



Program Management Boot Camp for Asset Managers

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You need to change your core front-office investment management applications – moving to multi-asset, cross-portfolio risk attribution and performance measurement systems based on IBOR rather than your current ABOR/pseudo-IBOR offering. At the same time, you know you will have to upgrade your aging system architecture and data integration layers. Your data governance model is weak and needs an overhaul, and you are pretty sure you want to outsource some elements of your Middle Office.

Welcome to the headache faced by a large number of companies in the asset management industry. Multi-million dollar, multi-year programs that affect large parts of the organization, from Front to Middle to Back Office, along with the surrounding data architecture and governance. So what makes complex program management different from managing a complex project? This edition of Citisoft's Industry Perspectives looks at some of the key factors to consider for developing successful complex programs in the asset management industry.



Follow the Vision

A successful program must have a clear vision – a set of deliverables, milestones and the governance structure, including guiding principles, and rules by which the program vision will be achieved. It is crucial to define the vision, deliverables and guiding principles at the start of the program, and to communicate these, repeatedly, to the project managers, sponsors, vendors and stakeholders. The success or failure of a complex program is directly related to the extent to which the program vision and principles are followed by each component and project within the program.

Leaders must identify any projects not following the vision and guiding principles and bring them back in line (see the next section for how to do this). They must continually reinforce the core vision and guiding principles at company-wide sessions, cross-program meetings, new project kick-offs, and gateway reviews. For example, your data management team has adopted the principle of central data management and implemented a new data integration tool with data scrubbing, mastering and gold-copy capabilities. You don't want your Front Office implementation project team bypassing this by populating the new risk management system with IBOR and market data provided directly from your back-office service provider.

Program Management – Remember the Horizontal as well as the Vertical



As an example, the Horizontal Data Lead ensures that the program guiding principles for data management and data governance are followed by each project, vendor and service provider on the program.

Most complex asset management programs will have three to four major components. For example, Front Office system implementation, data architecture overhaul, data governance rework, and outsourcing. Each program component will have its own set of projects. Project management focuses on the vertical elements of each project – executing the project to achieve the defined deliverables, milestones and scope against an agreed budget and timeline. Program management needs to consider how all of these projects come together to achieve the vision and deliverables of the overall program.

This means that each individual project needs to consider any dependencies with and impacts upon other projects in the program. The theory is simple. But most project managers (and vendors and service providers), in their desire to make their projects successful, will do so without considering the other projects around them in the program.

Why? Because ever-increasing pressure from the Program Management Office (PMO) to meet tight deadlines and strict budgets forces project managers to think of their own project interests first. No project manager wants to show amber or red on the RAG (red, amber, green) chart that goes to the Steering Team each week.

A collection of successful projects does not necessarily translate into a successful program. In addition to the traditional vertical program management methodology referenced above, successful programs need to utilize a horizontal, cross-program governance structure. This horizontal structure forces individual project managers, vendors and service providers to respect the program vision, deliverables, timelines and guiding principles and consider the impacts and dependencies between their projects and the rest of the program. Examples of this horizontal governance structure include the establishment of horizontal “lead” positions for the data, technical, process design and testing elements – positions that work for the PMO, not the individual projects. As an example, the Horizontal Data Lead ensures that the program guiding principles for data management and data governance are followed by each project, vendor and service provider on the program.

Add to the horizontal lead positions a horizontal cross-program governance and communication structure. This can be a bi-weekly cross-program meeting of project managers and sponsors, and a governance structure that forces project managers to undertake gateway reviews with their other program counterparts, such as sharing, reviewing and signing-off project charters, plans, requirements, solution design documents, and testing strategies. Then add to this a communication process that highlights the benefits and success of the program as a whole, and not just individual projects.

Vendor and Service Provider Governance

Most complex programs will almost certainly be working with external software vendors for new front office and data integration applications, together with one of the large service providers for middle and back-office outsourcing and the much sought after IBOR. The success of a complex program is directly related to how well you work with your chosen vendors and service providers. As an example, the implementation of the IBOR element of a program likely creates impacts and dependencies across all of the other elements of the program. Managing the vendor or service provider that is delivering the identified functionality is critical to the success of the whole program.

Most vendors and service providers will tell you that they have their own implementation methodology and governance approach. They do – some better than others – but that's not the problem. The issue is that your program has multiple initiatives that are going to be impacted by that vendor or service provider. You may already be using the service provider – e.g. for existing custodial and back-office services – which means that the service provider is already working within your organization on Business as Usual (BAU) activities. Your program needs to identify all of the demands and deliverables associated with each vendor and service provider, such as BAU and new initiatives, and manage their execution to be successful. But what is the list of deliverables that are expected from the service provider? What is the timing of each deliverable, and the priority? How will changes in priority – e.g. to focus on BAU instead of program initiatives – affect the different components and projects in the program? Your vendors and service providers are not going to look after this for you, so you need to implement your own program governance process that will make this successful.

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Scope Management



We'll close out this list of key factors for successful complex programs with scope management. There's a simple reason many program budgets and timelines spiral out of control. It's a lack of scope management.

All programs will claim to have a scope or change management process. It's in a manual somewhere. There's a form. There's a Change Control Board that is supposed to meet to review changes. So why is it that so many programs get so out of control? As referenced in the "Follow the Vision" section above, define your program roadmap at the start of the program. Think about the major components, sub-components and projects that make up the program. What are the major deliverables, the main timeline for them, and the Roadmap budget?

Manage to the Roadmap. Reinforce the Roadmap at company-wide sessions and each time you bring on a new vendor or start a new project. Force each project, vendor and service provider to conform to the agreed Roadmap deliverables and timelines – and to the program vision and guiding principles. Identify and escalate any changes to the agreed plans using your change control procedures.

Keep in mind that things are going to change. It's important to be strict with regard to scope, but it's important to be agile. There will be opportunities or events that require you to change the agreed Roadmap. Again, keep it simple. Redefine the Roadmap, the deliverables, the timing and the budget. Communicate the Roadmap to everyone, manage to it, and make the program a success.

Conclusion

Program management is not project management. The factors and skills needed to successfully manage a program are different from the skills needed to manage a project. Management of complex programs requires strict governance and control, not just on a vertical project-by-project basis but across the projects and components that make up the program. This means horizontal management and governance across projects, vendors and service providers, and across the organization as a whole, considering corporate strategic initiatives and Business as Usual activities. This means defining a program vision, deliverables, guiding principles and a clear Roadmap – and working every day to ensure the program follows that Roadmap.

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