



Finance

Overview

UK economic situation worsening in 2nd half of 2008 → Recession in 2009.
 Requirement to reduce FY08 projects budget – target to reduce by 35% in the last 4 months of the fiscal year.
 Follow on request to reduce FY09 projects budget by 60%.

Project Solution

Management activity:

- Formed Working Group of KEY personnel from each department, with technical support from Accounts and Purchasing.
- Brainstorm to seek further reductions, either by deleting, reducing/simplifying or deferring cost to a later fiscal year.
- Visualising KPI – simple chart, updated & reviewed weekly.
- Some risk items identified late by depts were added in – not an unthinking “slash & burn” exercise!
- In last 10 weeks of FY08, listed up all outstanding open items, followed weekly through procurement to minimise carry-over to FY09.
- Created formal Risk Assessment method for each expenditure line item, based on Probability of problem occurring and Severity of potential impact to company.
- Grasped potential consequences of cost avoidance (business risk / fall-back position).
- Early Purchasing involvement in purchase order preparation (spec/supplier selection, etc).
- Implemented central “Contingency” fund.
- Implemented Business Benefit Review and feedback strategy (PDCA) to review EXPECTED business benefit vs ACTUAL.
- Overhauled Capital Investment / Capital Expenditure procedures to strengthen budgeting & procurement.

Results

- FY08 Projects budget reduced by 42%.
- FY09 Projects budget reduced by 68%.

