

Restart' Guidance for Project Portfolio Management in Financial Services

Restart
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Introduction

The financial industry seems, for the largest part, not to be hit severely by the direct effects of the COVID-19 crisis. However, certain effects are already observable, or expected, in the near future:

- The COVID-19 outbreak weakens capacity of the financial sector to extend credit; credit crunch as pessimistic scenario
- Main channel for overall financial services is negatively impacted on asset quality and prices – global monetary easing by central banks and related fiscal policy initiatives will help to relieve liquidity and pressures, but does not outweigh profitability
- Weaker economic environment could depress sales of overall financial products, lowering income of banks, insurers, asset managers/ mutual fund sellers, and/or brokers (fee and commission, underwriting)
- Potential positive impact on insurers and re-insurers from reduced insurance claims in face of lock-down

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Restarting Project Portfolio Management in the Financial Services industry

Suggested next steps to tackle the 'Restart' phase



Key Questions to consider



- What is the most critical impact to the project portfolio management, and most important task for the restart?
- Do you need to change your entire strategic perspective for the portfolio in order to steer successfully out of the crisis?
- Do you need to manage/stabilise existing projects first, before starting on new projects, or can you start new projects right away (during the way out of the crisis)?
- Are you fully aware of the benefits attributable to your portfolio components?
- Do the projected benefits need re-evaluation to reflect changes in short/medium/long term economic outlook?

Restarting Project Portfolio Management

Financial organisations must be disciplined in their approach to responding to COVID-19 and follow a structured and disciplined approach when moving from acute crisis management into recovery.

Various actions can be applied at the 'strategic' portfolio and project 'delivery' layers.



Prepare

Mobilise and prepare your response

- Engage project, portfolio, and organisation's leaders to achieve a **consistent view on strategic priorities**. This will drive subsequent portfolio prioritisation decisions.
- Review & optimise the portfolio, identifying projects to **accelerate, slow, or defer**.
- Undertake scenario planning and analysis for different portfolio compositions and the impact (eg. costs, benefits, resourcing)
- Establish a clear view of the impact to interdependencies between projects.
- Change, approve and communicate the new portfolio accordingly.

Address the fundamental elements of effective (remote) teams by focusing on:

- **Processes:** Clearly define governance and reporting processes, and escalation paths. Consider delegating decisions to lowest-possible authority level to reduce strain on executives and business SMEs.
- **Technology:** Infrastructure (network bandwidth, VPN etc.) and productivity tools (file-sharing, instant messaging etc.).
- **People:** Strong leadership and direction, clearly define roles & responsibilities, form team identity.



Respond

Implement responses and dynamically respond to new developments

- Ensure a tight feedback loop with the business, and a continuous cadence to dynamically reassess the priorities of the portfolio as the situation evolves.
- Implement dynamic resource allocation processes to adapt to changing portfolio priorities.
- Establish robust reporting processes to disseminate key decisions and information across the portfolio and to key stakeholders
- Prepare **remobilisation plans** for deferred or slowed projects to underpin accelerated and structured mobilisation post-crisis.
- Ensure contingency plans are established and define the impacts of project deferrals and/or resource reductions.
- In an environment of rapidly changing priorities, teams must be agile, which can be enabled by:
 - Emphasising continuous and transparent communication across teams.
 - Securing buy-in from workforce and vendors by articulating commitment to projects.
 - Maintaining an environment of continuous improvement, and empowering teams to enhance their ways of working.



Recover

Transition to BAU and review lessons learned

- Calibrate the portfolio by balancing the immediate opportunities and concerns as the crisis winds down with long-term strategy.
- Implement remobilisation plans and re-deploy the resources according to the (new) composition of the portfolio.
- Consider new technology projects to enable operational agility and on-demand scalability.
- Collate the lessons learned during the crisis period then identify and implement high-priority improvement opportunities.
- Support the transition of resources away from crisis-prioritised projects and / or internal capability building initiatives.
- Ensure visible commitment of senior level management through actions taken to implementation of best practices and support to improve negative project trends.
- Remobilise deferred or slowed projects with **discipline and control**. Risk build quickly when projects are mobilise too quickly and in the absence of project controls.

Strategic portfolio level

Project delivery level

Restarting Project Portfolio Management

The project portfolio must be continuously and rapidly optimised to the changing priorities of the organisation

Priority #1
..
Priority #n
Eg. improve liquidity

New projects to support COVID-19

Project #1
Project #n

1 Synchronise portfolio prioritisation framework

- The portfolio prioritisation and scoring framework should be synchronised and/or heavily weighted to the immediate organisational responses and priorities.

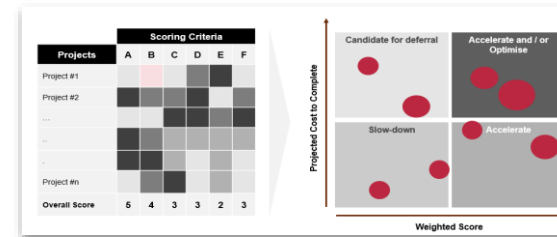
Example Criteria:

- Contribution to COVID-19 response
- Financial return
- Current status
- Dependencies with COVID-19
- Resourcing

Criteria	Contribution to COVID-19 response	Organisation commitment	Project Status	No dependencies with COVID-19	Stage of Project	Resource and budget constraints
Description	The degree to which the project is contributing to overall Covid-19 outcomes.	How important is this for the organisation / portfolio.	Current overall status of the project (considering budget, scope, schedule and risk/issue profile).	The more dependencies the higher the priority.	The current stage of the project within lifecycle.	How critical are the resources and budget for the project.
Rating guidance	Low = low contribution	Low = less important	Low = Red Mid = Amber High = Green	High = many dependencies	Low = close to completion	High = very critical
Example weighting	3	3	1	2	1	2

2 Perform portfolio review

- Review the portfolio based on the adjusted scoring framework. This can be used to inform decision-making on whether to **accelerate, slow down, or defer** a project.



4 Portfolio optimisation

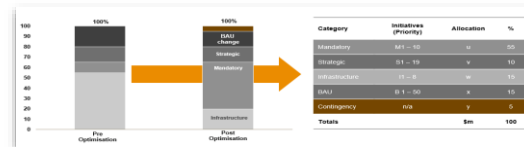
Project approaches

Accelerate projects with alignment to refreshed priorities and support the organisation's response to COVID-19.

Slow down projects that still have strong strategic alignment but provide less support to the COVID-19 response.

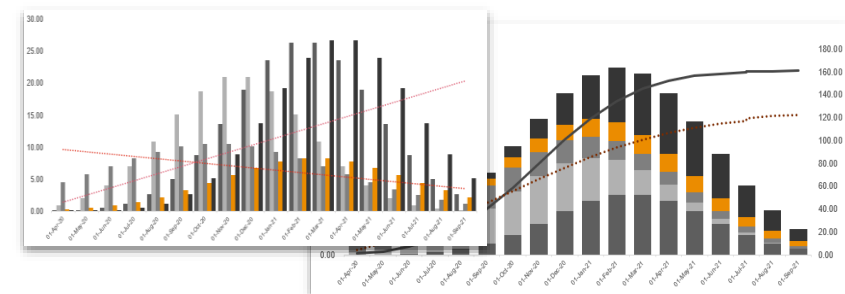
Defer projects that tie up cash in slow returns on investment and provide little support to the COVID-19 response.

- The portfolio is optimised and composed of key projects to be approved for delivery
- The optimisation of the portfolio results in the selection of projects to **accelerate, slow or defer**.
- Even Though the financial sector has been hit hard by this crisis, it has been analysed that many financial institutes have continued with their portfolio as before the crises, and to do so successfully



3 Scenario Planning

- Perform scenario planning to analyse the various scenarios of portfolio compositions and impact (e.g. benefits, resourcing, multi-project critical paths etc.)

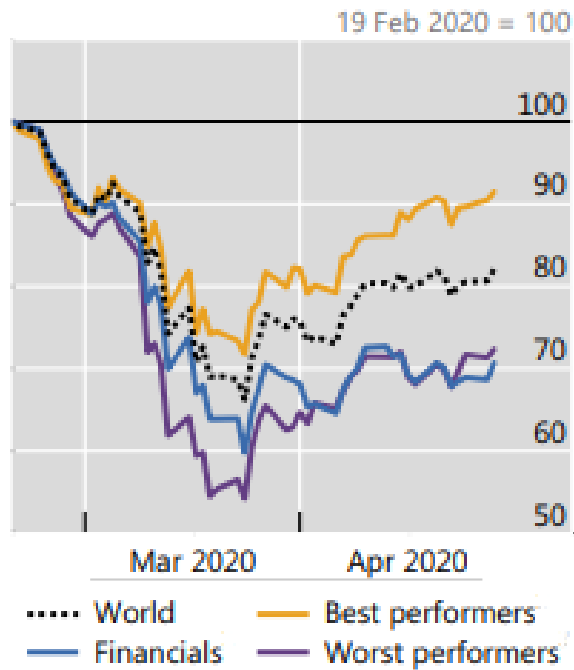


Portfolio optimisation

IMPACT COVID-19

The COVID-19 crisis has had a negative impact on the financial industries. As shown in the figure below, bank stocks are underperforming compared to other industries

Bank stocks underperform



INDUSTRY GROWTH




Mild scenario:
- 5.8 %

Sever scenario:
- 7.2 %

Fatal scenario:
- 9.3 %

Portfolio optimisation

For each project approach, there are several key considerations that should be addressed

Approach	Key Considerations
Accelerate 	<ul style="list-style-type: none">■ Scope/Plan - rebaseline plan around agreed scope, required milestones and quality■ Timing - rebaseline timings, minimising impact on cost and schedule. Analyse impact on internal and external dependencies■ Resources - confirm availability of resources / contractors and stakeholders. Are resources from other projects in portfolio becoming available?■ Funding - confirm total budget and phasing■ Other - address any critical decisions and risks. Analyse whether governance approach requires restructure.
Slow down 	<ul style="list-style-type: none">■ Scope/Plan - Analyse the impact to delivery schedule and approach to ensure momentum is sustained albeit at a slower delivery cadence■ Timing - analyse impact to internal and external dependencies. Set a plan for potential acceleration to pre slow down delivery cadence■ Resources - identify which resources will be re-deployed, plan for keeping project memory and relationships for project re-acceleration. Can we reduce staff hours allocated to the program?■ Funding - clear documentation of revised funding, actuals, commitments and forecasts■ Other - Clear communication to suppliers and stakeholders in relation to slow down impacts and the justification for these.
Defer 	<ul style="list-style-type: none">■ Scope/Plan - Wind down plan, risks and transfer any scope (if required). Complete an inventory of build status against defined deliverables.■ Prepare a remobilisation plan and have this endorsed by Steering Committee■ Timing - analyse speed of wind down and impact to internal and external dependencies■ Resources - minimise impact to resources, analyse opportunities for redeployment■ Funding - Freeze budget■ Other - clearly document the benefits delivered to date; confirm contract implications, capture and share lessons. Create robust inventory of deliverables and strategy for completion per item.





When taking these into consideration, additional risk may be identified and decisions on the treatment of these risks may require a different approach. *For example, if the penalties from breaking a contract to defer a project is significantly larger than the forecast remaining project costs, slow down may be a more appropriate approach.*

Remobilisation

A remobilisation plan can prepare slowed and deferred projects for accelerated mobilisation. The remobilisation plan should define the how the project will be commenced ‘at speed’ and delivered, as and when the organisation recovers from the COVID-19 crisis - this enables the project to ‘hit the ground running’ acting similarly to a 100-day plan.

Plan the fundamental elements of project delivery...

...whilst identifying levers to accelerate delivery & benefits realisation

	Plan the fundamental elements of project delivery...	...whilst identifying levers to accelerate delivery & benefits realisation
Resourcing 	<ul style="list-style-type: none"> What resources will we need and will they be available? (supply & demand) Is there a significant ramp-up of resources requiring contractors, suppliers or consultants? 	<ul style="list-style-type: none"> Perform active resource management processes to identify and understand supply and demand across resource classes and potential resourcing bottlenecks. Leverage resources that may have down-time.
Schedule 	<ul style="list-style-type: none"> What is the new estimated completion date and critical path? Are there dependencies to other projects that may not start? 	<ul style="list-style-type: none"> Identify opportunities to decouple from interdependent projects and fast-track key dependent activities. Focus on critical path activities and identify activity dependencies which could become ‘start-to-start/finish’.
Benefits 	<ul style="list-style-type: none"> What does the new benefits profile look like and when will benefits now be realised? Reinvigorate stakeholders with carefully constructed communications that emphasise strategic relevance? 	<ul style="list-style-type: none"> Focus on realising the key benefits that will be high priority to the organisation during this period (e.g. revenue enhancement, reduced cost-base).
Costs 	<ul style="list-style-type: none"> What does the new project cash-flow look like and is there a need to a slow ramp-up due to recovering cash position? 	<ul style="list-style-type: none"> Tailor the project’s expenditure curve to the organisation’s appetite. Approach suppliers with leverage in negotiations by engaging them prior to other organisation’s ramping-up

There are other key considerations when preparing the remobilisation plan, these include: organisational change fatigue (eg. teams transition (again) to different ways of working), governance changes (eg. restructures), and risk appetite.