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Best Practice Use of Clarity for Financial Management

Your Guides:

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Introductions

- Take 5 Minutes
- Turn to a Person Near You
- Introduce Yourself
- Business Cards



Open Mic

Project Portfolio Management (PPM) is a term to describe how we manage the often-confusing mix of interrelated, dependent, and connected projects. PPM considers the big picture of all projects grouped together; past, present and future – and calculates the optimal prioritization and sequencing of projects to maximize return on investment.

- The goal of identifying and implementing best practices for a project/financial management implementation is to enable the organization to manage and prioritize the mix of projects to ensure success across all the projects, while maximizing value.
 - What do you think success looks like?
 - What are some of the obstacles to success?
 - For those that have a successful implementation of project/financial management – what are some of your best practices?

Some Rego Thoughts...

What is Success

- PMs and Executives are using the tool and respect the output it provides
- Accurate and Complete Data
- Collection of Key Milestones
- Timely Status/Progress Reporting
- Capture of Risks, Issues and Changes
- Insight to Scope, Schedule and Financial Variances
- Provides ability to make agile decisions that provide the most organizational value

Stumbling Blocks

- Data Alignment, Quality and Timeliness
 - Keeping it Simple
- Delivery Method Differences
 - Agile vs Waterfall
- Defining and Maintaining Schedules for Work
- Balancing Finance Needs with PM Responsibilities
 - What is PPM and What is Not
- Sharing Data with Stakeholders
 - Defining a universally acceptable Status Report

Format of This Session

- In the next set of slides, Rego has compiled a set of project (PPM) and financial management best practice points.
- Each slide is a different best practice point, so there is not a “flow” between slides in many cases.

Configuration



Financial Implementation Best Practices

- Involve the Finance Team
 - Finance will drive financial classifications, resource rates, and capitalization rules
- Keep Things as Simple as Possible
 - Streamline financial classifications in both the Estimation and Actuals processes
- Clarity is Not the Company's Financial System of Record – it is a Project and Portfolio Management System
 - Clarity may never match general ledger or project accounting module 100%
- Spend Time on the Full Architecture – Current and Future State
- Start With Required Outputs and Work Backward
- Integrate to Avoid Duplicate Entry

Entity Setup and Rate Best Practices

- One Entity if Possible
- Only use Department and Location if needed for rates, otherwise – only a Default value for each is required
- Rate End Dating-Minimum of current year +1
- Rates – Keep it Simple
 - Ideally one rate, but this is the most common compromise:
 - Exact Rates for Contractors
 - Blended Rates by Primary Role for Internal Resources
 - Avoid complex costing rules for Planned Roles for forecasting (OOTB limitations)
- Factor overtime into the rate if possible vs. Having a “smoothing” process
 - Rego does have a couple pre-built smoothing processes in RegoXchange

Financial Actuals Best Practices

- Include both labor and non-labor financials.
 - If you are missing one, then Clarity cannot really be used for project financial variances
- Integrate with an external financial system to pull in financial actuals
- If you do not have an integration to pull in non-labor actuals, build a better user interface for entering these costs

Common Field Uses

Field	Common Uses	Common Use Area
Location	Country/Region	Rates
Department	Cost Center or Business Unit	Rates, Financial Plan Grouping
WIP Class	Rarely Used	Rates
Investment Class	Rarely Used	Rates
Charge Code	Billable/Non-Billable or Project Phase	Rates
Cost Type	Capital/Operating	Financial Plan Grouping
Role	Resource Planning Roles	Rates, Financial Plan Grouping
Resource Class	Salary Grade	Rates
Transaction Class	Cost Type – HW/SW/Labor/Consulting	Financial Plan Grouping
Input Type Code	Billable/Non-Billable or Overtime/Regular Time	Rates

Financial Workflow Considerations

- Base Setup

- Timesheet Submission Cadence
- Financial Posting Cadence

- Approval Policy

- Auto-Approval
- RM, PM

- Timesheet Adjustment Policy

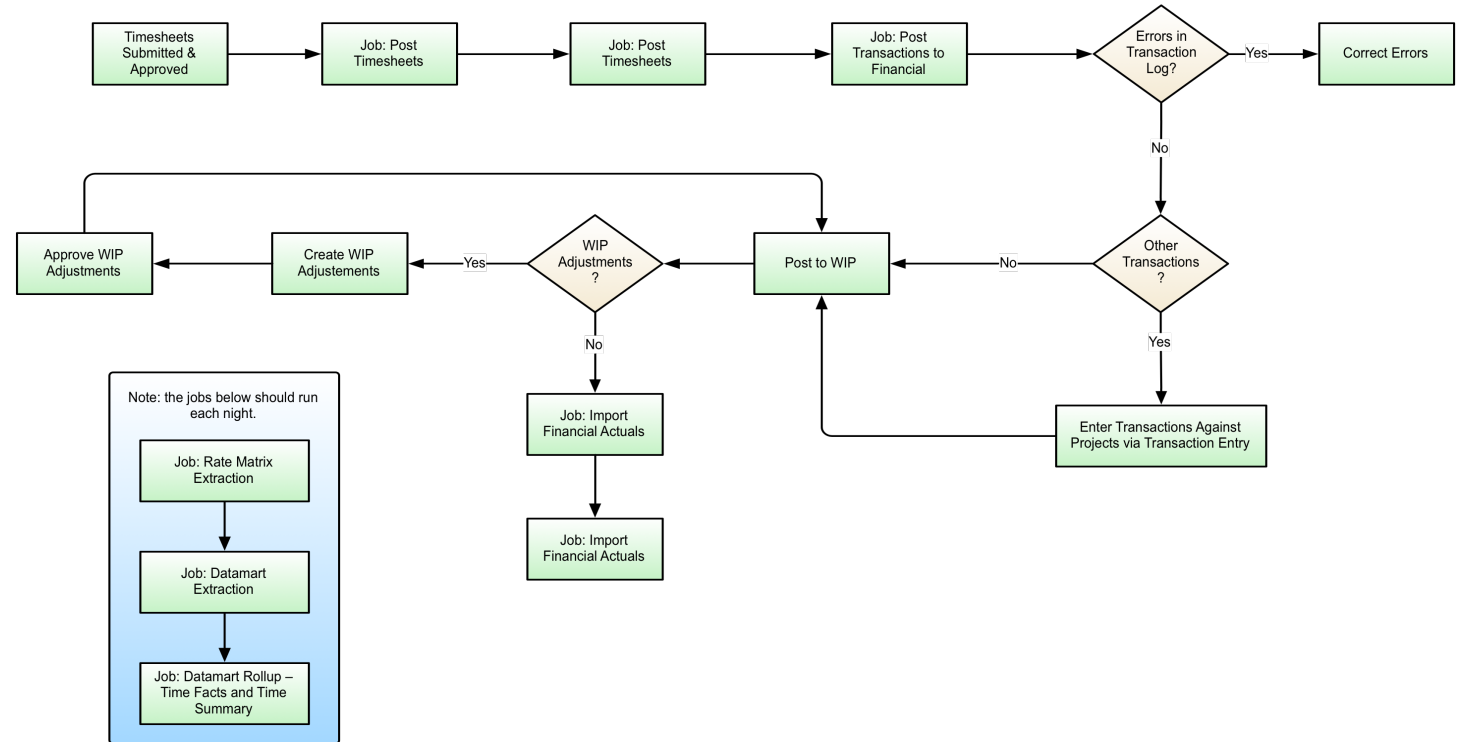
- Number of Open Time Periods
- Finance vs. Project Requirements

- Compliance Considerations

- Work Councils
- Timesheet smoothing

- Posting Cadence

- Labor actuals update Cost Plans when Clarity Jobs to Post Timesheets run
- Non-Labor actuals update Cost Plans when Clarity Post Financial Jobs run
- Financial actuals will NOT update Cost Plan if Investment is NOT financially activated



Project Financial Management



Financial Plan Best Practices – Cost Plans

- Cost Plans

- Define Cost Plan/Forecast update policy
 - When is the Forecast created and updated?
 - Governance
- Capture only essential project costs
 - Perfect is the enemy of good
 - Clarity is a Project Management tool not the company's Financial System of Record
- Pick a method for how cost plans are to be created – from assignments, allocations, manually, or Excel
- Look at an Excel import – high value and low cost

Financial Plan Best Practices – Budget Plans

- Budget Plans
 - Align Budget and Planning Baseline processes
 - Define (refine) threshold for requiring Budget revision
 - Control Budget Plan rights or have an approval workflow
 - How are Budget changes approved?
 - Rego Action Item Responder

Financial Plan Best Practices – Benefit Plans

- Benefit Plans
 - Include Hard and Soft Benefits
 - Soft Benefits with \$0
 - Capture metrics and measurements in separate columns
 - Beware of system calculated NPV, etc.
 - Consider attaching company business case document to capture your organization's calculation
 - Clarity IRR (used in NPV) is calculated monthly; most organizations use a yearly calculation
 - Enter negative values for Ongoing Maintenance, License fees, etc
 - Negative values are accounted for in NPV, ROI
 - Define Benefits Realization Process
 - Leverage data in Clarity
 - Use Portlets/Reporting and custom Notifications to coordinate benefit capture

Questions?



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