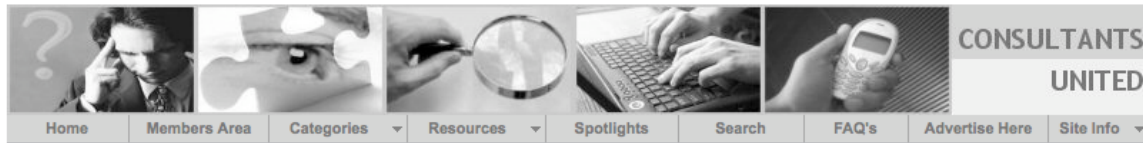


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Management style found to have significant impact on performance

An analysis of financial services firms reveals that project portfolio management processes and tools are being used inefficiently, causing the sector to fall behind others such as manufacturing. The study also reveals that management style is central to this issue and has 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 being 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. However, in organisations where the Project Management Office (PMO) style is to 'coach' as opposed to 'police', project managers are found to be more willing to take on risk.

Dr Chris Storey commented: "Management style within the PMO has a significant impact on a business's ability to take on risk and deliver successful outcomes. The PMO in top performing banks was found to take on the role of coach and to provide project teams with advice, training and support to help ensure the successful outcome of the project."

The research shows that when the PMO adopts the role of 'coach', accountable executives are more likely to call for help when projects start to face difficulties. This means fewer projects go straight from 'Green' to 'Red' because early difficulties are reported. The research also shows that the PMO can help ensure timely and transparent reporting on projects by working to secure buy-in from business units for the use of standardised project management procedures such as PRINCE23

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 sector having identified this as an area of real 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.