

## IT Financial Management

IT financial management is one aspect of your project that you should never joke with. I have over flogged that in my previous article. It cannot be over-emphasized.

I have said it that, having a proper IT financial management in place allows you to make decisions easily. In this article, I want to look at what is and what is not part of I.T Financial Management Plan. Follow me as we look at that in this article.



### #1 Similar to market- facing companies

When we talk of market-facing companies that means you are putting yourself in a position where you are **analyzing your customers**. You are playing the roles of a marketer or salesperson in an organization.

The marketer wants to market his organization product. The same thing also applies to an **I.T Project manager** that is working on one product or another for any organization. He has to have a marketing mindset.

#### **This involves:**

##### #1 Analyse, deliver and conceptualize the product

There is the need for you to analyse, deliver and package your services. You need to conceptualize the product. This involves talking to your stakeholders internally and externally so as to know what they want.

You will not want to develop products that will not be acceptable to end users. That is why communication is very important in a project.

## **#2 Controlling demand and supply as part of Information Technology financial management**

One other vital element of financial management in **Information technology project** is that it allows you to control demand and supply. Before you embark on production, you will be sure there is **a market for the product**.

The demand projection will also determine the amount of effort that you will put into the production, you will not want to develop products that will remain on your shelves. This also involves a critical look at what your competitors are doing.

This will determine what you **should do and what you should never attempt**.

## **#3 cost-effective production as part of Information Technology financial management**

The main reason why you are also carrying out Information Technology financial management projection and management of your project is to save cost. Anytime an organization want to embark on a project, they will always analyse their alternatives.

Also, in executing IT Financial Management, they will have to compare cost and decide on the best alternative. In doing that, they will never choose an option because it is very cheap. They want to be sure that they can afford the alternative chosen. The bottom line is to save cost and achieve the desired result.

#### **#4 Maximize visibility into the cost structure as part of Information Technology financial management**

Also, in carrying out an effective Information Technology financial management, you need to maximize visibility into cost structure. After you might have decided that the whole project is visible, you now need to divide the cost into different stages.

This will allow you to determine the overall cash flow of the project. You need to know how the required capital will be raised, even though you do not have all the required capital at once.

#### **#5 Provides operational decision-making data as part of IT financial management**

I also said it in my previous article that financial management projection in information communication technology. It will allow you to have data that you can use for business decisions.

You can always revert to it in order to decide on what should be prioritized at any given time. This will allow the project to move smoothly. This will allow you to turn your project from what is to what ought to be.

#### **#6 a common language with business**

In conclusion, when you have a good financial management plan as an Information Technology Project Manager, you will be able to speak a common language for the business. You should know that the focus of the business is to make a profit.

With your financial analysis, the business will be able to decide whether the project is viable or not. This will determine whether the top management will give you the necessary support or not.

#### **I.T Financial management**

**I.T Financial management** is very important. This has to do with how you manage the financial resources allocated to your project. In all cases, you will have to account for how the

money was spent.

If care is not taken, it might be very difficult to give an account of these resources. That is why proper planning is required to achieve I.T project success.

In this article, I want to look at how you can achieve proper financial management of Information Technology projects. I will be looking at purpose, goals and objectives I.T financial management. Let us jump into that discussion.

### **#1 enhance decision making**

One of the main reasons why you should properly plan the resources for your I.T projects is for proper decision making. In any I.T project, you will have to decide on what needs to be done. This will involve spending money on one tool or the other.

It is very unlikely that you will have all the money at once. You will have to prioritize your requirements. If proper care is not taken, you may end up spending money on frivolities.

The individual might be like someone planning to build a house, who have paid the Painter but do not have money to settle the Bricklayer.

### **#2 enablement of rapid change**

Having a good financial management plan will also improve the rate at which you make changes. When changes need to be made, you can at once decide on what to remove and what to add.

This will go a long in improving effective I.T project management in your organization.

You can use that to decide on which activity needs to happen now and which one can be postponed until a future date.

### #3 enablement of service portfolio management

Service portfolio management is more or less like offices that need to be created so that I.T Projects can run effectively. With proper financial management plan, you will be able to decide on how the project will be supported after you might have completed it.

It is one thing to execute the project. It is another thing to support the continuity of such a project. In supporting I.T projects, you can decide to manage it internally or externally. You can also assign it to a third party who has adequate resources to keep it going.

### *Now the objectives...*

#### **#1 adoption of a business case as part I.T financial management**

Having a proper financial management plan ahead of your project is a good strategy. It allows you to have a business case that can be used to support a business decision. A business case is more of a feasibility plan.



It can help the project manager to decide whether a project can be done or not. It is a supporting tool when you need to decide on the viability of any decision that you want to make.

### #2 enable compliance and control as part I.T financial management

When you have a proper and well documented financial management plan in place, it will ensure compliance and control for your project. It is just like an Architect working on a building, he needs to always revert to the architectural drawing so that he will not deviate from the original plan.

This will allow your team members to reference it and comply with the project standard. Without a proper financial management, everyone will just be doing what they like.

### #3 support operational controls as part I.T financial management

Apart from the fact that **proper financial management** helps you to deliver a project successfully, it will also allow you to keep the deliverables going. You will be able to manage the resources and employees for the project.

This will allow you to make adequate preparation for resources that are needed for the **project to be a success**. This is very vital.

### #4 value capture and creation as part I.T financial management

Effective financial management of I.T projects will ensure that you get value for your money. With it, you can always analyse whether you have really achieved what you want to achieve. **No organization** want to waste their hard earned fund.

Having a proper plan in place will help to decide whether the project is delivering according to promise or not.

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