, the project accounting was a failure. But who was responsible?

The problem with responsibility for project accounting is that it can span operations, such as project management and finance. The Finance team often has the tools, but if project managers are responsible for delivering a profit, they'll need access to those tools. Or better still, project managers will have their own project accounting software.

High-end project accounting software enables project budgets - in terms of hours, costs, or revenue - to be worked out easily from estimates. It will include timesheet functions to ensure actual hours spent and estimates for remaining work are captured. It should also be able to record expenses, manage rates for each skill-set, and handle fixed payments too.

These features make it easy for any project manager to track a project, measure its performance, and accurately forecast how the end result will compare to what was budgeted.

But to avoid any communication breakdowns, the project manager's accounting system should integrate into that of the Finance team - whatever the company's choice of accounting software.

This integration ensures everyone who needs access to the current financial status of a project gets it. It also means the financial impact of any changes or hiccups in the project can be recorded easily, and forecasts can be updated. No separate systems, no arduous re-keying of data.

And by managing the finances of your project with one integrated system, you'll minimize accounting errors and any subsequent embarrassment they cause.

A project accounting system not only makes financial project management easier, it improves communication and reduces errors. It's a shame it's not available in supermarkets.

About the author:

Barry Muir (barrym@innate.co.uk) is the managing director of Innate Management Systems Ltd; an author of software products that help to manage skilled resources across projects and services. The products are particularly effective where organizations are struggling with spreadsheets or Microsoft Project.

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