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**Study shows financial services firms lag
behind other sectors in effectively managing project portfolios**

- Waste and inefficiency causing concern among banks and financial institutions

An analysis of financial services firms reveals that project portfolio management¹ processes and tools are being used inefficiently, causing the sector to fall behind others such as manufacturing. The ability to manage project portfolios effectively by banks and financial services organisations has been found to have a significant impact on overall performance.

In a study led by Dr Chris Storey, Dr Paul Harborne (Cass Business School) and ea Consulting Group (eacg), 25 senior managers across 24 UK firms, including nearly all major UK retail banks, were interviewed. It was found that financial services firms are being held back and not realising strategic level advantages due to the way in which project portfolios are managed.

A number of contributing factors were identified including a lack of top level management support, a culture of aversion to failure leading to a reluctance to admit or stop unsuccessful projects, and an avoidance of risk, meaning more challenging and potentially rewarding projects are seldom taken on. Approximately 75% of portfolio management projects are low risk, which means the remaining 25%, those more likely to have a significant impact on profits, are underrepresented.

Dr Chris Storey commented: "Routine compliance and regulatory projects are always the top priority and are usually fronted by senior management. Senior management are now realising that it is their job to be accountable, ensuring there is a healthy balance of risk within the project portfolio, and to cull unsuccessful projects. This is not standard practice but there are signs of change."

The research also shows that there is a strategic need to understand portfolio management tools fully; most companies revealed a lack of visibility across units and a fragmented understanding of the use of these tools. This was partly due to internal conflicts of interest between IT departments (process-driven) and business units (not process-driven).

Peter Andrew, Principal at ea Consulting Group, said: "Effective project portfolio management is central to business success, particularly now in these economically challenging times when gaining an advantage in the market is crucial. The reward for effective portfolio management is a more streamlined, efficient and dynamic business with the ability to effect changes that deliver strategic level advantages."

ea Consulting Group commissioned Cass Business School to research the processes and practices involved in project portfolio management within the financial services industry having identified this as an area of concern for many of its clients. eacg is a financial services management consultancy that works with some of the UK's largest banks. Its capabilities include defining and delivering effective project portfolio management solutions from the cultural and human elements all the way through to processes and IT.

Further information:

¹Project portfolio management describes the method by which organisations analyse and collectively manage a group of current or proposed projects based on numerous characteristics. A key aim of project portfolio management is to balance a portfolio of projects for high/low risk, short/long term, incremental/radical innovation, and old/new technology for existing and new markets.

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Notes to editors

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The school undertakes research of national and international significance and supports almost 100 PhD students. Cass has the largest Finance Faculty and the largest Actuarial Science and Insurance Faculty in Europe. Our finance research is ranked 2nd in Europe and 4th in the world outside the US by *Financial Management Magazine* and our insurance and risk research is ranked 2nd in the world by the *Journal of Risk and Insurance*.

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About ea Consulting Group

ea Consulting Group (eacg) is a management consultancy firm focused on delivery in all aspects of process, systems and people within the financial services, telecommunications and utilities sectors. eacg was formed in 1998 to offer ethically-sound consulting services and has delivered change programmes and consultancy projects globally, across Europe and throughout the UK. eacg has assigned over 250 consultants in the last 12 months and has experienced a 10 fold turnover increase since 2005 making it the fastest growing management consultancy and the overall 22nd fastest growing company in the UK.

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