



The executive guide to project financial control

Protect margin. Improve predictability. Make better project decisions.

For construction and engineering leaders, stronger financial control is about more than reporting what has already happened.

It is about understanding where projects are heading, identifying risks earlier and acting before margin, cash flow or delivery performance is affected.

See change sooner. Understand the impact. Act earlier.

Project performance is business performance

Construction and engineering businesses operate in an environment where relatively small changes in cost, programme or scope can have a significant impact on profitability. Senior leaders therefore need more than historic financial reporting. They need a clear view of current performance and confidence in where each project is heading.

Around
4%

project margin can be considered 'good' in construction.

With margins this tight, effective project financial control is critical.

Four areas that can quickly affect margin



Labour

Productivity, utilisation, availability and cost all influence project performance.



Subcontractors

Performance, commercial control, compliance and contract change all need careful management.



Materials

Price, availability, procurement, timing and waste can directly affect cost and delivery.



Plant and equipment

Availability, utilisation, reliability and rental costs need to be aligned with project requirements.

Can you see where projects are really heading?

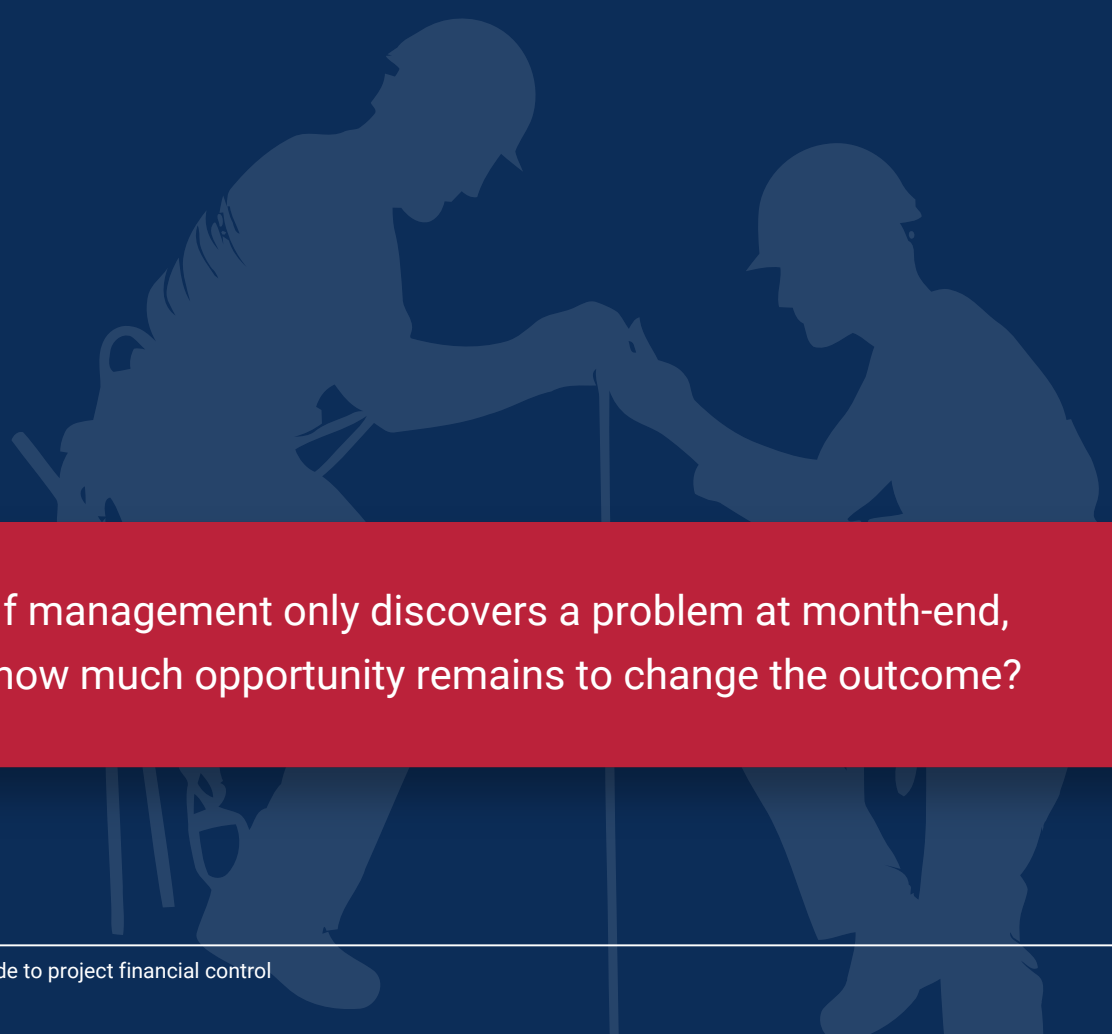
Many construction and engineering businesses still rely on a combination of accounting platforms, specialist project systems and spreadsheets.

The problem is not simply having multiple systems. It is the delay, inconsistency and uncertainty they can create.

When information is fragmented, management can spend valuable time reconciling data rather than acting on it. Senior leaders may also be making decisions without a single, trusted view of project performance.

Six questions for your leadership team

1. Can we see the expected final margin of every major project?
2. Can we identify margin erosion early enough to take action?
3. Are our forecasts based on current operational and commercial information?
4. Are contract changes and variations reflected quickly?
5. Can we accurately forecast project and company cash flow?
6. Can we quickly identify the projects that require management attention?



If management only discovers a problem at month-end,
how much opportunity remains to change the outcome?

Look forward, not just back

Move from financial reporting to financial foresight

Accounting provides an essential view of what has already happened. Effective project financial control should go further. It should help management understand what is happening now and, critically, what is likely to happen next. That means connecting actual and committed costs with project forecasts, contract changes, risks, opportunities, progress and resource requirements.

Past



What happened?

- Actual costs
- Revenue
- Financial transactions
- Period-end reporting

Present



What is happening?

- Actual and committed costs
- Current project performance
- Progress
- Contract position

Future



What is likely to happen?

- Forecast costs and revenue
- Risk and opportunity
- Contract changes
- Resource requirements
- Expected final margin
- Cash flow

**The question is no longer simply,
'How did we perform?'**
It is, 'Where will this project finish?'



One project. Four connected disciplines.

Effective project financial control requires four core areas to work together.

Financial accounting

A strong financial foundation provides project accounting, cash management and consistent financial structures across the business. For organisations operating across multiple companies, regions or joint ventures, consolidation is also essential.



Project and contract management

Estimating, contracts, variations, risks, opportunities, progress and project planning all influence financial performance. Connecting them helps management understand the commercial and operational factors behind the numbers.



Project cost control

Budgeting, cost monitoring, periodic reviews and forecasting bring these areas together to provide a forward-looking view of expected project performance.



Cost and revenue transactions

Purchasing, labour, expenses, subcontracting, equipment, revenue and other transactions need to flow directly into the financial picture, reducing manual processes and improving the accuracy of project information.

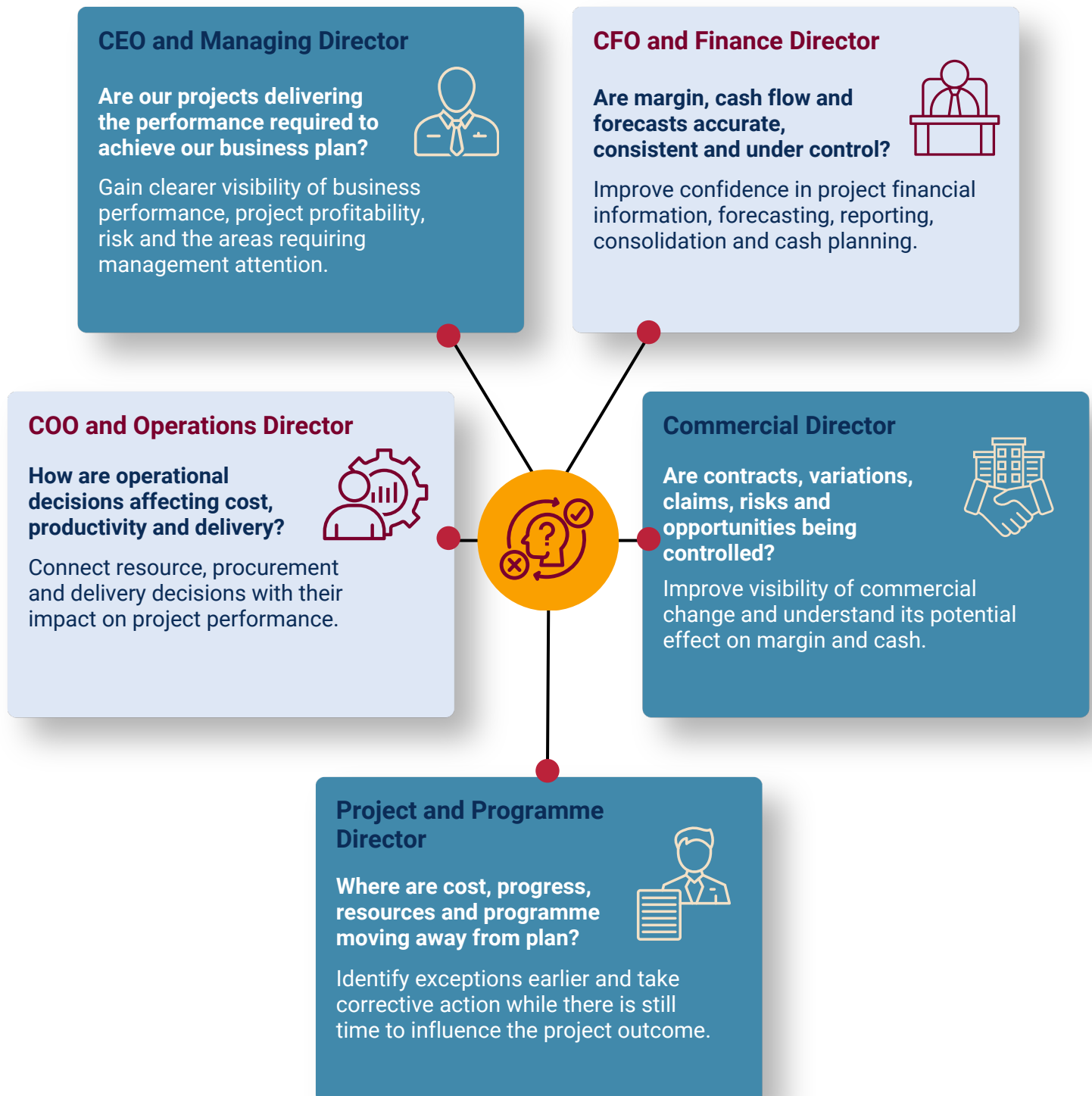


One trusted version of project performance

When these four disciplines are connected, management can move beyond fragmented reporting towards integrated project financial control.

One view. Different decisions.

Project financial control is not simply a finance responsibility. It is a management capability that supports better decision-making across the leadership team.

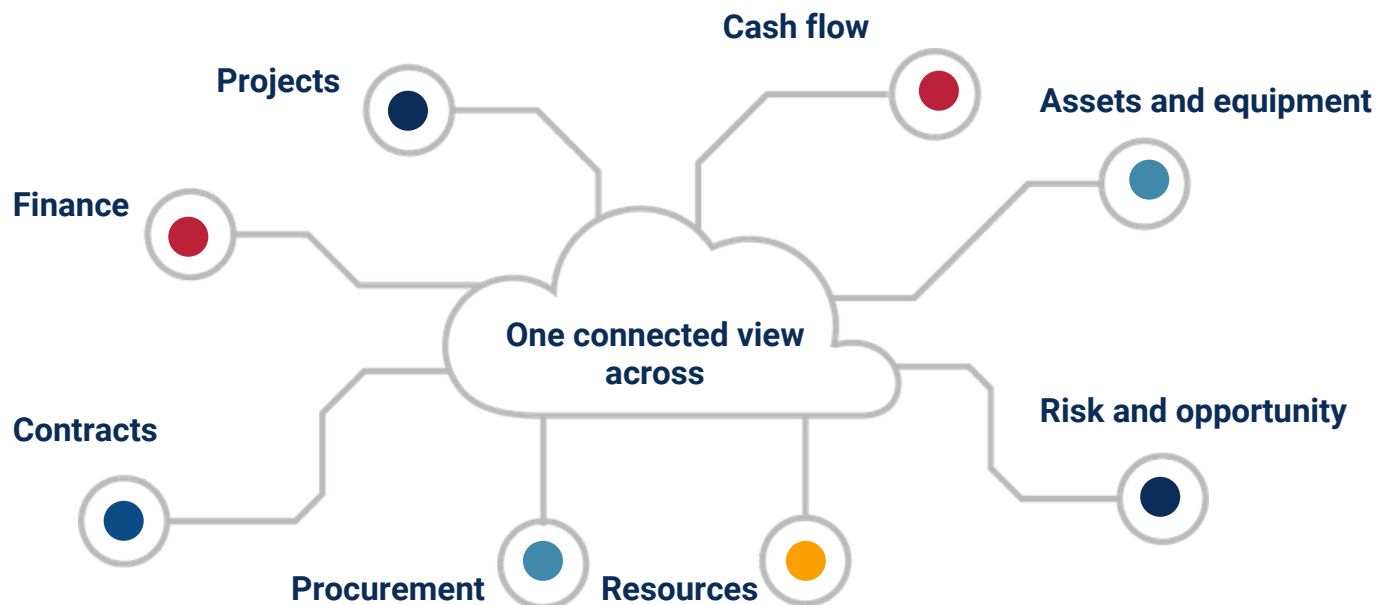


The same trusted information. Better decisions across the business.

From fragmented data to management confidence

When finance, project, commercial and operational information is spread across different systems and spreadsheets, creating a reliable view of performance becomes difficult.

A connected approach brings the information that determines project performance together.



IFS Cloud connects project, financial and operational information, providing accurate, real-time transactional data to support more timely strategic decisions.

What stronger project financial control can deliver



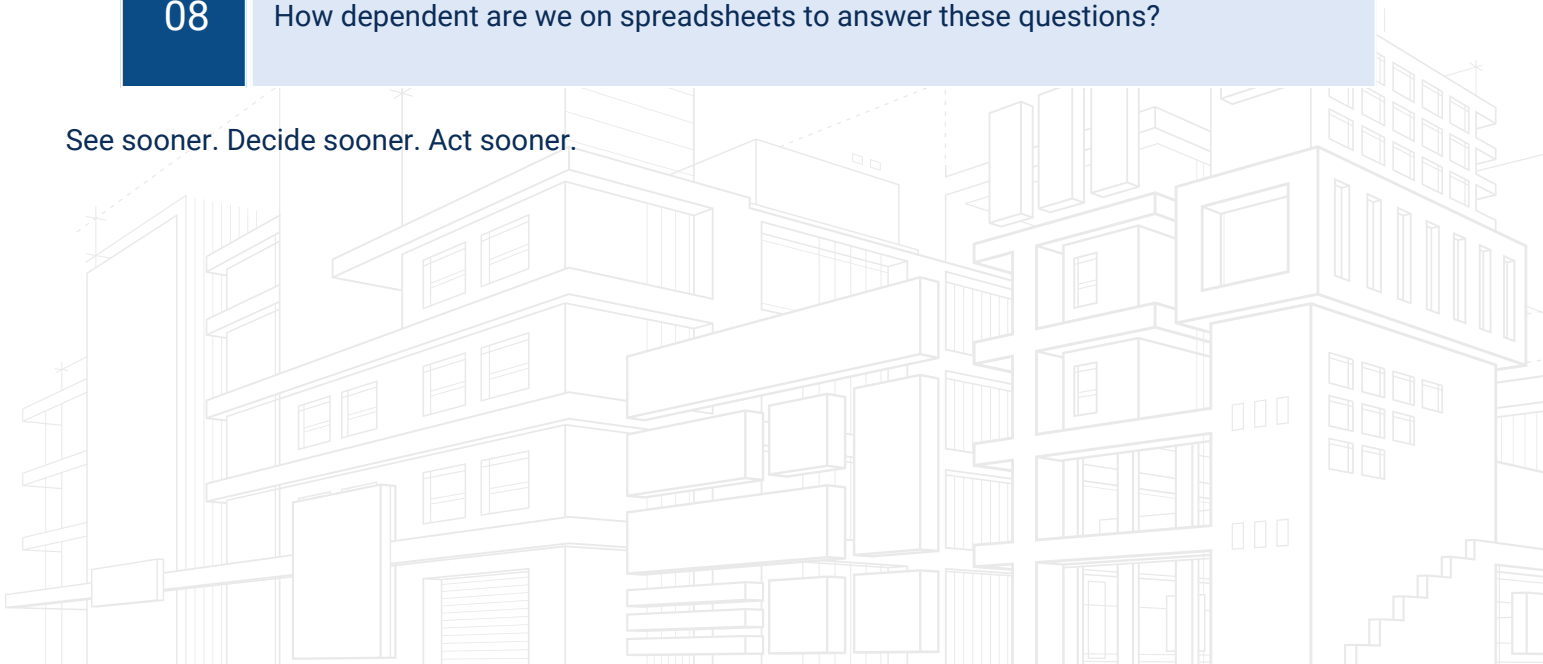
Better information creates greater confidence in the decisions that follow.

How strong is your project financial control?

Ask your leadership team these eight questions.

01	Can we confidently see the expected final margin across every major project?
02	Can we identify margin erosion before it becomes a financial surprise?
03	Are our project forecasts based on current operational and commercial information?
04	Are contract changes and variations reflected quickly in our forecasts?
05	Can we accurately forecast project and company cash flow?
06	Can senior management quickly identify exceptions across the project portfolio?
07	Do finance, commercial, operations and project teams work from the same information?
08	How dependent are we on spreadsheets to answer these questions?

See sooner. Decide sooner. Act sooner.



Platned helps construction and engineering organisations use IFS Cloud to connect project, financial and operational processes, giving leadership teams greater visibility and control across the project lifecycle.

The objective is not simply better reporting. It is greater confidence in where your projects and your business are heading.

Take greater control of project performance

Discover how Platned and IFS Cloud can help your organisation strengthen project financial control, improve forecasting and gain clearer visibility of margin, cash and risk.

Visit platned.com to find out more.

