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**Study reveals cultural gulf between
IT departments and business units within UK's leading banks**

- IT departments' remit requires redefinition

An analysis of financial services firms reveals that project portfolio management¹ is being handled inefficiently, causing the sector to fall behind others such as manufacturing. The study finds that cultural differences between IT departments and other business units are central to the issues faced by under performing organisations within the sector.

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 being managed.

In many cases it was found that the IT department was the only area within a business that had complete visibility of the project portfolio due to the heavy requirement for technology in almost all project tasks. Consequently, IT departments were often the only part of the business able to make decisions on the priority of projects and the allocation of resources.

Business units making demands on the IT teams were found to consistently place their own projects on the highest priority, frequently putting them at odds with overstretched IT departments. Further compounding this issue, IT departments frequently failed to appreciate the requirement for business units to change the scope of projects according to changing business environments.

Dr Chris Storey commented: "While IT departments and business units are supposedly working together toward a common goal, we found the two are failing to work together effectively. This is limiting the effectiveness of project portfolio management, meaning resources are being wasted and the strategic advantages that project portfolios should be delivering are not being realised."

One of the main conclusions of the research is that robust systems need to be implemented by top-level management to oversee project portfolios and the allocation of resources. Given their visibility of the entire project portfolio, IT departments should be collating project information to provide senior management with portfolio wide visibility and not being relied upon to make decisions according to the value of projects or their priority.

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."

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.

He added: "There is a real need to harmonise the various aspects of a company's business units with IT departments so that everyone is more aware of how each project impacts others in the portfolio, thereby maximising the value of the technology they invest in."

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 the area as one 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 services include defining and delivering effective project portfolio management solutions from the cultural and human elements all the way through to processes and IT.

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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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