

CASH FLOW FORECASTING FOR CAPITAL PROJECTS

Your Guide To More Accurate And Efficient Cash Flow Forecasting With Projecto™

The unprecedented turmoil organizations faced in the past year has put cash flow under the microscope, highlighting the need for more accurate and efficient forecasting moving forward. This is particularly true for capital projects, where millions of dollars in budget can come into play daily.

Capital projects are inherently complex, with numerous phases, tasks, team members, and suppliers to manage. On top of that, you need to make sure the required funding is available on time to ensure each project stays on track.

When you have a portfolio of projects to manage, that complexity only gets multiplied. So it's easy to understand how difficult it is to reliably predict your cash flow requirements—potentially resulting in missed payments and timelines, not to mention the financial interest lost on investment funds moved too early.

Wizard Software's Projecto Cash Flow Forecasting Module increases financial visibility and control, allowing you to foresee different scenarios and more precisely predict what cash will be coming in and going out over a specific period of time.

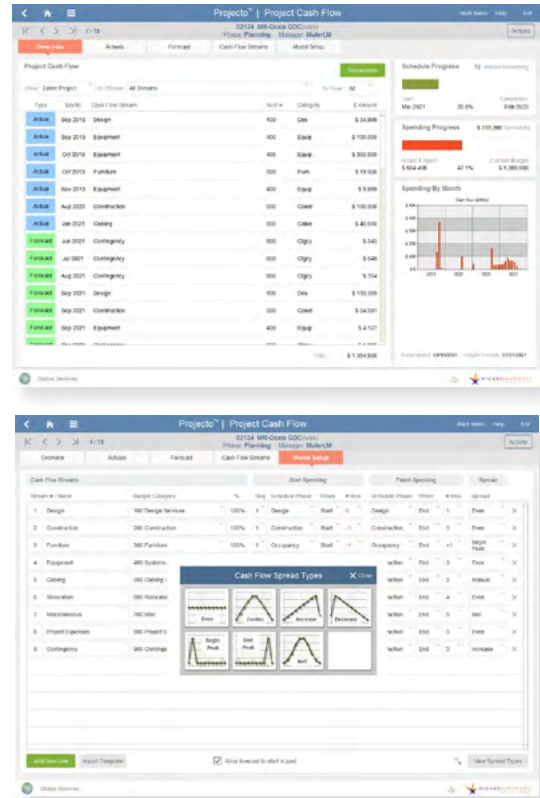
With this information in hand, you can mitigate risk and make more proactive and informed decisions, enhancing your capital program's overall efficiency and boosting your bottom line.

IMPROVING CASH FLOW FORECASTING EFFICIENCY AND ACCURACY

Organizations invest a lot of time and energy into forecasting. When the forecasting process is manual, that effort is often spent entering and manipulating data instead of analyzing and interpreting it—forcing reactionary responses instead of proactive decisions.

The **Projecto Cash Flow Forecasting Module** allows you to build a set of simple and intuitive assumptions for a project or an entire portfolio of projects. You can then leverage your existing data in Projecto—budget line items, actual spent costs to date from your accounting software, and schedule phases and dates—to create, maintain, and automate a detailed forecast of future project costs.

As with all Wizard Software applications, Projecto's Cash Flow Forecasting Module is designed to balance ease of use and power, maximizing user productivity and effectiveness.



PROJECTO'S CASH FLOW FORECASTING BENEFITS

Accurate and efficient cash flow forecasting gives you a clear understanding of your long-term forecast and spend and confidence in your ability to get projects done on time and within budget.

Mitigate risk.

Cash shortages can cripple an organization: projects don't get completed, teams get broken up, and launch dates get pushed back. Managing your cash flow properly reduces this risk by anticipating when expenses are predicted to be higher and allowing for the necessary adjustments.

Maximize returns on interest-bearing funding sources.

Predictive cash flow forecasting gives you a solid basis for making financial decisions and helps you maximize the return on your financial assets. By anticipating future project spending, you can zero in on the precise amount of money that needs to be available and when.

Improve project management.

Improving your cash flow processes gives you more insight into your schedules and the ability to create more accurate forecasts moving forward, leading to more efficient project management today and better project planning in the future.

More accuracy in less time.

With Projecto's cash flow forecasting tools guiding you through every step, you can complete the forecasting process much more efficiently and precisely than manually generating cash flow estimates or updating a giant spreadsheet.

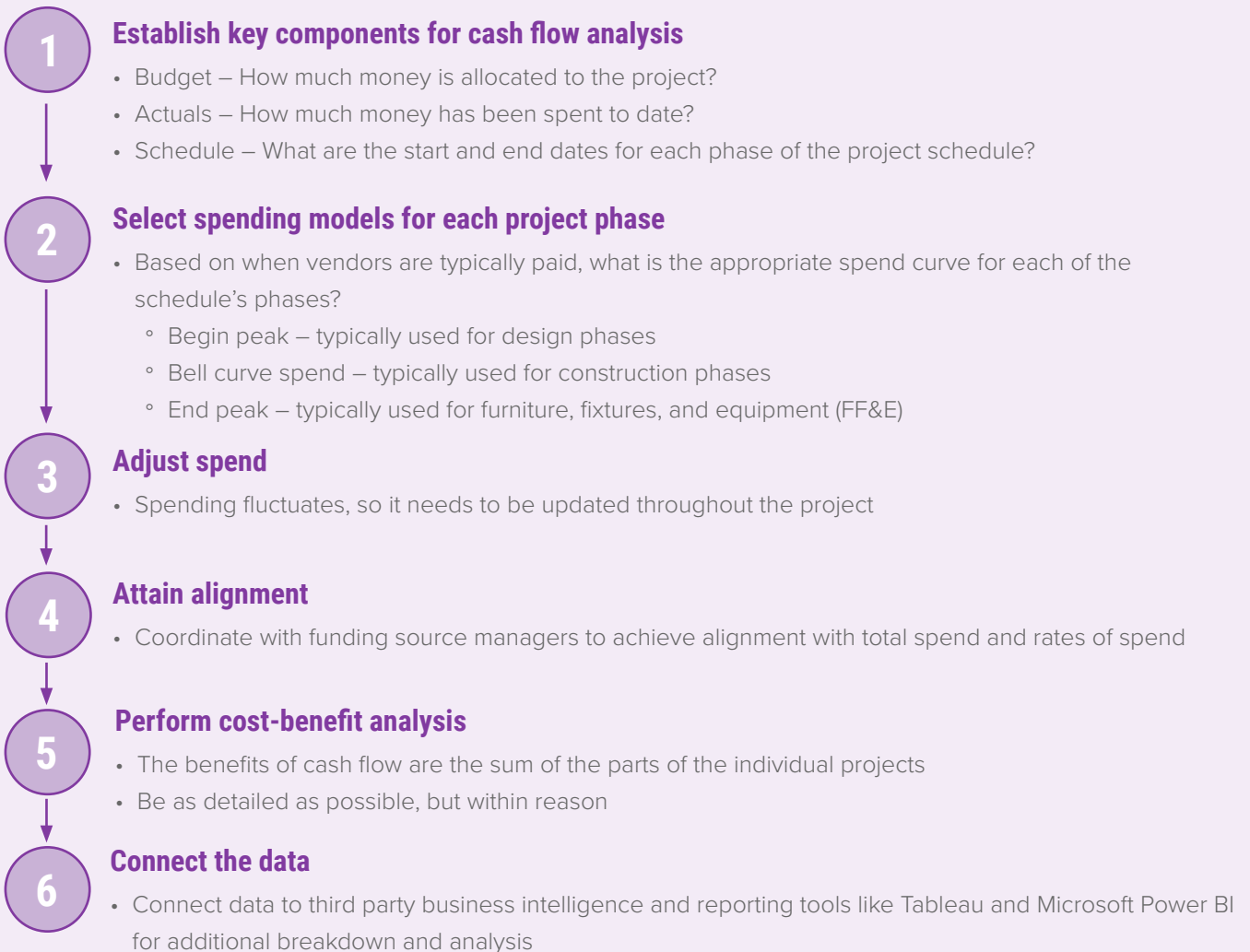
BUILDING YOUR CASH FLOW FORECAST

A cash flow forecast can be generated for any period of time, from monthly to quarterly or annually. The best way to determine how often you should forecast is to look at your business objectives, how often your senior management team requires reporting, and what level of granularity your Projecto team is managing their project data.

Once you've determined how often to forecast, the next step is to construct a cash flow forecast that creates visibility and allows you to use your cash more effectively.

FORECASTING CASH FLOW WITH PROJECTO

While Projecto gives you controls over all the components of an accurate financial forecast, cash flow is as much an art as a science, requiring the balance of project and financial management to succeed.



With your cash flow forecasting process in place, attention is required to keep it accurate. Beware common pitfalls such as not keeping the project schedule up to date, having a spend amount that exceeds your budget, or not maintaining the data in the system consistently.

PROJECTO CUSTOMERS KNOW CASH FLOW FORECASTING

Since cash flow forecasting isn't an exact science, you can learn a lot from other capital project managers.

Here's what our customers are saying about their cash flow forecasting process.

"We have within the individual projects in Projecto cashflow data that includes the actual spend to date and the future spending forecast. So this is a one-stop-shop that has all that information together. The actuals are one color, the forecast another color, and it's split into tabs on the screen so you can look at them separately."

"We have several different cash flow models to choose from in Projecto. A lot of times, we use the bell curve or increase-decrease. There are several others we don't use as often. The nice thing is that you can use each of these models for individual types of spending if it needs to be more specific than for the entire project."

"We definitely have spend that goes through the end of closeout in certain categories. And we are using Projecto's decreased spread because it's significantly less. We count on our project teams to make sure their schedule is accurate, so we're getting it down to the end."

"The biggest thing we use Projecto's cash flow model for is informing our long-term forecast and spend. We're really looking at this as a yearly view. Very rarely are we looking at it monthly."

"Sometimes companies are not going to bill on time, they're not going to get their invoicing in when they think they are, or they're not going to get as far ahead in the build. There's an art to pushing the schedule out or saying, 'No, the dollars aren't going to come then; they're going to come later.' It's not all just math."

"When we report to our leadership, we use Projecto's export function under the 12-month cash flow forecast, and we run it by fiscal year. We report the project total, what has been previously spent, what we're going to spend this fiscal year, and what we're going to spend next fiscal year—some projects go even further than that. We show a total spending per project and show all our projects as a set. So, we report on all of them at the same time to our leaders."

Want to learn more about Projecto's Cash Flow Forecasting Module?

Contact us today.

We understand the unique challenges facilities owners face in managing their capital projects. And we have helped many of the largest healthcare systems, universities, and corporations control their time and money with solutions tailored to their exact needs. We're confident we can do the same for you.

