

A Project Manager's Role in Spend Management

It goes without being said that in today's economy, "spend" is a defining factor in a project's profile and lifecycle. While the old adage goes – a penny saved truly is a penny earned – finding those pennies is becoming increasingly more difficult. Therefore, it is imperative that a Project Manager managing a real estate and construction project oversee the financials of a project diligently, creatively and respectfully for their clients.

A spend-managed project benefits not only the client, but the people supporting that project, as well. It sets a tone, a good example for the project's progress. Project Managers should be committed to participating in projects that are cost effective, but not compromised. The contributions and commitment professionally to this effort should demonstrate that a Project Manager treats his or her clients' money as if it was his or her own.

In addition, a Project Manager should prove that his or her value is measurable. This should be illustrated via several key project-related metrics: creative solutions,

value driven opportunity and cost savings. A Project Manager's participation in a project should yield his or her fee back to the client in multiples, while not compromising the aesthetics, schedule or intent of the project.

A Project Manager should fully understand the impact Spend Management efforts have on a project as a whole. It is important that the Project Manager you hire collaborates with outside resources who are experts in this field to ensure that their budget processes are bullet proof and executed in a consistent fashion from project inception through execution. Spend Management should always be top of mind – and to that end, core Project Management Services should include, but not be limited to: pre-construction budgets for preliminary pricing; costs savings reporting; initiatives/documentation; full project budgeting/all inclusive financial models; and negotiations resulting in well executed contracts.

A Project Manager should successfully manage the disciplines between the various trades on the project that are required



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in order to accomplish a value managed project. This includes the general contractor, architect, engineer, furniture, cabling, telephony/technology, security and ultimately the Spend Management team. A Project Manager should act as the overall grounding point and conduit between these strategic partners to ensure that the level of accomplishment that the client is seeking has been met. Establishing spend goals, the processes to achieve those goals and, ultimately, the implementation of those goals is the responsibility of the Project Manager orchestrating the greater team. Defining the

spend goals early in the process proves valuable to the overall success of the project and creates a roadmap outlining expectations of the overall financials of the project.

When a Project Manager directs spend successfully, opportunity to the client and project is created. Proactively base lining, defining and tracking costs is one of the greatest values a Project Manager can add to a project. No longer is Project Management about managing the swinging of hammers on a jobsite; a Project Manager is now a consultative business role that oversees the value proposition of a project.

Spend Management is viewed as a more positive alternative methodology to the outdated definition of cost savings known as value engineering. It is deemed that value engineering denotes taking something away versus proactively managing the spend in a project via Spend Management. Like value engineering, Spend Management is systematic method of valuation. However, while value engineering is a systematic process using a team from a variety of fields to enhance

and improve the value of a project through the analysis of its functions – Spend Management allows for optimization and control of the money spent to the best effect and outcome. Spend Management is success-based and should be transmittable and communicable on a project.

Corporate Real Estate leaders and decision-makers are driving a change in spend analysis and are looking at Spend Management as a solid and reasonable platform to support a methodical, systematic and detail-driven approach to managing real estate, projects and operations on a supportive basis. While not simply about dollar signs, successful Spend Management processes should highlight opportunity, be repeatable, gain consensus and be results driven.

Spend Management projects are the future of our industry and your Project Manager should demonstrate commitment to strengthening his or her role on a project with the knowledge, the benefits and the success that comes from managing a cost-effective project and, therefore, contributing to a well engineered result.▲

Catalyst Planning Group is a Project Services company specializing in Project, Construction and Move Management services. The Catalyst Team has worked in 35 states and 8 countries and continues to assist clients with their real estate project needs on a national and international basis. Our Team has over seventy-five years of collective Project, Construction and Move Management experience in multi-disciplined industries.

- Owner's Representation
- Project Management
- Construction Management - New Construction, Tenant Improvement and Build-to-Suit
- Move/Relocation Management & Restack Management
- LEED/Sustainability Management
- Spend Management/Value Engineering Management
- Pre-Construction Services
- Schedule Management
- Budget/Financial Analysis Management
- Furniture, Fixture & Equipment Coordination
- Facilities & IT Management to include Cabling, AV and Security
- Consolidation, Expansion & Optimization Consulting
- Strategic/Master/Campus Planning

Catalyst Planning Group manages the bottom line while achieving practical results. We streamline the process by acting as the grounding point/conduit – and providing the client with one touch point for all aspects of the project's progress.

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